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## II

(Acts whose publication is not obligatory)

## EUROPEAN PARLIAMENT

## EUROPEAN PARLIAMENT DECISION

of 8 April 2003

**concerning discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2001 financial year**

(2003/405/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the balance sheets and accounts of the sixth, seventh and eighth European Development Funds for the financial year 2001 (COM(2002) 211 — C5-0190/2002),
- having regard to the annual report of the Court of Auditors on the activities of the sixth, seventh and eighth European Development Funds for 2001 together with the institutions' replies (C5-0539/2002) <sup>(1)</sup>,
- having regard to the Court of Auditors' Statement of Assurance on the European Development Funds (C5-0539/2002),
- having regard to the Council's recommendations of 7 March 2003 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2001 (C5-0091/2003, C5-0092/2003, C5-0093/2003),
- having regard to Article 33 of the Internal Agreement of 20 December 1995 between the representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention <sup>(2)</sup>,
- having regard to Article 276 of the EC Treaty,
- having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention <sup>(3)</sup>,
- having regard to Rules 93 and 93a, third indent, and Annex V of its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (A5-0072/2003),
- A. whereas, in its Statement of Assurance on the European Development Funds, the Court of Auditors concludes that, with certain exceptions, the accounts for the financial year 2001 reliably reflect the revenue and expenditure for the financial year and the financial situation at the end of the year,
- B. whereas the Court of Auditors' conclusion on the legality and regularity of the underlying transactions is based on the audit of a sample of transactions,

<sup>(1)</sup> OJ C 295, 28.11.2002, p. 289.

<sup>(2)</sup> OJ L 156, 29.5.1998, p. 108.

<sup>(3)</sup> OJ L 191, 7.7.1998, p. 53.

- C. whereas the Court of Auditors, on the basis of the documentation examined, is of the opinion that the revenue entered in the accounts, the amounts allocated to the EDF's commitments and payments are, taken as a whole, legal and regular,
1. Grants discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the financial year 2001;
  2. Presents its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the financial year 2001**

THE EUROPEAN PARLIAMENT,

- having regard to the balance sheets and accounts of the sixth, seventh and eight European Development Funds for the 2001 financial year (COM(2002) 211 — C5-0190/2002),
- having regard to the annual report of the Court of Auditors on the activities of the sixth, seventh and eight European Development Funds for 2001 together with the institutions' replies (C5-0539/2002) <sup>(1)</sup>,
- having regard to the Court of Auditors' statement of Assurance on the European Development Funds (C5-0539/2002),
- having regard to the Annual Report 2001 from the Commission to the Council and the European Parliament on the EC development policy and the implementation of the external assistance (COM(2002) 490 — C5-0607/2002),
- having regard to its resolution of 1 March 2001 on the Commission communication to the Council and the European Parliament on the European Community's development policy <sup>(2)</sup>,
- having regard to the EuropeAid Cooperation Office's annual activity report for 2001,
- having regard to the Commission communication on financial information on the sixth, seventh and eighth European Development Funds 2001 (COM(2002) 726 — C5-0003/2003),
- having regard to the Council's recommendations of 7 March 2003 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the 2001 financial year (C5-0091/2003, C5-0092/2003, C5-0093/2003),
- having regard to Article 33 of the Internal Agreement of 20 December 1995 between the representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention <sup>(3)</sup>,
- having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention <sup>(4)</sup>,
- having regard to Rules 93 and 93a, third indent and Annex V of its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (A5-0072/2003),

<sup>(1)</sup> OJ C 295, 28.11.2002, p. 289.

<sup>(2)</sup> OJ C 277, 1.10.2001, p. 130.

<sup>(3)</sup> OJ L 156, 29.5.1998, p. 108.

<sup>(4)</sup> OJ L 191, 7.7.1998, p. 53.

- A. whereas the present Commission took office in September 1999, the reform of the EC's development policy was launched in November 2000 and the reform of the management of EC external assistance in May 2000,
- B. whereas the principal aim of the Community's development policy is to reduce poverty with a view to its eventual eradication <sup>(1)</sup> and whereas the EU and all Member States have endorsed the Millennium Development Goals (MDGs) which set outcome targets mainly related to education and health,
- C. whereas poverty reduction and the promotion of human rights requires the establishment of a genuine participatory democracy and a responsible, corruption-free government,
- D. whereas national ownership, budget support, multi-donor approach and country-based indicators for all donors are new strategies in the Community's development policy following the reform,
- E. whereas, consequently, the visibility and separate identity of each donor's support will diminish, thus each donor becomes part of a collective effort and it will be impossible to attribute effects to individual donors,
- F. whereas this new approach in no way can be allowed to have a negative influence on the European taxpayer's possibilities of receiving correct and satisfactory information so as to evaluate if EDF funds have been spent according to international standards for public administration as regards effectiveness, economy and efficiency, in relation to the results obtained and bearing in mind, *inter alia*, the substitution effect of this expenditure,
- G. whereas the reform of the EC's development policy does not affect the Commission's responsibility for the implementation and management of this policy and the monitoring that is necessary to assess whether the Community finances entrusted to it are properly used,
- H. whereas the rate of implementation is extremely slow and whereas the sixth, seventh and eighth EDF, which began the 16th, 11th and 4th years respectively of their periods of validity, are still being implemented,
- I. whereas a number of the reasons for underutilisation are due to circumstances for which the Commission has no responsibility; whereas, however, that does not exempt the Commission from promptly stepping up its efforts to simplify procedures and administration to enable the funds to be paid more swiftly to the final recipients;

### Ownership

- 1. Notes that the need to reform the nature of the relationship between donors and developing countries has fostered the concept of 'ownership' which should give primacy to the role of the developing countries (involving all stakeholders) in the development process; invites the Commission to outline, in its next annual report on the EC development policy, the scope for interpretation of this concept in beneficiary countries and whether it has a negative influence on EU priorities for development policy;
- 2. Asks the Commission to provide information in its next annual report on the EC development policy on the involvement of representative parliamentary institutions, civil society organisations and minorities in the drawing up of the countries' development policies (including developing countries with problems of governance and administrative capacity) and endeavour to ensure that real and effective consultation is taking place so as to justify reference to 'national ownership';

<sup>(1)</sup> The European Union's Development Policy, conclusions of the 2304th meeting of the Development Council, 10 November 2000.

**Budget support**

3. Notes that macro-economic budgetary support has become part of the Community's financial and technical cooperation with ACP countries, that since 1992 the Community has provided budgetary support amounting to EUR 2 604 million (Point 4.5.7.1 in COM(2002) 490) and that in 2001, EUR 270 million was spent on ACP macro-economic support (Point 2.5.3 in COM(2002) 490);
4. Notes the principle according to which the amount of aid granted is directly linked to the country's level of performance in social sectors and public finance management measured by performance indicators and intensive discussions with Government on the degree of achievement of the targets the government has set itself, and that meeting the targets secures full funding, whereas missing them reduces it;
5. Calls on the Commission to keep Parliament's competent committee regularly informed of the results achieved by budget support operations in the field of social development;
6. Regrets that the annual report on the EC development policy and the implementation of the external assistance does not give full information on when and under which circumstances budget support is an adequate instrument to use;
7. Considers the mentioned indicators — 'stable and sustainable macro-economy, prudent fiscal and monetary policies, sound macroeconomic policies' (Point 2.5.3 in COM(2002) 490) — too general and asks the Commission, in its next annual report on the EC development policy, to inform Parliament in detail of the conditions and circumstances to be fulfilled in order to have the assurance that budget support is an adequate instrument;

**Public finance management**

8. Notes that EDF budget support is controlled according to national control procedures in the ACP States, and not the EDF procedures <sup>(1)</sup>, and that the support therefore is subject to the same risks as expenditure financed from national income;
9. Points out that budget support differs in this respect from project aid, which is implemented according to the procedures imposed by individual fund providers;
10. Notes that the shift from specific project aid to programme budget support places a transparent and efficient management of public finance in the developing countries in the centre of the development strategy to provide assurance that resources are used as intended;
11. Expects that the Commission, in parallel with the increasing use of budget support, will closely monitor the quality of public finance management in beneficiary countries;
12. Invites the Commission to keep the use of budget support at a minimum until it has evidence that public finance management in beneficiary countries is of such a standard that the inherent risk of the budget support approach has been considerably reduced;
13. Asks the Commission to publish, in its next annual report on the EC development policy, guidelines against which progress in the management of public finance in each of the countries concerned can be assessed, as well as performance indicators for measuring progress towards these guidelines;

<sup>(1)</sup> Special Report 5/2001 of the Court of Auditors, point 40 (OJ C 257, 14.9.2001, p. 1).

14. Is aware that the improvement of public finance management takes time as it is a complex process; asks the Commission, in negotiations with the responsible authorities in the beneficiary countries, to stress the importance given by the discharge authority to significant progress in the reform of mechanisms for the sound management of budget execution in beneficiary countries;

#### **Sector programmes and multi-donor approach**

15. Notes that development aid to sector programmes, provided in conjunction with other donors creates specific control and monitoring related problems, which the Commission necessarily must address, as long as the reform mentioned above has not given tangible results;
16. Considers that the Commission, before any support is provided and together with the other donors and the beneficiary country, should:
  - establish measurable progress indicators, drawn up in relation to objectives and a solid and reliable baseline;
  - obtain a sufficient guarantee that the planned programme falls inside EU development objectives;
  - be satisfied that the financial reporting system used by the multilateral organisation corresponds to the standards of the European Court of Auditors and that accounts will be forwarded on time;
17. Takes the view that the Commission, which has the political and financial responsibility for more than 10 % of Official Development Assistance worldwide, should use its position to ensure appropriate reporting, accounting and auditing mechanisms;
18. Underlines, that the Commission also should control and follow up on the accounts provided by the multilateral organisation, monitor relevant audit reports and inform the European Court of Auditors and the discharge authority of the results;
19. Asks the Commission to provide information, in a separate section of the next edition of the annual report on development policy, as to which audit reports it has received from multilateral donors, what conclusions and recommendations are contained therein, what action has been taken on the basis of those conclusions and recommendations, and to report on cooperation and coordination with international donors;
20. Stresses, in particular, that it should be assured that the European Court of Auditors has access to all documentation (including national internal audit reports) and can effect on-the-spot visits to carry out audits so as to monitor the use of EU support;

#### **ACP States' Supreme Audit Institutions' participation in the audit of the EDF**

21. Is convinced that the quality of public finance management is of the utmost importance for the effectiveness with which resources are mobilised and used, and firmly believes that a step forward is to support the creation of strong, efficient and independent Supreme Audit Institutions in the beneficiary countries;
22. Considers that giving these institutions partial responsibility for the implementation of the EDFs would help to strengthen the performance of the executive bodies — Government departments — and contribute to the process of developing democratic practices;

23. Asks the Commission to analyse the set up, independence and efficiency of the Supreme Audit Institutions in beneficiary countries and to consider the results of such an analysis as one of the determining elements, in the light of which future development aid should also be evaluated;
24. Asks the Commission, in a special chapter in its next annual report on the EC development policy, to clarify the way in which it shall involve Supreme Audit Institutions in the audit process and to establish a programme and timetable for this process;

#### **Complementarity — a one-way issue?**

25. Notes that, on several occasions, the Council has stressed the importance of the Country Strategy Paper approach as a key instrument for achieving greater complementarity in the area of development cooperation between the Community and the Member States;
26. Notes that the Commission has carried out a survey of Heads of Delegation on the coordination with Member States in the field <sup>(1)</sup>; is concerned both that Member States' knowledge of Commission aid programmes is very poor and that Commission involvement in Member State programming of bilateral assistance is restricted to that of merely informing, thus leading to an overall picture of unsatisfactory coordination and complementarity of national aid programmes with EU development policy priorities;
27. Asks the Council to consider whether maintaining roughly 50 management committees is an appropriate way to ensure that EC aid better complements aid from Member States; takes the view that the Council should concentrate on strategic issues and not be involved in the Commission's micro-management of individual projects;
28. Asks the Commission to provide Parliament by 1 June 2003 with satisfactory and detailed information concerning disbursements to these management committees and to put forward proposals as to how this area may be rationalised;

#### **EuropeAid Cooperation Office's annual activity report**

29. Notes that the Director-General confirms that he has reasonable assurance that the control procedures put in place offer the necessary guarantees as to the legality and regularity of the underlying transactions <sup>(2)</sup>; finds it difficult to reconcile this statement with the recognised need to strengthen the external audit function 'swiftly and substantially' <sup>(3)</sup>; seeks clarification of the impact of this observation to improve external audit capacity;
30. Considers that, even if the need to strengthen the external audit function is not presented as a formal reservation nor is included in the list of 'observations' in the declaration, but merely mentioned in the general descriptive part of the annual activity report itself, it is in any case a statement which questions the Director-General's positive assurance;
31. Regrets that the declaration itself does not include a definition of 'reasonable assurance' and asks the Commission to present a breakdown of this concept in its 'operational scope' i.e. how many transactions need to be tested, and its 'operational depth' i.e. what kind of tests must be performed in the transactions selected, as well as to include in the declarations the definition of other key concepts used;
32. Is of the opinion that the Director-Generals' activity reports are a key element in the financial reform of the Commission, but questions the usefulness of a declaration that contains important reservations;

<sup>(1)</sup> Commission's answers to the questionnaire of the Committee on Budgetary Control on the 2001 EDF discharge, Annex 9, p. 124 (PE 315.845).

<sup>(2)</sup> Annual Report 2001 of the Court of Auditors on the activities financed from the general budget, together with the institutions' replies, point 9.77 (OJ C 295, 28.11.2002, p. 1), and EuropeAid Cooperation Office's annual activity report 2001, p. 27.

<sup>(3)</sup> Annual Report 2001 of the Court of Auditors on the activities financed from the general budget, together with the institutions' replies, point 9.87, and EuropeAid Cooperation Office's annual activity report 2001, p. 20.

33. Notes that methodology and guidance for producing the Annual reports for 2002 will be reviewed and enhanced; <sup>(1)</sup> expects improvements so as to allow the declaration of the Director-General to be considered a step forward and represent a more faithful indication of the state of play;
34. Notes that in 2001 AidCo arranged for the carrying out of 46 audits; invites the Court of Auditors to analyse these audits and to forward the results to the discharge authority;

#### **Reform of the management of the external assistance**

35. Welcomes the fact that the reform of the external relations services has prevented a further geographical division; takes the view that the managerial model for efficient development aid delivery should be based on strong delegations in the fields, efficient financial monitoring and strong horizontal expertise in Headquarters;
36. Is not convinced that the reform which has been carried out fully corresponds to this model in so far as six external relations services share responsibility in the area of external relations; considers that a further rationalisation could have a positive influence on the effectiveness of Community aid management;
37. Deplores the fact that the evaluation of the current organisational structure of the management of the external assistance has not been carried out as planned; expects the Commission to respect its own planning in the future and urges the Commission to inform Parliament of the results of this evaluation before 1 June 2003;

#### **Statement of Assurance and its significance**

38. Takes the view that the current DAS, as the result of a financial audit into the regularity and legality of expenditure, but not the outcome of the expenditures, provides only part of the necessary basis on which to make a global judgement about the work of the Commission, the other part being value for money audits, assessing to which extent policy objectives have been achieved;
39. Believes, in particular, that developments in policy and management methods have to be reflected in an auditor's work and that, consequently, budget support and the multi donor approach require an outcome-oriented monitoring process measuring results achieved in the supported sector;
40. Notes that the Court of Auditors did not carry out on-the-spot audits in the beneficiary countries owing to the 'human and financial resources available' <sup>(2)</sup>;
41. Calls on the budgetary authority to take into account the need for the Court of Auditors to provide the discharge authority with the necessary information;

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<sup>(1)</sup> Annual Report 2001 of the Court of Auditors on the activities financed from the general budget, together with the institutions' replies, Commission's reply point 9.53-9.54.

<sup>(2)</sup> Annual report of the Court of Auditors on the activities of the sixth, seventh and eighth European Development Funds for 2001 together with the institutions' replies, Statement of Assurance, paragraph IV (OJ C 295, 28.11.2002, p. 289).

*Reliability of the accounts*

42. Requests the Commission to disclose the extent of implementation of macro-financial aid; considers the Commission's reply (point 20) unsatisfactory and asks for transparent, exact and full information on this aid type;

*Legality and regularity of the underlying transactions*

43. Is concerned about the results of the Court's analysis of the structure of internal control and monitoring systems at the Commission as regards the EDF (paragraph 23-31);
44. Draws attention to the weaknesses identified and the Court's conclusion that 'the current audit mechanism does not yet make it possible to ensure that Community financing is verified in an appropriate and uniform way' (paragraph 30);
45. Notes that the Commission in general agrees with the Court of Auditors' findings; recognises that reforms are ongoing and that the Court expects improvements; invites the Commission — having regard to the criticisms — to make a serious effort to ensure, before the next discharge, that tangible improvements to the internal control systems are in place;
46. Expects the Commission to forward to the committee responsible (as and when produced and not at the end of the year) all documents necessary for full and satisfactory information on progress in improvements and/or problems encountered during the process;
47. Reminds the Commission, as the executive body, that it has the responsibility to provide the discharge authority, in advance, with any information relevant to discharge (the principle of completeness);
48. Instructs its competent committee, at the beginning of next year's discharge procedure, to formally request that the Commission supply a list of all documents and correspondence in its possession relating to the subjects under investigation, as specified by the competent committee (discovery of documents procedure);

**Deconcentration and audits**

49. Reiterates its endorsement for the process of deconcentration and notes that the Commission's minimum requirement is that each delegation has 'at least one trained finance and contract official' though considers this to be only part of the solution to improve sound financial management of the EDF, as many of the structural problems lie centrally in AidCo in Brussels, where they should also be resolved;
50. Asks the Commission to provide before 1 July 2003, factual and precise information on its audits policy in the framework of deconcentration as regards:
- the inherent risks in development aid programmes and how to deal with such risks,
  - the overall control environment (organisation, allocation of responsibilities, human resources, accountability) and, in particular, the role and status of the 'trained finance and contract official' in relation to the Head of Delegation, other administrators and Headquarters; takes the view that accounting officers should not be hierarchically subordinated to authorising officers,
  - control mechanisms to be applied to, and by, intermediaries, other donors and beneficiary countries,

- the question of how, and if at all, how much, Headquarters have to monitor delegations' controls under a deconcentrated management system; takes the view that there should be a close supervision by Headquarters (Internal Audit Service and DG-AidCo) of audits and audit systems in the delegations;
51. Calls on the Commission, when strengthening the delegations in the framework of deconcentration, to also take account of the need for specialised staff in the areas of social development, health and education, as this is a basic objective of Community aid;
52. Is not satisfied that the Commission has not established procedures to ensure an objective selection of projects for auditing, as the current system relies too heavily on the sole discretion of the head of delegation <sup>(1)</sup>;
53. Asks the Commission to make sure that financial audits are supervised, coordinated and monitored by the Headquarters in order to ensure that audit results are taken into account, that the methodologies used for the audits are comparable and relevant and the results of controls and audits are coordinated with other donors;

### Human Rights

54. Is concerned that evaluations carried out in 2001 showed that 'there was some way to go before human rights were established at every level in the Commission as a true "crosscutting issue" with a common purpose and uniform policy input to all cooperation programmes and political relations' (Point 7.3.1 in COM(2002) 490) and that 'there is a need for the Commission to better define the frontiers of human rights, democracy and good governance, and to ensure that the respective roles of the human rights units in the External Relations DG and in the EuropeAid Cooperation Office are better understood' <sup>(2)</sup>;
55. Asks the Commission to provide, before 1 June 2003, full information on the nature and scope of the problem and on measures which have been, or which will be taken in the short term to resolve the identified weakness, and in the longer term to give declared horizontal objectives (human rights, equality between men and women, environment and conflict prevention) the necessary organisational structure;
56. Asks, the Commission in particular to provide, before 1 June 2003, information on the criteria for suspending aid as a result of human rights violations, and the number of times this has occurred;
57. Recognises that it is not easy to define and draw up indicators in this area of cooperation and invites the Commission to strengthen its efforts to define criteria and benchmarks by which the outcome of activities can be better assessed;

### Budgeting the EDF

58. Regrets that no progress has been made as regards budgeting the European Development Funds as repeatedly called for; recalls its position, as expressed in its resolution of 17 December 2002, on the proposal for a Council regulation on a Financial Regulation applicable to the ninth European Development Fund <sup>(3)</sup>;

<sup>(1)</sup> Commission's answers to the questionnaire of the Committee on Budgetary Control on the 2001 EDF discharge, Annex 6, page 107 (PE 315.845).

<sup>(2)</sup> Point 17.2.1 in 'Annual Evaluation Review 2001' on [http://europa.eu.int/comm/budget/evaluation/pdf/review2001\\_en.pdf](http://europa.eu.int/comm/budget/evaluation/pdf/review2001_en.pdf) (23.12.2002).

<sup>(3)</sup> P5\_TA (2002)0607.

59. Is concerned about the numerous disadvantages mentioned by the Court of Auditors <sup>(1)</sup> of having a different financial regulation for every EDF; notes the advantages of simplification, as indicated by the Commission, but recognises that renegotiation of existing legal frameworks with ACP states is not a viable option; repeats that budgetising the EDF would be a considerable improvement to both the effectiveness of the aid delivered as well as to the management thereof;
60. Notes that preparations for the 10th EDF will start already in 2004 with the participation of the new Member States, and considers enlargement to be a perfect opportunity for Member States to come to an agreement on the future financing of an effective and coherent EU development policy according to the same budgetary principles as those applicable to other external policy activities;
61. Looks forward to receiving the promised Commission communication on the implications of budgeting the EDF by mid-2003;
62. Endorses the statement by the Court of Auditors that 'under no circumstances must the breakdown of administrative responsibilities between the Community and the ACP partner States have the effect of exonerating the Commission of its responsibilities as regards economic, efficient, effective, legal and regular use of the resources at its disposal. In particular, the Commission must actually be able to recover amounts that have been unduly paid to national authorities or final beneficiaries' <sup>(2)</sup>;

#### Other issues

63. Urges the Commission to ensure compliance with the interest rate ceiling set in the Lomé Convention for EIB loans and to explain as soon as possible the reasons for exceeding this ceiling;
64. Welcomes the Commission's first publication of an annual report on the EU's development policy; calls on the Commission to edit the next edition of this extremely useful document more rigorously;
65. Notes that the Commission has reported global sectoral commitments for 2001 on the basis of the 35 % benchmark for social infrastructure, introduced in 2002, which did not apply in 2001; appreciates nevertheless the efforts made by the Commission to meet this benchmark, although implementation in ACP countries should be improved; emphasises that the 35 % must be allocated 'mainly' to education and health, where global performance in 2001 was particularly weak, and calls for significant improvements in these areas in coming years;
66. Congratulates the Commission on producing for 2001 reliable sectoral distribution statistics compatible with OECD-DAC and on implementing the Common Relex Information System (CRIS) to assure quality sectoral reporting in future years; welcomes the decision to introduce in the future similar innovations for audits and framework contracts;
67. Underlines the importance of reliable reporting for the move to a results-based approach to development policy, but notes that more remains to be done; welcomes the Commission's work on methodology on reporting progress towards the MDGs; notes they have agreed to present details of results targets and performance indicators in July 2003; calls on the Commission to continue to inform and consult Parliament at every stage of this process;
68. Expresses concern about the level of financial expertise in the deconcentrated delegations, especially as they are to be the focus of future audit activity, and calls on the Commission to implement without delay thorough and effective training programmes, especially in the area of audits;

<sup>(1)</sup> Opinion of the Court of Auditors No 12/2002, paragraph 4 (OJ C 12, 17.1.2003, p. 19).

<sup>(2)</sup> Opinion of the Court of Auditors No 12/2002, paragraph 11.

69. Expresses reservations over the increasing use of budget support as an instrument of development policy before the completion of work with other donors on public financial management in beneficiary countries; expresses particular concern in relation to the numerous reporting requirements imposed by the donor community on some developing country governments; calls for donor harmonisation in this area to be brought to rapid fruition and for sound financial management to be ensured before such programmes are approved;
  70. Underlines the need to monitor the quality of actions carried out under budget support and expresses concern that fundability limits the traceability of funds and hence compromises the attribution of results to a particular donor.
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**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****on closing the accounts of the sixth, seventh and eighth European Development Funds for the 2001 financial year**

(2003/406/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the balance sheets and accounts of the sixth, seventh and eighth European Development Funds for the financial year 2001 (COM(2002) 211 — C5-0190/2002),
  - having regard to the annual report of the Court of Auditors on the activities of the sixth, seventh and eighth European Development Funds for 2001 together with the replies of the institutions (C5-0539/2002) <sup>(1)</sup>,
  - having regard to the Court of Auditors' Statement of Assurance on the European Development Funds (C5-0539/2002),
  - having regard to the Council's recommendations of 7 March 2003 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2001 (C5-0091/2003, C5-0092/2003, C5-0093/2003),
  - having regard to Article 33 of the Internal Agreement of 20 December 1995 between the representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention <sup>(2)</sup>,
  - having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention <sup>(3)</sup>,
  - having regard to Rules 93 and 93 a, third indent, and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (A5-0072/2003),
1. Notes that the financial situation of the sixth, seventh and eighth European Development Funds as at 31 December 2001 was as follows:

<sup>(1)</sup> OJ C 295, 28.11.2002, p. 289.

<sup>(2)</sup> OJ L 156, 29.5.1998, p. 108.

<sup>(3)</sup> OJ L 191, 7.7.1998, p. 53.

Table 2

## Cumulated utilisation of EDF resources as at 31 December 2001

	Situation at end of 2000				Budgetary implementation during the financial year 2001				Situation at end of 2001					
	Global amount		Implementation rate (%) <sup>(1)</sup>		6th EDF		7th EDF		8th EDF		Global amount		Implementation rate (%) <sup>(1)</sup>	
A. RESOURCES <sup>(2)</sup>	<b>32 598,7</b>										<b>7 829,1</b>	<b>11 503,3</b>	<b>13 465,0</b>	<b>32 797,3</b>
B. UTILISATION														
1. Primary commitments	<b>26 598,7</b>	<b>81,2</b>			<b>- 14,2</b>	<b>48,2</b>	<b>1 520,2</b>	<b>1 554,2</b>	<b>7 481,9</b>	<b>10 802,7</b>	<b>9 868,2</b>	<b>28 152,8</b>	<b>85,5</b>	
— programmable aid	14 783,6				- 17,2	72,1	810,0	865,0	4 874,2	5 603,4	5 170,9	15 648,6		
— non-programmable aid	8 847,0				2,9	- 19,4	494,0	477,5	2 512,3	3 683,0	3 129,2	9 324,5		
— structural adjustment	2 510,7				0,0	- 0,6	216,1	215,5	6,0	1 152,0	1 568,1	2 726,1		
— on transfers from previous EDFs	457,4				0,1	- 3,9	0,0	- 3,8	89,3	364,3	0,0	453,6		
2. Secondary commitments	<b>20 417,9</b>	<b>62,4</b>			<b>26,9</b>	<b>294,1</b>	<b>1 942,3</b>	<b>2 263,4</b>	<b>7 285,4</b>	<b>9 657,2</b>	<b>5 738,6</b>	<b>22 681,3</b>	<b>69,2</b>	
— programmable aid	10 175,2				23,9	199,1	884,4	1 107,4	4 705,5	4 761,1	1 816,1	11 282,7		
— non-programmable aid	7 863,8				2,2	87,8	763,2	853,1	2 487,3	3 450,2	2 779,4	8 716,9		
— structural adjustment	2 003,7				0,0	0,3	294,7	295,0	6,0	1 149,6	1 143,1	2 298,7		
— on transfers from previous EDFs	375,2				0,8	7,0	0,0	7,8	86,7	296,3	0,0	383,0		
3. Payments	<b>17 615,8</b>	<b>53,8</b>			<b>50,5</b>	<b>406,9</b>	<b>1 610,5</b>	<b>2 067,9</b>	<b>7 186,6</b>	<b>8 906,3</b>	<b>3 590,8</b>	<b>19 683,7</b>	<b>60,0</b>	
— programmable aid	8 985,8				44,4	295,4	413,9	753,7	4 622,7	4 248,9	867,8	9 739,4		
— non-programmable aid	6 521,8				5,1	90,8	894,9	990,8	2 473,8	3 259,4	1 779,4	7 512,6		
— structural adjustment	1 784,8				0,0	2,1	301,7	303,8	5,4	1 139,5	943,6	2 088,5		
— on transfers from previous EDFs	323,4				1,0	18,6	0,0	19,6	84,6	258,5	0,0	343,1		
C. OUTSTANDING PAYMENTS ON PRIMARY COMMITMENTS (B1-B3)	<b>8 982,9</b>	<b>27,4</b>							<b>295,3</b>	<b>1 896,4</b>	<b>6 277,5</b>	<b>8 469,2</b>	<b>25,8</b>	
D. RESOURCES AVAILABLE FOR PRIMARY COMMITMENTS (A-B1)	<b>6 147,3</b>	<b>18,8</b>							<b>347,2</b>	<b>700,6</b>	<b>3 596,7</b>	<b>4 644,5</b>	<b>14,2</b>	

<sup>(1)</sup> In percentage of resources.<sup>(2)</sup> Initial endowment of the 6th, 7th and 8th EDFs (of which EUR 60 million from the special EIB contribution), interest, sundry resources and transfers from previous EDFs. (Source: OJ C 295, 28.11.2002, p. 296).

2. 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 have it published in the *Official Journal of the European Union* (L series).

*The Secretary General*

Julian PRIESTLEY

*The President*

Pat COX

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## EUROPEAN PARLIAMENT DECISION

of 8 April 2003

**on the postponement of the decision concerning discharge to the Director of the European Agency for Safety and Health at Work, the Director of the European Environment Agency, the Director of the Translation Centre for the bodies of the European Union, the Director of the European Monitoring Centre for Drugs and Drug Addiction, the Director of the European Monitoring Centre on Racism and Xenophobia, in respect of the implementation of each Agency's budget for the financial year 2001**

(2003/407/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the financial statements of the European Agency for Safety and Health at Work concerning the financial year 2001, together with the Agency's replies <sup>(1)</sup> (C5-0102/2003),
- having regard to the Court of Auditors' report on the financial statements of the European Environment Agency for the financial year 2001, together with the Agency's replies <sup>(2)</sup> (C5-0098/2003),
- having regard to the Court of Auditors' report on the financial statements of the Translation Centre for the bodies of the European Union for the financial year 2001, together with the Centre's replies <sup>(3)</sup> (C5-0100/2003),
- having regard to the Court of Auditors' report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2001, together with the Centre's replies <sup>(4)</sup> (C5-0096/2003),
- having regard to the Court of Auditors' report on the financial statements of the European Monitoring Centre on Racism and Xenophobia for the financial year 2001, together with the Centre's replies <sup>(5)</sup> (C5-0094/2003),
- having regard to the Council's recommendations of 7 March 2003 (C5-0103/2003, C5-0099/2003, C5-0101/2003, C5-0097/2003, C5-0095/2003),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities <sup>(6)</sup> and in particular Article 185 thereof,
- having regard to 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 <sup>(7)</sup> and, in particular, Article 94 thereof,
- having regard to Rule 93a and Annex V of its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A5-0074/2003),

<sup>(1)</sup> OJ C 326, 27.12.2002, p. 9.

<sup>(2)</sup> OJ C 326, 27.12.2002, p. 17.

<sup>(3)</sup> OJ C 326, 27.12.2002, p. 35.

<sup>(4)</sup> OJ C 326, 27.12.2002, p. 64.

<sup>(5)</sup> OJ C 326, 27.12.2002, p. 72.

<sup>(6)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(7)</sup> OJ L 357, 31.12.2002, p. 72.

1. Postpones the decision concerning discharge to:
  - the Director of the European Agency for Safety and Health at Work,
  - the Director of the European Environment Agency,
  - the Director of the Translation Centre for the bodies of the European Union,
  - the Director of the European Monitoring Centre for Drugs and Drug Addiction, and
  - the Director of the European Monitoring Centre on Racism and Xenophobiain respect of the implementation of each Agency's budget for the financial year 2001;
2. Records its comments in the accompanying resolution;
3. Instructs its President to forward this decision and the accompanying resolution to the Directors of the European Agency for Safety and Health at Work, of the European Environment Agency, of the Translation Centre for the bodies of the European Union, of the European Monitoring Centre for Drugs and Drug Addiction and of the European Monitoring Centre on Racism and Xenophobia, the Council, the Commission, the Court of Justice and the Court of Auditors and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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**RESOLUTION**

**of the European Parliament containing the comments accompanying the decision on the postponement of the decision concerning discharge to the Director of the European Agency for Safety and Health at Work, the Director of the European Environment Agency, the Director of the Translation Centre for the bodies of the European Union, the Director of the European Monitoring Centre for Drugs and Drug Addiction, the Director of the European Monitoring Centre on Racism and Xenophobia, in respect of the implementation of each Agency's budget for the financial year 2001**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the financial statements of the European Agency for Safety and Health at Work concerning the financial year 2001, together with the Agency's replies <sup>(1)</sup> (C5-0102/2003),
- having regard to the Court of Auditors' report on the financial statements of the European Environment Agency for the financial year 2001, together with the Agency's replies <sup>(2)</sup> (C5-0098/2003),
- having regard to the Court of Auditors' report on the financial statements of the Translation Centre for the bodies of the European Union for the financial year 2001, together with the Centre's replies <sup>(3)</sup> (C5-0100/2003),
- having regard to the Court of Auditors' report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2001, together with the Centre's replies <sup>(4)</sup> (C5-0096/2003),
- having regard to the Court of Auditors' report on the financial statements of the European Monitoring Centre on Racism and Xenophobia for the financial year 2001, together with the Centre's replies <sup>(5)</sup> (C5-0094/2003),
- having regard to the Council's recommendations of 7 March 2003 (C5-0103/2003, C5-0099/2003, C5-0101/2003, C5-0097/2003, C5-0095/2003),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities <sup>(6)</sup> and in particular Article 185 thereof,
- having regard to 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 <sup>(7)</sup> and, in particular, Article 94 thereof,
- having regard to Rule 93a and Annex V of its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A5-0074/2003),

<sup>(1)</sup> OJ C 326, 27.12.2002, p. 9.

<sup>(2)</sup> OJ C 326, 27.12.2002, p. 17.

<sup>(3)</sup> OJ C 326, 27.12.2002, p. 35.

<sup>(4)</sup> OJ C 326, 27.12.2002, p. 64.

<sup>(5)</sup> OJ C 326, 27.12.2002, p. 72.

<sup>(6)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(7)</sup> OJ L 357, 31.12.2002, p. 72.

- A. whereas, until now, on the basis of the specific relevant regulations and their respective financial rules, Parliament was responsible for giving discharge to the European Foundation for the Improvement of Living and Working Conditions (Dublin Foundation), to European Centre for the Development of Vocational Training (Cedefop) and to the European Agency for Reconstruction;
- B. whereas the new Financial Regulation applicable from 1 January 2003, provided for changes on budgetary and financial matters – including discharge – concerning directly the satellite bodies that receive grants charged to the budget of the Communities;
- C. whereas the new Financial Regulation in its Article 185(1) and (2), provides for discharge to the bodies set up by the Communities and having legal personality which actually receive grants charged to the budget, to be given by the Parliament on the recommendation of the Council;
- D. whereas, at the present time, the legislative procedures for modifying the constituent acts of the various agencies, in order to bring them into line with the new Financial Regulation, are still under way;
- E. whereas this new situation called for a clarification of the rules applicable with reference to the discharge to be given to these bodies for the 2001 financial year;
- F. whereas the Commission, in the context of this new situation, provided a clarification with regard to the rules applicable to the discharge procedure concerning these bodies in its note of 3 February 2003 to the Directors of the agencies, and the Committee on Budgetary Control examined the matter at its meeting of 10 February 2003;
- G. whereas, as a consequence of the fact that the new Financial Regulation is applicable from 1 January 2003, Parliament is not called to give discharge to those agencies that had completed, before 31 December 2002, their discharge procedures for the financial year 2001 under the previous rules;
- H. whereas, in accordance with Article 145 of the new Financial Regulation and Article 94 of Regulation (EC, Euratom) No 2343/2002, Parliament shall consider a report concerning discharge for a given financial year to be given to those bodies by 30 April of the year  $n+2$ ; furthermore, should its competent committee propose postponing the discharge decision, Article 94 provides for the Parliament to give the reasons for postponement;
1. Welcomes the fact that in this new legal framework Parliament is the competent authority for giving discharge to those bodies, thereby satisfying one of its longstanding demands for it to give discharge to the agencies as a means of enhancing transparency, accountability and democratic control;
  2. Stresses that, in order to fulfil its responsibilities as discharge authority in the context of this new framework, it intends to work in very close cooperation with the agencies, and expects these bodies to respond accordingly;
  3. Regrets that in the circumstances related to this transition from the previous financial rules to the new ones, there was not sufficient time to obtain all the information from these bodies that it deems necessary and adequate in order to fulfil its role as discharge authority;
  4. Expects therefore to receive, as soon as possible, all relevant information from these bodies in reply to the requests it will formulate and intends, in a spirit of loyal cooperation among institutions, to transmit all such information to the Council, which is competent for a recommendation to Parliament with respect to discharge;
  5. Expresses its intention to consider its decision on the discharge to these bodies once it has received all such information enabling it to reach a decision.
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**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year (Commission)**

(2003/408/EC, ECSC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the revenue and expenditure account and the consolidated balance sheet for the 2001 financial year (SEC(2002)403 — C5-0239/2002, SEC(2002)404 — C5-0240/2002, SEC(2002)405 — C5-0242/2002, SEC(2002)406 — C5-0241/2002, SEC(2002)1378 — C5-0087/2003) <sup>(1)</sup>,
  - having regard to the annual report of the Court of Auditors for the 2001 financial year, accompanied by the replies of the institutions audited (C5-0538/2002) <sup>(2)</sup>, and the special reports of the Court of Auditors,
  - 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 Treaty (C5-0538/2002),
  - having regard to the Council recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 275 and 276 of the EC Treaty, Article 78g of the ECSC Treaty and Articles 179a and 180b of the EAEC Treaty,
  - having regard to the Financial Regulation of 21 December 1977, and in particular Article 89 thereof, and to the Financial Regulation of 25 June 2002 <sup>(3)</sup>, in particular Articles 145 to 147,
  - having regard to Rule 93 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 (A5-0109/2003),
- A. whereas, pursuant to Article 275 of the EC Treaty, responsibility for drawing up the accounts lies with the Commission,
1. Grants discharge to the Commission in respect of the implementation of the general budget of the European Union for the 2001 financial year;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 296, 28.11.2002.

<sup>(2)</sup> OJ C 295, 28.11.2002.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year (Commission)**

THE EUROPEAN PARLIAMENT,

- having regard to the budget of the European Union for the 2001 financial year,
- having regard to the revenue and expenditure account and the consolidated balance sheet for the 2001 financial year (SEC(2002)403 — C5-0239/2002, SEC(2002)404 — C5-0240/2002, SEC(2002)405 — C5-0242/2002, SEC(2002)406 — C5-0241/2002, SEC(2002)1378 — C5-0087/2003) <sup>(1)</sup>,
- having regard to the annual report of the Court of Auditors for the 2001 financial year, accompanied by the replies of the institutions audited (C5-0538/2002) <sup>(2)</sup>, and the special reports of the Court of Auditors,
- 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 Treaty (C5-0538/2002),
- having regard to the Council recommendation of 7 March 2003 (C5-0087/2003),
- having regard to Articles 275 and 276 of the EC Treaty, Article 78g of the ECSC Treaty and Articles 179a and 180b of the EAEC Treaty,
- having regard to the Financial Regulation of 21 December 1977, and in particular Article 89 thereof, and to the Financial Regulation of 25 June 2002, in particular Articles 145 to 147 <sup>(3)</sup>,
- having regard to Rule 93 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 (A5-0109/2003),
- A. whereas the budget has a surplus of more than EUR 15 billion, which is greater than in previous financial years,
- B. whereas in its resolution of 30 January 2003 <sup>(4)</sup> on the 2000 discharge follow-up, the European Parliament highlighted the following aspects:
  - the recurring budget surplus,
  - the under-implementation of Structural Funds and the complex provisions governing this area,
  - the poor functioning of the recovery procedures for unduly paid funds and the inadequacy of the fight against fraud,
- C. whereas Directors-General declarations of assurance and activity reports, issued for the first time in 2002 for the 2001 financial year, highlighted three major risk areas:
  - need to renew the accounting framework and underlying IT systems,
  - shortage of human resources in vital control areas such as programme management,
  - incompatibility between the Treaty assumption of full budgetary accountability of the Commission and delegation of management responsibility to Member States for 80 % of the budget,

<sup>(1)</sup> OJ C 296, 28.11.2002.

<sup>(2)</sup> OJ C 295, 28.11.2002.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> P5\_TA(2003)0035.

- D. whereas appreciation must be expressed to Commission departments for replying promptly, by the deadline (18 December 2002), to the questions forwarded on 29 November 2002 by the members of the Committee on Budgetary Control in connection with the discharge procedure,

**I. General remarks on the accounting system**

1. Takes note of the fact that the Court of Auditors — on the whole — is of the opinion, as expressed in the statement of assurance, that the accounts of the financial year closed on 31 December 2001 faithfully reflect the Communities' revenue and expenditure for the year and their financial position at the year-end, but that the weaknesses in the accounting system itself require urgent in-depth action;
2. Underlines the Court of Auditors' observation that 'since the first statement of assurance in respect of the financial year 1994 the Court has repeated its reservations in respect of the reliability of the accounts. These reservations most often have their roots in the weaknesses of the accounting system and in the low level of awareness in the Commission's operational DGs with regard to questions concerning records and accounting control. The reservations contained in the Director-General of Budgets' declaration confirm the Court's findings' and that 'a draft action plan [on how to reform the accounting system] was submitted in June 2001' <sup>(1)</sup>;
3. Notes that, in the opinion of the Court of Auditors, the transactions underlying the financial statements, taken as a whole, are legal and regular in respect of revenue, commitments and administrative expenditure but that such assurance cannot be provided in respect of other payments; considers that this global statement of assurance is too general and prevents Parliament from ascertaining that the transactions carried out by the Commission, and above all by the Member States, are regular, or where responsibility for error lies;
4. Notes that the Commission has always had a legal and political obligation to ensure the reliable management of all the funds entrusted to it (Article 274 of the Treaty);
5. Hopes that the Commission will present, by the end of this year, a multiannual plan containing a timetable and a step-by-step plan for obtaining a positive statement of assurance from the Court of Auditors in respect of the whole budget; asks, in the context of decentralisation, to receive a plan of the approach to be adopted by each individual DG, stating how and when the DG will obtain a statement of assurance from the Court of Auditors;
6. Welcomes recent moves by the Commission to eliminate permanent access rights and restrict access to the accounting database only on a limited basis for specific tasks; notes that an effort was made in 2001 and 2002 to provide full reconciliation of the data in the two systems but points to the Court's criticism that this exercise is neither comprehensive nor systematic and thus does not represent a satisfactory solution in the longer term; takes the view that reconciliations play an important role in improving the consistency of data in the subsystem and therefore that they should be treated more urgently and more frequently;
7. Acknowledges that the Commission has reported and explained to Parliament's Budgetary Control Committee, on a number of occasions, the measures it intends to take in order to reform the accounting system; welcomes the publication of the Commission communication of 17 December 2002 on Modernisation of the accounting system of the European Communities (COM(2002) 755), building on the July 2002 memorandum and the June 2001 Action Plan, and the explicit commitment to improve and modernise the Community accounting system by 2005;
8. Stresses that the Commission has both a legal and a political obligation to establish a modern, reliable and accurate accounting system for the financial year 2005, as laid down in Articles 125 and 181 of the new Financial Regulation; finds it, in this regard, highly regrettable that so little progress has been made over the last six years in responding to the Court of Auditors' observations on the accounting system;

<sup>(1)</sup> See Annual Report, paragraphs 9.6 and 9.8.

9. Recognises that the Court of Auditors issued a positive statement of assurance on the revenue and expenditure account for the year 2001, but confirms the reservations expressed by the Court as well as by the Director-General of DG Budget's annual activity report for 2001 regarding the Community accounts, and, in particular, concerning:
  - (a) synchronisation, coherence and security of data (DG Budget);
  - (b) reliability of the evaluation of assets and the financial situation (DG Budget);
  - (c) accounting of appropriations to be recovered (DG Budget);
  - (d) the EUR 148,7 million overstatement of provisions paid to the Member States in respect of agricultural intervention stocks (Annual Report, paragraph 9.12);
  - (e) the entry without adequate justification, under 'Sundry debtors' of EUR 980 million relating to cash transfers in third countries (Annual Report, paragraph 9.25);
  - (f) the EUR 564 million provision, established on a doubtful basis, for the cost of dismantling the Joint Research Centre's nuclear installations (Annual Report, paragraph 9.31);
  - (g) an overstatement of outstanding commitments of approximately EUR 1 318 million (Annual Report, paragraph 9.32);
10. Considers that, although DG Budget was occupied with other financial aspects of the Commission reform agenda — revision of the Financial Regulation and activity reports of Directors-General — more practical steps could and should have been taken in the intervening 18 months to address the urgent concerns of the Court of Auditors on the state of the accounting system;
11. Expresses its concern at the high turnover of administrative staff in high-ranking and crucial posts, such as the Commission accounting officer, as well as the shortage of qualified staff in accounting and auditing reported by the Internal Audit Service, and urges the Commission to make this a top priority of its human resources policy;
12. Recalls the Commission's statement (reply to Written Question P-1839/2002) to the effect that the accounts for 2001 were not submitted by the Accounting Officer to the Financial Controller prior to adoption, although this was required by Article 18 of the Commission Regulation laying down detailed rules for the implementation of certain provisions of the Financial Regulation;
13. Concludes from this that the closure of accounts for 2001 was carried out by the Commission in violation of the Financial Regulation;
14. Asks for the maximum restraint on earmarking within budgetary lines — especially in Chapter A-30 — with due regard for the competences of institutions, ensuring the necessary transparency for allocation of European funds and universal coverage of potentially interested NGOs;
15. Calls on the Court of Auditors to release a statement of assurance and error rate for each individual DG in order to highlight problem areas and substantially increase Commission and Member State accountability;
16. Calls on the Commission to have an external audit carried out by the end of this year on its treasury system and to report the results thereof to Parliament;
- II. **The accounting framework**
17. Regrets the fact that the action plan presented by the Commission does not clearly distinguish between those measures required to solve current operational deficiencies and to enhance the

informative value of the current cash-based accounts, and those necessary to move towards full accrual accounting; underlines the pressing need to correct some of the important deficiencies in the existing system immediately; asks the Commission to clearly define its understanding of 'full accrual accounting';

18. Calls for the SAP/R3 modules 'accounts payable' and 'accounts receivable' to be brought into use by the end of 2003;
19. Considers that the transition to an accrual-based accounting system, to include all incurred expenditure and outstanding revenue, is a crucial step towards meeting the latest international accrual accounting standards; insists that in any case the principle of double-entry accounting be respected;
20. Insists that the discharge authority be kept regularly informed, at least at quarterly intervals, of concrete progress in this regard and of any serious delay in reaching the targets laid down in the Annex to the abovementioned Commission communication of 17 December 2002;
21. Welcomes the assertion that the Accounting Officer will have a major role in the development of the new accounting standards, as stated both by the Court of Auditors and in the Financial Regulation, and will be assisted by an advisory committee comprising senior audit and accounting experts, including two external professionals;
22. Considers that experts from the Court of Auditors should participate, in an advisory capacity, on the new Accounting Standards Committee as long as it does not compromise the independence of the auditing institution;
23. Takes the view that the future accounting system must have as a minimum the following fundamental characteristics:
  - single and fully integrated entry of information across the whole system;
  - uniform data definition;
  - consistency of central and sectoral systems;
  - multiannual consistency of data and information (to facilitate comparability and to demonstrate improvements);
  - full accrual accounting capacity and respect for international accrual accounting standards;
24. Supports the recent moves to complement the budget outturn with a broader economic outturn statement better reflecting the true state of the accounts of the European Union;

### III. **The IT system**

25. Is gravely concerned about the lack of integration in the current automated accounting system, which relies on a complex three-part computer interface developed in-house in 1997 (SINCOM 2) and extended in 1999 in order to provide a user-friendly interface for sectoral services; notes with alarm that it has failed to ensure either the required level of secure access or reliability of data input from different parts of the system and as a result is criticised by the Court of Auditors;
26. Points out that, in deciding on a replacement system, the Commission must plan for the longer term and develop the most reliable and practical computerised accounting system on the market

which is compatible with developing international public sector accounting standards (IPSAS); requests a cost-benefit analysis of the two alternatives expressed in options 2 and 3 <sup>(1)</sup> in order for the budget and discharge authority to assess the implications in terms of the budget, establishment plan and effectiveness of choices; notes, at the same time, that the Commission estimates the external resources needed for the development of the IT system at EUR 18,6 million;

27. Considers it essential that the Commission take full account of the experience and needs of users in the design and application of the new system;
28. Takes the view that the future system must have at least the following characteristics:
  - a single point of access to data for the user;
  - full interoperability of the system;
  - elimination of redundant data;
  - effective security and reliability of data and guarantee of a full audit trail;
  - a back-up which functions effectively in the event of system breakdown;
  - involvement of user groups at all stages of development (to guarantee user-friendliness and to reduce the need for specific sectoral or local systems);
  - proper and safeguarded software change management;
29. Calls for a detailed and comprehensive audit by external experts of the Commission's plans to improve the accounting framework and the related IT systems, to assess their suitability in order to ensure that the measures undertaken fulfil the highest standards of modern accounting practice, including the needs set out in paragraphs 23 and 28; requests that the results of this external audit be reported and discussed at a hearing on the accounting framework, to be organised by the Committee on Budgetary Control, which should include the participation of the Commission and the Court of Auditors;

#### IV. **Special report 2/2002 from the Court of Auditors** <sup>(2)</sup>

30. Notes that the Court has highlighted the fact that payment authorisations and the payment implementation figures presented by the Commission for the Socrates and Youth programmes differ, depending on the documents used;
31. Takes note of the full explanations and justifications supplied by the Commission regarding these figures, and in particular that:
  - (a) all the figures supplied for the years in question (1995 to 1999) in the budget proposals are consistent with the figures presented in Volume II of the financial statement;
  - (b) budget proposals, however, exclude figures on the participation of countries in the European Economic Area and third countries as they are presented in the financial statement without being clearly indicated, therefore leading to misunderstandings;
  - (c) the reconciliation of the figures from both sources is quite complex and involves gathering information from as many as six different tables from auxiliary volumes of the financial statement;
  - (d) the figures in Volumes I and IV of the financial statement are rounded and, as there are several ways of presenting the data gathered from the original tables, this can produce different results;

<sup>(1)</sup> COM (2002) 755, sections II.3.2 and 3.3.

<sup>(2)</sup> OJ C 136, 7.6.2002, p. 1.

- (e) the data shown in the financial statement, Volume I, for commitments in 1998 under the Youth programme are not accurate, giving rise to doubts as to the consistency and reliability of the figures shown in this volume;
32. Calls on the Commission to provide, in future, complete explanations of its accounts and references to their legal basis, including the various volumes and tables;
33. Calls on the Commission to make an immediate assessment of the reliability and accuracy of figures included in Volumes I and IV of its financial statement, so as to overcome its current shortcomings;
34. Calls on the Commission to use certified figures from its financial statement as the only source for any official release of budgetary figures, thereby immediately stopping the proliferation of inconsistent data released by other Commission services;
35. Notes that payment implementation figures referred to in the final evaluation report on the Youth programme (SEC(2001)1621) cannot be matched up with any figures from different sources;

#### V. **Modernisation of the payment system**

36. Notes that the unreliability and the non-disclosure of dates of invoices, receipts and payments from the Commission deeply damage the European institutions' reputation, cause severe problems for beneficiaries and are directly responsible for the loss of large sums (Annual Report, paragraph 9.86);
37. Notes that the introduction of a single entry point for information across the system as proposed in this resolution will eliminate double and contradictory registers of 'payment executions' as well as different and incompatible accounting systems; it will also allow, without additional costs:
- the automatic recording of dates of receipts, invoices and payments in the same documents, thereby providing for the proper application, and control and audit, of European Parliament and Council Directive 2000/35/EC of 29 June 2000 on combating late payment in commercial transactions <sup>(1)</sup>, transposed into the European Institutions' internal rules in Article 83 of the Financial Regulation of 25 June 2002 and Article 106 of Commission Regulation (EC, Euratom) No 2342/2002 <sup>(2)</sup> laying down the implementing rules of that Financial Regulation;
  - systematic recording of the time span from the moment when payment orders have been made to the moment when the transfer arrives either at the beneficiary or at a banking institution; this information will allow evaluation of the performance of banks chosen to manage Community transfers (speed of transfers);
  - consistent notification of beneficiaries about the dates of payment orders, instead of the present piecemeal system where beneficiaries receive different kinds of notification or no notification at all; this information allows beneficiaries to judge the effectiveness and efficiency of financial institutions; consequently it becomes easier to check on the responsibilities of the various actors in the payment system;
38. Is of the opinion that the reform of the accounting system requires the systematic communication of information to the recipients of Community funds; calls, therefore, on the Commission to establish a pilot programme introducing information on dates of invoices and payments in the beneficiaries' notifications;

<sup>(1)</sup> OJ L 200, 8.8.2000, p. 35.

<sup>(2)</sup> OJ L 357, 31.12.2002, p. 1.

## VI. Application of the universality principle

39. Notes that interest accruing on Community funds, as well as the full amount of Community funds recovered, according to Article 268 of the Treaty, must be shown in the budget;
40. Therefore considers it unacceptable that the Commission was unable to quantify, identify or explain the use of interest accruing on Community advance payments or of the 20 % of recoveries collected under Council Regulation (EEC) No 595/91<sup>(1)</sup>, with the exception of interest on Structural Funds;
41. Notes that the Commission, with regard to Structural Funds, was also unable to quantify or identify interest received, but gave a general explanation for its use; believes that this explanation shows that the use of interest breaches existing Regulations (Article 32(2) of Council Regulation (EC) No 1260/1999<sup>(2)</sup> in conjunction with Commission Regulation (EC) No 1685/2000<sup>(3)</sup>, Annex, point 1 of Rule No 3);
42. Notes, however, that Article 3 of Regulation (EC, Euratom) No 2342/2002 excludes from the property of the Communities 'pre-financing paid under a contract within the meaning of Article 88 of the Financial Regulation, or to Member States, or under the pre-accession aid, or the advances referred to in Article 265 (...) joint management within the meaning of Article 53 of the Financial Regulation.';
43. Therefore expects the Commission to present, within the next three months, a detailed action plan to include the sums referred to in paragraph 40, and excluding the sums referred to in paragraph 42, in the budget in the near future;

## VII. Externalisation and the reform of the Commission

### A. Personnel policy

44. Asks the Commission to establish a code of conduct for its personnel that ensures transparency and separation between private and public interests regarding their tasks and responsibilities in the Commission and their past, present and future activities outside the Commission;
45. Asks the Commission to closely monitor the granting of leave on personal grounds in order to ensure that conditions of transparency and separation of interests are met, and to review its past decisions in the light of these findings;
46. Notes that the Commission was not able to substantiate any of its claims regarding the continuation of its present policy of applying weightings to staff pensions;
47. In the light of the principle of equity and equal treatment, freedom of movement, the right to privacy, as well as the considerable cost of the pension weighting and the prohibitive cost of controlling it, considers that the system of geographic weightings according to the declared or presumed residence of the pensioner must be discontinued, and invites the Commission to amend its proposals to review the Staff Regulations to that end;

### B. Executive agencies and other forms of outsourcing of activities

48. Takes note of 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 programmes<sup>(4)</sup>;
49. Emphasises that the Commission will remain ultimately responsible for the activities of the executive agencies to which the task of managing Community programmes (implementation of the budget) has been delegated;

<sup>(1)</sup> OJ L 67, 14.3.1991, p. 11.

<sup>(2)</sup> OJ L 161, 26.6.1999, p. 1.

<sup>(3)</sup> OJ L 193, 29.7.2000, p. 39.

<sup>(4)</sup> OJ L 11, 16.1.2003, p. 1.

50. Recalls that the externalisation of some tasks to public implementing bodies must meet a specific objective, that the tasks involved must be technically complex and temporary, and that, in all events, tasks which are the responsibility of the public authorities or which involve the exercise of discretionary powers or access to confidential information may not be delegated to executive agencies;
  51. Stresses that, prior to any decision to set up an executive agency, the Commission must make a rigorous analysis of the need and added value of the administrative functions it will perform, in the light of the principles of subsidiarity and procedural simplification;
  52. Considers that while it seems logical to outsource some peripheral activities, such as catering services, to outsource the core tasks of the Commission's information policy – such as drafting texts — in a multiannual, multimillion euro contract with a single enterprise delegates effective discretionary powers in translating political choices into action; invites the Commission, therefore, to launch a careful review of its policy of outsourcing of activities, with particular reference to the principle of budget annuality;
  53. Regrets that the Commission has not yet been able to quantify the externalisation of administrative tasks, broken down by Commission department; asks the Commission to produce such information as soon as possible in accordance with the following criteria:
    - number of tenders and tendering procedures;
    - number of contracts;
    - list of leading recipients of contracts by financial value;
  54. Calls on the Commission to make an overall study of activities currently carried out by various Community bodies that may overlap or serve the same goals in order to propose appropriate solutions, including possible mergers of agencies;
  55. Is concerned by the fact that there is an imbalance between administrative and operational expenditure in many agencies, with administrative expenditure exceeding expenditure for operational purposes; therefore calls on the Commission and the agencies to set targets and a timetable to reduce the level of administrative expenditure as a proportion of total expenditure;
  56. In this respect, takes the view that these agencies could be entrusted with more operational tasks, thus avoiding the creation of further executive agencies and Community bodies by the Commission; asks the Commission to make appropriate proposals by 30 June 2003 at the latest and before creating any further executive agencies;
- C. *Eurostat*
57. Reiterates the political importance it attaches to paragraphs 14-32 of its resolution of 13 March 2003 <sup>(1)</sup> on the protection of the Communities' financial interests and the fight against fraud and stresses again that it expects the Commission's Internal Audit Service to examine by summer 2003 the legality and regularity of all contracts concluded by Eurostat since 1999, and to include in the investigation those contracts concluded by other Commission services on Eurostat's recommendation;
  58. Regrets that the previous Eurostat Internal Audit Service recommendations regarding future contracts with Eurogramme, as well as regarding application of Article 24 of the Staff Regulations in the case of the accusations by Eurogramme against the project officer were not completely followed; calls on the Commission to take due consideration of recommendations from its Internal

<sup>(1)</sup> P5\_TA(2003)0099.

Audit Service as well as from the internal audit services of its various departments; calls on the Commission to fully apply Article 24 of the Staff Regulations in the abovementioned case;

59. Welcomes the Commission announcement of a detailed revision of all contracts with and payments to Eurogramme, the suspension of all new contracts with that firm and the full application of Financial Regulation provisions regarding the stockholding transfer of that company to a new company;
60. Considers it inadmissible that OLAF complaints to national judicial authorities regarding contracts concluded by European Institutions are ignored by the Commission and not acted upon; calls on the Commission to review thoroughly the current situation and to take the necessary steps in order to remedy it with all due urgency;

### VIII. **Under-implementation of the budget**

#### A. *Payment appropriations for the Structural Funds*

61. Notes that the unutilised amounts for the programming periods prior to 1994 consisted mostly of disputed payments;
62. Regrets that the rate of implementation of available payment appropriations for structural measures in 2001 decreased further in relation to previous years for the third year in succession (1999: 87 %, 2000: 77,5 %, 2001: 68,1 %); recognises, however, that the implementation rate for 2002 (71,8 %) marks a break in this downward trend and expects the rate to continue to improve over the next few years;
63. Agrees with the observations of the Court of Auditors about the problems concerning the early stage of the programming work; is particularly concerned about the delays at the beginning of the 2000-2006 programming period; considers that the Commission should make proposals in connection with the next structural fund reform to prevent equally long delays from occurring in future; considers that the programming periods for the objective programmes and Community initiatives should be divided up in the next programming period;
64. Is astonished that the structural fund payment forecasts for 2001 were 50 % higher than actual payments; notes that three Member States (Italy, Portugal and the United Kingdom) accounted for 85 % of the total overestimate of payments; criticises those Member States for their particularly poor payment forecasts for 2001; urges the Commission, together with the Member States, to improve prediction techniques;
65. Notes that Regulation (EC) No 1260/1999 has apparently failed to help simplify procedures and rules relating to programme implementation; recalls, in this context, the conclusion of the Court of Auditors pointing to persistent uncertainty as to which responsibilities lie with the Member States and which with the Commission; takes the view, however, that simplification of measures must not come about at the expense of the Communities' political priorities;
66. Welcomes the Commission's proposals of October 2002 to simplify measures within the current programming period, and urges the Commission and the Member States to implement their respective sections as quickly as possible in order to improve the implementation rate for available payment appropriations in 2003; regrets the Member States' unwillingness to make their own institutions responsible for winding up their respective national programmes and give a yearly statement of assurance as a means of reducing the number of audits to be carried out by the Commission;

67. Stresses that combating irregularities, fraud and corruption and protecting the Communities financial interests merit high priority in all Member States; calls on the Commission, in consultation with the Member State authorities responsible, to ensure that all Member States possess or develop proper accounting, auditing and control systems for the management of EU monies — in particular monies entrusted to them through cofinancing — and set up anti-fraud units to cooperate with the European Anti-Fraud Office (OLAF); presses for further improvement in cooperation between national audit offices and the European Court of Auditors;
68. More generally, calls on the Commission — in particular the Internal Audit Service, the Court of Auditors and the Member States to develop and introduce a single audit model in order to further improve and rationalise audit and reporting activities;
69. Takes the view that the Commission must consider alternative methods and options by which the available payment appropriations can be brought into line with the amount which Member States can realistically implement for the 2005 budgetary procedure if the implementation rate in 2003 does not significantly improve;
70. Is extremely concerned about the massive under-spend in some Member States in relation to the 1994-1999 Structural Funds programmes, and recalls the deadline of 31 March 2003; points out that Member States making applications relating to this programming period which are received after this date will not receive payments, except for payments dependent on cases which are the subject of court proceedings;
71. Repeats the request made by the Court of Auditors for the Commission to provide more guidance to Member States on the reporting of irregularities within the Structural Funds programme, and requests evidence from the Commission that this has been done;
72. Is disappointed with the simplification proposals submitted by DG Regio in relation to the Structural Funds, and requests that profound changes be made in the next Structural Funds programme in keeping with the proposals in the Commission White Paper on EU Governance <sup>(1)</sup>;
73. Requests, in the context of the European Convention, that the Commission be instructed, in the future, to set up audit structures within the Structural Funds, proportionate to money allocated;
74. Takes the view that the next reform of the Structural Funds, which will take place in an enlarged Union, should be guided by the following principles: concentration on a few clear priorities, further administrative simplification, a more performance-related approach to the distribution of funding and avoidance of abrupt changeovers between programming periods;

B. *Sapard*

75. Notes that the main objective of the Sapard programme is to help adapt the agricultural sector and rural regions of the ten candidate countries to the challenges of European integration and that financial aid from the Union budget amounts to EUR 3 769 million for the period 2000-2003 (see the Court of Auditors' Annual report for 2000 <sup>(2)</sup>, Table 6.1);
76. Notes that the incomplete implementation of the budget for Sapard for the financial years 2000 and 2001 is primarily the result of the slow introduction, in the candidate countries, of the complex regulatory framework required for setting up the 'national agencies', which is illustrated by the fact that, at the end of 2001, management and control of funds had been conferred on only five countries;

<sup>(1)</sup> OJ C 287, 12.10.2001.

<sup>(2)</sup> OJ C 359, 15.12.2001.

77. Notes the discrepancy between the Commission's estimates as to programme start-up capacity and disbursements, which, for the financial year 2001, totalled EUR 30,5 million in the form of advances to the five countries with management conferral, of which only EUR 1 million went to final beneficiaries;
78. Stresses the pressing need to take into consideration the situation of candidate countries in areas such as access to credit, which, though non-existent in some countries (e.g. Bulgaria), is essential because beneficiaries must prefinance projects before they are reimbursed by Sapard, and the lack of a property market, which makes it difficult for some beneficiaries to meet eligibility criteria (renting/ownership of arable land);
79. Welcomes the derogation to the n+ 2 rule established for Sapard in Commission Regulation (EC) No 2222/2000 <sup>(1)</sup>, as amended by Regulation (EC) No 188/2003 <sup>(2)</sup>, and calls on the Commission to monitor implementation of the new ruling particularly carefully and to give Parliament early warning of any cancellations;
80. Deeply regrets the minimal impact of European assistance for structural reform of agriculture in the candidate countries; considers that the current situation is unacceptable and is seriously harming the enlargement process and the image of enlargement in the EU; calls on the Commission to prioritise the structural adaptation of agriculture in candidate countries by giving adequate financial help to farmers faced with the challenges of integration, while ensuring that adequate controls are in place and that control structures and administrative costs are in proportion to money allocated;
81. Regrets that guidance notes for the Sapard programme are not available in the languages of the candidate countries, and insists that the Commission correct this at the earliest opportunity;

C. *Phare and Tacis*

82. Is deeply concerned at the high level of outstanding commitments confirmed by the Court of Auditors under the Phare programme at the end of 2001 (more than EUR 2,3 billion);
83. Notes that the level of implementation of ISPA appropriations in 2001 was only 58 % owing to a delay in negotiations, though this is a reasonable result, particularly when compared with Sapard (6 %); urges the Commission and the candidate countries to improve their level of implementation and make the best possible use of the ISPA appropriations;
84. Takes the view that the Tacis programme would have a greater impact on the social and economic situation in local communities if more local companies were selected for local projects; asks the Commission to give an indication of the ratio of local companies to European companies selected for projects; urges the Commission to devise calls for tenders in such a way that local companies also have a fair chance of winning them;

D. *Improving financial liability arrangements in candidate countries*

85. Reiterates that combating fraud and corruption as well as protecting the Community's financial interests must be absolute priorities in all candidate countries; calls on the Commission to ensure that all candidate countries implement proper accounting, audit and control systems, set up anti fraud units to cooperate with OLAF, and further improve cooperation between their national audit bodies and the European Court of Auditors;

<sup>(1)</sup> OJ L 253, 7.10.2000, p. 5.

<sup>(2)</sup> OJ L 27, 1.2.2003, p. 14.

**IX. Common agricultural policy**

86. Calls on the Commission to produce a report by November 2003 on higher IT-security among paying agencies, bearing in mind that only one out of 49 agencies audited was rated 'good';
- A. *Integrated Administration and Control System (IACS)*
87. Demands that common standards for measuring eligible arable areas be approved and applied throughout the Community;
88. Notes the huge disparities amongst Member States in their interpretation of the information required under IACS, and, consequently, the heavy bureaucratic burden placed on many farmers in some Member States, compared with the minimalist approach in other Member States; calls on the Commission to harmonise and simplify IACS requirements across the EU;
89. Calls upon the Commission to ensure that Greece fully implements the IACS system before the end of 2003; underlines in this context the fact that the EU cannot demand more of applicant countries than it does of Member States;
90. Demands that the Bovine Identification System be operational in all Member States by the end of 2003;
91. Remains concerned about the possibility of objectively controlling in general, and under IACS in particular, the conditions relating to environment and best farming practice, which are increasingly used as criteria to grant aid under the common agricultural policy;
92. Considers, in this respect, that the level of control should keep pace with developments in the common agricultural policy and asks the Commission to propose clearly defined and objectively controllable indicators as soon as possible;
- B. *Non-reform of sugar market organisation*
93. Takes note of the extended analysis, in the Court of Auditors' annual report, of the gross deficiencies shown by the Commission in conducting the reform of the sugar market, which to a large extent prevented once again any significant reform in the mechanisms of an organisation that has remained largely untouched since its creation;
94. Asks the Commission to make a careful internal analysis of the reasons for this failure and welcomes its decision to create an *ad hoc* group on the sugar market reform, drawing on contributions from several Commission services;
95. Recalls the need for the Community to implement policies on an equitable basis, taking due consideration of the general principles and objectives set out in the Treaty;
- C. *Export refunds*
96. Welcomes the first two reservations expressed by the Director-General of DG-Agriculture which relate to the functioning of the export refund mechanism and are largely in line with the arguments put forward in Parliament's resolution of 10 April 2002 <sup>(1)</sup> on discharge for the 2000 financial year;
97. Acknowledges the compromises made by the Commission regarding simplification of the system and its intention to limit its scope and importance;

<sup>(1)</sup> OJ L 158, 17.6.2002, p. 3.

98. Urges the Commission to withhold export refunds for sugar exports to countries enjoying duty-free access to the European market as soon as possible, considering the present investigations relating to circuitous export schemes and bearing in mind past experiences with export refunds for butter;
99. Calls for an evaluation of all export refund schemes and their impact on world hunger, as well as a corresponding increase in food aid;

D. *Fishery sector*

100. Considers that the need to recover funds in almost half of the projects checked (reply to question 5.27 in the questionnaire) signals serious control and oversight problems on the part of the Member States, which is not consistent with the principle of sound financial management; believes that the degree of project verification, in terms of both on-the-spot checks and record-based audits, must be significantly increased;

E. *Transparency policy regarding the use of CAP funds*

101. Welcomes the publication of comprehensive statistics regarding the distribution of direct funding to farmers per Member State and per size class of aid;
102. Deplores the Commission's obstinate refusal to make the list of subsidies to commercial undertakings such as export refunds and surplus disposal measures under CAP mechanisms public, which runs counter to basic transparency principles;
103. Is deeply concerned by the absence of coherent and comprehensive action to bring prosecutions for food product adulteration at Community level as these affect public health, consumers and farmers, as well as directly or indirectly harming the Communities' financial interests;
104. Regrets that the Commission has not taken any action against companies involved in large-scale adulteration of milk products;

X. **European Social Fund and social policy**

105. Notes with concern that serious mismanagement has been reported in the use of European Social Fund appropriations in all the Member States and throughout the European Union; asks the Commission to keep it informed of investigation results and actions taken under Article 24 of Council Regulation (EEC) No 4253/88 <sup>(1)</sup>;
106. Regrets that serious irregularities and instances of fraud have been discovered in Denmark — among other Member States — involving a number of projects financed from the European Social Fund; congratulates the Commission for taking swift action to stop payment to Danish Social Fund projects and for addressing serious shortcomings in Danish management and control systems;
107. Invites the Commission to clarify how the objectives of the European Social Fund can be attained while at the same time avoiding cumbersome and inefficient procedures, fraud and mismanagement;
108. Is surprised at the amount of time taken to investigate the possible mismanagement of European Social Fund funding in Madrid; encourages the Commission to bring the case to a close as soon as possible, and to clarify the entire situation in an unambiguous way;

<sup>(1)</sup> OJ L 374, 31.12.1988, p. 5.

109. Calls on the Commission to take the opportunity afforded by the Court of Auditors' Special Reports No 3/2002 <sup>(1)</sup> and No 4/2003 to reflect on the reform of European aid irrespective of specialist sectors; takes the view that, especially in the case of 'innovative measures', more attention needs to be paid to the evaluation, dissemination and exploitation of results;
110. Criticises the failure of some Member States to use the instrument of 'social risk capital' in accordance with Article 4(2) of the ESF Regulation (EC) No 1784/1999 <sup>(2)</sup>, although this is a binding provision laid down in the regulation; calls on the Commission to seek a solution to this problem with the relevant Member States;
111. Expresses general satisfaction with the implementation rates for the budget headings for social affairs and employment in terms of internal policies; notes, however, that:
- the relatively low rate of implementation of heading B5-803 (non-discrimination programme) can be explained only partly by the delayed adoption of the basic legal act, particularly as the budget heading followed up 'preparatory measures' for the same topic;
  - a substantial proportion of the administrative headings (BA headings) were used either not at all or only to an inadequate extent and there was clearly no coordinated approach to transferring unneeded administrative appropriations to operational headings;
112. Finds it unacceptable that, instead of the target of 15 %, only 6 % of European Social Fund expenditure was devoted principally to supporting women's participation in the labour market, despite the undertaking given by the Member States to make equal gender opportunities a cross-cutting priority in operations co-financed by the Structural Funds; considers that greater attention should be paid to promoting women's participation in the knowledge society and, consequently, to the high-quality training and employment of women in the field of information and communication technologies;
113. Welcomes the Commission's mid-term report on the Daphne programme (2000-2003) on preventive measures to fight violence against children, young people and women; considers that the report in question examines exhaustively the management of the first two years of the Daphne programme and that the implementation of that programme has been in keeping with the objectives set in European Parliament and Council Decision No 293/2000/EC <sup>(3)</sup> establishing the programme; notes, however, that many projects were unable to receive financial support because insufficient financial resources were available for the programme, for which reason it welcomes the funding which the Commission has allocated in the proposal it has submitted with a view to leading the programme into a second stage;

#### XI. **Environment, public health and consumer policy**

114. Underlines the fact that the impact of environment programmes is often hampered by the lack of assessment of environmental impacts of national and Community legislation and programmes, and believes that systematic use of strategic environment assessments <sup>(4)</sup> can be a powerful instrument to avoid such problems in future;

#### XII. **Penalty payments**

115. Notes that, since 1998, 9018 infringement cases have been opened, 7,6 % of these cases have been investigated but only once has a Member State been fined for failure to comply with EU legislation

<sup>(1)</sup> OJ C 263, 29.10.2002, p. 1.

<sup>(2)</sup> OJ L 213, 13.8.1999, p. 5.

<sup>(3)</sup> OJ L 34, 9.2.2000, p. 1.

<sup>(4)</sup> European Parliament and Council Directive 2001/42/EC of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (OJ L 197, 21.7.2001, p. 30).

before; notes that in nearly all cases Member States comply only under threat of legal action in the European Court of Justice;

116. Notes that throughout the infringement procedure, the Commission unilaterally sets new deadlines for Member States to comply with EU legislation; demands that the Commission regularly inform Parliament of these decisions and provide, in writing, its reasons for extending these deadlines; notes furthermore that the Commission simply closes a case when compliance is achieved even if a Member State has allegedly ignored European legislation over many years, clearly damaging the Community's financial interests;
117. Notes that only after ten years was the first fine for non-compliance with European legislation handed down;
118. Requests that the Commission propose legislation to clearly differentiate between the types of infringements which occur, and set specific timeframes for dealing with each infringement according to its complexity and seriousness;
119. Notes the small number of fines imposed on Member States under Article 228 of the Treaty; considers fines for infringements an acceptable tool in the infringement procedure; suggests that the Commission propose a system of fines which incorporates both a lump sum for infringing EU law and a daily fine to encourage compliance;
120. Notes that the abovementioned situations contrast sharply with the situation under the Structural Funds, where payments are normally suspended before an investigation is launched — sometimes automatically on the basis of a complaint; asks the Commission to clarify why separate procedures are applied;
121. Demands that the Commission strengthen considerably its legislation enforcement capacity by proposing legislation that will harmonise procedures and reduce delays before infringements of European legislation are punished, thereby strengthening the credibility of European legislation;

### XIII. External policies

122. Notes that the principal aim of the Community's development policy is to reduce poverty with a view to its eventual eradication <sup>(1)</sup> and that the EU and all Member States have endorsed the Millennium Development Goals (MDGs) which set outcome targets mainly related to education and health;
123. Observes that the Commission did not fulfil the sectoral targets for commitments established in the remarks to certain geographical budget lines <sup>(2)</sup> in 2001, and that performance was particularly weak for education and health in Latin America, although commitment levels from all these lines were acceptable for social infrastructure and services in general;
124. Notes that the Commission has reported global sectoral commitments for 2001 on the basis of the 35 % benchmark for social infrastructure, introduced in 2002, which did not apply in 2001; nevertheless appreciates the efforts made by the Commission to meet this benchmark, although implementation in ACP countries should be improved; emphasises that the 35 % must be allocated mainly to education and health, where global performance in 2001 was particularly weak, and calls for significant improvements in these areas in coming years;
125. Congratulates the Commission on producing for 2001 reliable sectoral distribution statistics compatible with OECD-DAC and on implementing the Common Relex Information System to ensure quality sectoral reporting in future years; welcomes the decision to introduce in the future similar innovations for audits and framework contracts;

<sup>(1)</sup> The European Union's Development Policy, conclusions of the 2304th meeting of the Development Council 10 November 2000.

<sup>(2)</sup> Budget-lines B7-300, B7-301, B7-310, B7-311, B7-32.

126. Underlines the importance of reliable reporting for the move to a results-based approach to development policy, but notes that more remains to be done; welcomes the Commission's work on methodology on reporting progress towards the MDGs; notes that it has agreed to present details of results targets and performance indicators in July 2003; calls on the Commission to continue to inform and consult Parliament at every stage of this process;
127. Expresses concern about the level of financial expertise in the deconcentrated delegations, especially as they are to be the focus of future audit activity, and calls on the Commission to implement without delay thorough and effective training programmes, especially in the area of audits;
128. Regrets that in 2001 the Commission chose to transfer EUR 2 million from line B7-6000 to line B7-6002 in spite of the former having a high rejection ratio and a tendency to be 100 % committed; recognises that the transferred funds were well used, but calls for such transfers to be made from more suitable lines in the future;
129. Notes the delays in Commission administration of line B7-6000 in 2001 when new procedures came into force, but stresses that this is a long-standing problem which has not yet been resolved; asks the Commission to streamline procedures, possibly in ways analogous to line B7-7010 where similar problems have been addressed;
130. Welcomes the reform of procedures relating to the management of humanitarian aid operations and particularly the increase in the number of audits; trusts that the forthcoming new Framework Partnership Agreement will provide the required streamlining of minimum standards for NGOs charged with implementing these operations; hopes that these measures will prevent the future reoccurrence of irregularities such as those outlined in the Court of Auditors' annual report for 2001;
131. Takes note of the ongoing OLAF investigation and of the Conference of Presidents' decision of 13 February 2003 to set up a working group composed of Members from the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Budgets and the Committee on Budgetary Control with a view to analysing the use of the budgetary assistance to the Palestinian Authority; expects the Commission to ensure its full cooperation in connection with the working group's activities, and demand compensation from any state/organisation destroying Community-owned property;
132. Notes that the Court of Auditors is finalising an audit on the external actions of the Commission (the AMIS report) and intends to give it appropriate attention in the next discharge procedure; asks the Commission to address the issue of the reform of the accounting and payment system in its external offices, agencies and delegations with the utmost care, given, *inter alia*, the complaints voiced by the European Agency for Reconstruction in Kosovo;
133. Notes that the relative decrease in commitment appropriations for the MEDA programme has been accompanied by an improvement in the ratio between payment and commitment appropriations; takes note also of the initial positive results of the reform concerning the implementation of external aid and in particular the introduction of deconcentration towards the delegations; expects the Commission to step up its efforts to ensure greater efficiency in the use of appropriations together with a substantial reduction in 'dormant' commitments (cost of the past);
134. Calls on the Commission to take the necessary action on the Court of Auditors' remarks concerning Structural Adjustment Facility (SAF) in the Mediterranean countries; stresses in particular the need to ensure that actions are properly monitored and that actions/projects are audited and evaluated;
135. Expects the Commission to define more clearly and precisely which actions should be given priority for funding, in agreement with the beneficiary countries, so as to enhance the effectiveness of the aid granted and ensure proper control; calls on the Commission to pay special attention to

determining the optimum size for projects so as to avoid measures being spread between a large number of micro-projects which are difficult to monitor, while ensuring that the results of the reforms are lasting;

136. Calls on the Commission to pay due attention to the projects/actions concerning reforms in the institutional sector, bearing in mind the remarks made by the Commission itself concerning the inefficiency of projects caused by the failure to move ahead with reforms in this sector; calls on the Commission to submit a report to it on the progress made in the beneficiary countries regarding institutional reforms before Parliament's first reading of the 2004 budget;
137. Calls on the Commission to establish more clearly the added value of macrofinancial assistance ('SAF' in the Mediterranean countries), to establish an harmonised approach for all beneficiary countries and improve transparency in the decision making process for the various phases of their management; underlines the need for urgent, considerable improvement of monitoring the financial management in beneficiary countries and in carrying out expert evaluations of the assistance;
138. Notes with concern the increasing number of outstanding commitments in external policy sectors (Heading 4 of the financial perspective) and stresses the need for the Commission to improve the quality of justifications for budget transfers and observe the political priorities and budget guidelines as defined by the European Parliament;
139. Notes the answers given by the Commission on the use of the EU budget and European Development Fund resources under United Nations programmes; is of the opinion that the agreement reached between the Commission and the UN still needs to be improved, in order to ensure proper and timely cooperation between the EU and UN agencies; urges that EU delegations be allowed sufficient time to give their opinions on proposals made by NGOs and to implement alternative procedures to shorten the interval between NGOs' submission of proposals and the signing of contracts;

#### XIV. **Anti-Fraud Office (OLAF)**

140. Welcomes the progress made in the working relationship between OLAF and the Parliament; welcomes in particular the facts that:
  - OLAF is prominently involved in fraud-proofing European legislation, as the most effective way of combating fraud is to prevent it from happening, and
  - OLAF reports quarterly to the European Parliament on internal investigations;
141. Regrets the fact that European Social Fund measures are a disproportionately frequent subject of OLAF investigations and that Member States do not systematically follow up, and report to the Commission, suspected cases of fraud; calls, therefore, for increased preventive checks by the Commission departments responsible and welcomes the fact that OLAF intends to scrutinise the national procedures for notifying irregularities;
142. Wishes to be informed about external investigations in the same way it is informed about internal investigations; insists that the Commission and/or the Member State concerned inform OLAF about the judicial and/or disciplinary follow-up measures initiated by the Commission and/or Member State once they have received the investigation file;
143. Calls on the Commission to prepare a legislative proposal which would enable the administration to exclude a third party convicted of fraud from a public tender process;

144. Reiterates its criticism that the Commission has not complied with Article 15 of the European Parliament and Council Regulation (EC) No 1073/1999 <sup>(1)</sup>, which stipulates that, after three years, the Commission '(...) shall transmit to the European Parliament and the Council a progress report on the Office's activities, accompanied by the Supervisory Committee's opinion, together, where appropriate, with proposals to modify or extend the Office's tasks'; calls on the Commission to comply with this requirement by the end of April 2003;
145. Expects the Commission to include in its report legislative proposals aimed at improving OLAF's investigation powers and procedures, notably better protection of the right of defence of persons under investigation and an enhanced role for the OLAF Supervisory Committee;

#### XV. **Financial instruments and banking activities**

146. Calls on the Commission to ask for a complete and detailed overview of the cost incurred by the European Investment Bank for the treasury management of the Guarantee Fund for External Actions; calls on the Commission to submit an evaluation of possible savings if it were to handle Guarantee Fund treasury management itself;
147. Deplores the difficulties in implementing the ETF Start-Up Facility aimed at increasing the availability of risk capital to innovative and job-creating SMEs; finds it very unsatisfactory that at 30 September 2002, out of a total amount of EUR 184,3 million which has been available for several years now, only EUR 36,9 million net had been invested in final beneficiaries; asks the European Investment Fund (EIF) to submit by 31 May 2003 at the latest convincing proposals on how the performance of the scheme could be improved;
148. Invites the EIF and the Commission to speed up reporting on the programmes managed by the EIF;

#### XVI. **Commission reform**

149. Notes the Court of Auditors' comments that 'progress is indeed being made' in relation to Commission reform and on the delivery of the Action Plan under the Reform White Paper; also notes that some deadlines were extended but that 'these delays were inevitable, as the original timetable of the White Paper was over-ambitious';
150. Notes that 2001 was the first year of the annual activity reports and the declarations made by the Directors-General; asks the Commission to produce clearer guidelines on the approach which should be adopted when submitting declarations in order to ensure coherence between the declarations and reports produced by the Directors-General;

#### XVII. **Other remarks**

151. Calls on the Commission to transfer any administrative appropriations that will probably not be used by year end to lines for operational expenditure, by means of requests for transfers of appropriations; points out that this would allow optimum use to be made of the available funds in areas such as environmental protection, consumer policy and public health;
152. Welcomes the efforts the Commission has made in 2001 to incorporate equal gender opportunities into the various Community policies, particularly in new areas such as international trade, public contracts, asylum policy and the environment; calls on the Commission to step up its efforts to promote the incorporation of equal opportunities in all areas of Community policy for which the directorates-general have responsibility and, to this end, to provide the relevant training for staff at

<sup>(1)</sup> OJ L 136, 31.5.1999, p. 1.

- every level; calls, however, on the Commission to step up its efforts to see that in all divisions at least one person is trained and responsible for gender mainstreaming;
153. Repeats its call for the Commission to provide a clear breakdown of financial management, detailing the overall amounts earmarked for the promotion of equal gender opportunities under all the budget headings in the 2004 budget;
  154. Is disappointed that it has not been possible to fully implement budget line B2-702 (transport safety) in 2001, but considers that the transfer of appropriations to budget line B2-704 (sustainable transport) was sensible;
  155. Notes that the level of implementation of payments for trans-European transport networks in 2001 (80 %) was lower than in the previous year (93 %) owing to delays in the multiannual programme decisions.
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**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****closing the accounts in respect of the implementation of the general budget of the European Union for the 2001 financial year (Commission)**

(2003/409/EC, ECSC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the budget of the European Union for the 2001 financial year,
  - having regard to the revenue and expenditure account and the consolidated balance sheet for the 2001 financial year (SEC(2002)403 — C5-0239/2002, SEC(2002)404 — C5-0240/2002, SEC(2002)405 — C5-0242/2002, SEC(2002)406 — C5-0241/2002, SEC(2002)1378 — C5-0087/2003) <sup>(1)</sup>,
  - having regard to the annual report of the Court of Auditors for the 2001 financial year, accompanied by the replies of the institutions audited (C5-0538/2002) <sup>(2)</sup>, and the special reports of the Court of Auditors,
  - 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 Treaty (C5-0538/2002),
  - having regard to the Council recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 275 and 276 of the EC Treaty, Article 78g of the ECSC Treaty and Articles 179a and 180b of the EAEC Treaty,
  - having regard to the Financial Regulation of 21 December 1977, and in particular Article 89 thereof, and to the Financial Regulation of 25 June 2002, in particular Articles 145 to 147 <sup>(3)</sup>,
  - having regard to Rule 93 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 (A5-0109/2003),
- A. whereas, pursuant to Article 275 of the EC Treaty, responsibility for drawing up the accounts lies with the Commission,
1. Notes that both the European Court of Auditors' annual report for 2000 <sup>(4)</sup> and also the European Parliament decision of 10 April 2002 concerning discharge in respect of the implementation of the general budget of the European Union for the 2000 financial year (Commission) <sup>(5)</sup>, were drawn up having regard to the revenue and expenditure account, the analysis of financial management and the balance sheet for the financial year 2000 (SEC(2001) 528 — C5-0234/2001, SEC(2001) 529 — C5-0235/2001, SEC(2001) 531 — C5-0236/2001);

<sup>(1)</sup> OJ C 296, 28.11.2002.

<sup>(2)</sup> OJ C 295, 28.11.2002.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> OJ C 359, 15.12.2001.

<sup>(5)</sup> OJ L 158, 17.6.2002, p. 1.

2. Notes, however, that a revised version of the same accounts has been published <sup>(1)</sup> which cancels and replaces SEC(2001)531; furthermore, notes that the figures for the financial statement of 2000 were subsequently 'adapted' a second time when compared with the relevant figures for the financial statement 2001 (SEC(2002)406, pages 60-61);
3. Notes that the Commission assured Parliament that the accounts forwarded to Parliament are the definitive accounts and that it does not intend to review these accounts;

### Conclusions

4. Expresses reservations as to the reliability of the Community accounts;
5. Approves the closure of the accounts for the implementation of the general budget for the 2001 financial year;
6. 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 have it published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 370, 27.12.2001.

**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section II — Council**

(2003/410/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002) 405 – C5-0243/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Grants discharge to the Secretary-General of the Council in respect of the implementation of the budget for the 2001 financial year (operational expenditure);
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and the Ombudsman, and to have it published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year Section II — Council**

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002) 405 – C5-0243/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002), <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002, <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Notes the replies dated 15 January 2003 from the chairman of the Committee of Permanent Representatives to the questionnaire sent by the Committee on Budgetary Control on 4 December 2002 <sup>(4)</sup>;
  2. Welcomes the Council's willingness to provide prompt replies to the administrative aspects of the questionnaire submitted by the competent committee in the context of the discharge procedure;
  3. Notes with satisfaction that the Council intends to improve its analysis of its financial management <sup>(5)</sup> for the financial year 2002 and that its analysis for 2003 will be based on the annual activity reports by the authorising officers by delegation according to Article 60(7) of the Financial Regulation;
  4. Welcomes the fact that the Justus Lipsius building <sup>(6)</sup> is now correctly entered in the assets side of the Council's balance sheet for 2001 under the heading 'Land and buildings' with the necessary adjustment for depreciation;
  5. Condemns the Council's apparent reluctance <sup>(7)</sup> to supply the discharge authority with the annual reports by its authorising officers by delegation (or a summary thereof); and calls on the Council to reconsider its position;

<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.

<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> Minutes of Council meeting of 22 April 1970.

<sup>(5)</sup> Annual report 2001, paragraph 7.3.

<sup>(6)</sup> The annual report of the European Court of Auditors for the financial year 2000 (OJ C 359, 15.12.2001, p. 1), paragraph 7.12.

<sup>(7)</sup> Replies to questionnaire PE 315.844 (Q3).

6. Notes with concern that while the Council has completed the physical inventory mentioned in its reply to the Court's observations for the financial year 2000 <sup>(1)</sup>, unexplained differences between the physical inventory and the accounting inventory continue to exist with the result that the value of tangible fixed assets may be overestimated <sup>(2)</sup>;
7. Deplores the fact that, despite the Council's acceptance <sup>(3)</sup> of the Court of Auditors' recommendations and the Council's intention to adopt the necessary measures to rectify the shortcomings which had already become apparent in previous years, those shortcomings go on recurring and there is continual contravention of basic principles of budgetary management, such as the annuality principle, for example in relation to budget item 2501 (Meetings);
8. Notes the fact that, of the Council officials in grades A1 and A2, 7 have been in their posts for 5 years or more, and 9 have been in their posts for 7 years or more; further notes that out of 47 A1 and A2 officials, only 7 are women <sup>(4)</sup>; calls on the Council to adopt the same rules on mobility for senior officials as those adopted by the Commission and to increase the proportion of women in senior positions on the basis of an action plan;

#### **Common foreign and security policy (CFSP)**

9. Urges the Council to establish clear rules on remuneration and salary-related costs for special representatives and office staff and on the production of reports, audits and evaluations;
10. Regrets that in its replies to the questionnaire <sup>(5)</sup> the Council was unable to give more than a cursory response to the request by the Committee on Budgetary Control for an explanation of the budgetary aspects of the common foreign and security policy (CFSP); notes that a substantial part of the Council's budget is now spent on activities in the fields of foreign affairs, security and defence policy and justice and home affairs, and that the expenditure in these areas is not currently subject to the same close scrutiny as the administrative and operational expenditure of the other institutions; notes the joint declaration of the Council, Commission and Parliament in the framework of the budget procedure 2003 of 25 November 2002, which improves the information Parliament receives in advance as part of the decision-making process of CFSP and the procedure based on political dialogue on planning and financing joint actions; intends to assess the implementation and effectiveness of this declaration in the context of the next discharge procedure;
11. Notes the statement contained in the analysis of the Council's financial management <sup>(6)</sup> that the financial year 2001 was marked by activities linked to the installation of the structures necessary to implement the new competences flowing from the conclusions of the European Councils of Santa Maria da Feira and Nice with reference to the Common Foreign and Security Policy;
12. Recalls the recommendation of the Court of Auditors in its Special Report No 13/2001 on the management of the common foreign and security policy <sup>(7)</sup>, on the basis of its audit conclusions, that the European Parliament, the Council and the Commission should adopt at an interinstitutional level clear operational principles and arrangements with regard to the Commission's and the Council's roles in the implementation of the CFSP and that the financing of the CFSP actions should be managed in a more transparent manner.

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<sup>(1)</sup> Annual report 2000, paragraph 7.12.

<sup>(2)</sup> Annual report 2001, paragraph 7.8.

<sup>(3)</sup> Annual report 2001, paragraph 7.4 and Council's reply.

<sup>(4)</sup> Reply to Parliamentary Question E-1030/02, 30 September 2002.

<sup>(5)</sup> PE 315.844 (Q7).

<sup>(6)</sup> SEC(2002) 405, p. 123.

<sup>(7)</sup> OJ C 338, 30.11.2001.

**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section IV — Court of Justice**

(2003/411/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002) 405 – C5-0244/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002), <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Grants discharge to the Registrar of the Court of Justice in respect of the implementation of the budget for the 2001 financial year;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section IV — Court of Justice**

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002) 405 – C5-0244/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Welcomes with satisfaction the progress made by the Court of Justice in improving the accounting management of its tangible fixed assets, in particular as regards its non-financial fixed assets; points out that those improvements have made it possible inter alia to correct the errors, identified by the Court of Auditors in its annual report for 2000, concerning the net accounting value of the non-financial fixed assets of the Court of Justice;
  2. Notes that the Parliament has still not been sent the expert's report on invoicing irregularities <sup>(4)</sup> which it requested in its decision of 25 April 2002 concerning discharge for the financial year 2000 <sup>(5)</sup> and in the questionnaire sent with a view to analysis concerning discharge for the financial year 2001; points out that the same applies to the other expert's report on determining the expenditure which should not be included in the final statement of account;
  3. Requests the Court of Justice to send Parliament the two reports referred to above by 1 June 2003;
  4. Is grateful to the Court of Justice for submitting the report on its inventory <sup>(6)</sup> requested in paragraph 15 of Parliament's discharge decision of 25 April 2002; notes the Court's conclusion that with the introduction of the ELS (equipment logistic support) system it now has a database recording the whole of its movable assets in accordance with the Financial Regulation;
  5. Expects the Members of the Institutions to repay the costs incurred if they use the official cars with which they are provided for non-official purposes; asks the Court of Justice to forward to Parliament by 30 June 2003 a report on the rules it has issued in this respect and on the amounts paid by Members in 2001 and 2002;

<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.

<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> Replies to questionnaire PE 315.844 (Q4).

<sup>(5)</sup> OJ L 158, 17.6.2002, p. 66.

<sup>(6)</sup> Report by the Court of Justice, 24.6.2002.

6. Notes the remarks <sup>(1)</sup> by the Court of Auditors that the rules applying to the emoluments of Members of the Institutions do not provide a specific legal basis for the application of weightings when transferring part of these emoluments to a country other than the country of employment; considers that despite the Court of Justice's reply regarding the conclusions of its administrative committee meeting on 25 September 2002 (referring inter alia to Annex VII to the Staff Regulations) <sup>(2)</sup>, the existence of a specific legal basis is necessary, in particular in view of enlargement, and asks the Court of Justice to initiate the necessary studies in order that a legal basis should be available for the 2004 budgetary exercise at the latest so as to permit the harmonisation of the rules governing the transfer of the emoluments of Members of the different Institutions to their countries of origin; requests the Court of Justice to reconsider, until a specific legal basis is available, the need to suspend the application of these weightings;
7. Notes the Court's current building projects involving the renovation of the 'Palais', a ring-shaped building around the 'Palais' and two towers containing offices; asks the Court to provide a report on the way in which it manages its existing buildings, new building projects, maintenance and infrastructures generally;
8. Notes that in 2001 the Court of Justice made an advance payment of EUR 2 884 849 to the Luxembourg authorities in respect of the lease/purchase of the annexes to the 'Palais' with the aim of reducing the amount payable under the 2003 budget;
9. Notes the Court's assessment that, with a number of pre-enlargement staff commencing already in late 2003 and the accession date set for 1 May 2004, additional office space will be required in order to accommodate the new Members of the Institution (up to 10 judges each for the Court of Justice and the Court of First Instance), the staff of their respective chambers ('cabinets'), the staff of the translation service and many other accession-related staff; further notes that the administration of the Court, with the help of the Luxembourg Ministry of Public Works, is currently undertaking a search for suitable office accommodation;
10. Commends the willingness <sup>(3)</sup> of the Court of Justice to supply the discharge authority with a summary of the annual activity report drawn up by the authorising officer by delegation in accordance with Article 60(7) of the new Financial Regulation; notes that the Court of Justice expresses this willingness to be conditional on the agreement of all the other Institutions; instructs its President to write to the Presidents of the other Institutions to request them formally to send a summary of their annual activity reports to the discharge authority;
11. Notes as regards the workload of the Court of First Instance that while the number of cases disposed of has increased in recent years, it has invariably remained lower than the number of cases brought, so that the backlog of pending cases has continued to grow (2001 — cases brought: 345; cases disposed of: 275; cases pending: 589) <sup>(4)</sup>;
12. Notes the Court's assessment <sup>(5)</sup> that in 2002, the rise in potential output resulting, in quantitative terms, from the recruitment of the new lawyer-linguists would enable the translation service of the Court of Justice to continue to increase the number of pages translated, but that the effect which such increased production would have on the volume of pages in stock or in the course of being dealt with would depend on the way in which the workload developed;
13. Asks that the discharge authority be kept informed of the evolution of the Court's workload and translation backlog;

<sup>(1)</sup> Annual report 2001, paragraph 7.18.

<sup>(2)</sup> Replies to questionnaire PE 315.844 (Q1).

<sup>(3)</sup> Replies to questionnaire PE 315.844 (Q3).

<sup>(4)</sup> Source: Report to Committee on Budgets.

<sup>(5)</sup> Source: Report to Committee on Budgets.

14. Notes with concern that the European Union's reputation, as well as the rights of EU citizens, suffer owing to the length of time it takes the Court of Justice to deal with its current case load; requests the Court to provide Parliament with a report explaining how it currently organises its work, and to detail the problems which preclude the Court from giving an efficient service; notes that enlargement will increase the severity of the problems faced by the Court; requests that the Court provide suggestions on how to address these problems, indicating where structural changes are necessary, and giving a full breakdown of the additional resources that would be necessary to carry out these improvements.
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**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year Section V — Court of Auditors**

(2003/412/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002)405 – C5-0245/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Grants discharge to the Secretary-General of the Court of Auditors in respect of the implementation of the budget for the 2001 financial year;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section V — Court of Auditors**

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002) 405 – C5-0245/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Commends the promptness of the Court of Auditors in making its public presentation of its 2001 annual report within the Committee on Budgetary Control in early November 2002, thus enabling the members of the Committee to start work early enough in order to be able to prepare for the debate held in plenary the following month; strongly recommends that this procedure be made the general rule and that the non-availability of all the language versions of the report should not be deemed an obstacle to its public presentation;
  2. Notes the report by the independent auditor on the Court of Auditors' accounts for the financial year 2001 <sup>(4)</sup> together with the auditor's certificate concerning the regularity and fairness of the financial statements at 31 December 2001 and the auditor's report on the administrative and accounting procedures, the soundness of the financial management and the internal control system;
  3. Requests that in future chapter 7 of the annual report (administrative expenditure) be extended so as to give the reader an overall picture of the situation within the various Institutions in this sector; repeats its request to the Court for a separate statement of assurance for each Institution or, failing that, a separate certificate or assessment of regularity/conformity for each Institution, possibly reflecting the annual activity reports of the authorising officers by delegation pursuant to Article 60(7) of the new Financial Regulation;
  4. Welcomes the efforts undertaken by the Court of Auditors to make the Statement of Assurance (DAS) an instrument with measurable indicators allowing an assessment to be carried out of progress in financial control and management over time; considers nevertheless that the DAS

<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.

<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> OJ C 268, 4.11.2002, p. 1.

- should allow a distinction to be made between, on the one hand, management aspects where improvements have been noted and, on the other, those for which action plans should be established to rectify shortcomings; expects the reformed DAS methodology to be effective for the 2003 discharge exercise;
5. Notes the Court's attempt at improving the presentation of its audit observations in its reports so as to make them more consumer-friendly by the use of more informative headings and more clearly identified recommendations, but believes that more radical measures can be taken;
  6. Wonders how the Court of Auditors is able to issue a positive DAS when it itself asserts that, despite the significance of the reform of accounting systems at the Commission now under way, the Commission has simply made a start and that there are a host of shortcomings to be rectified;
  7. Calls on the Court of Auditors to adapt the DAS so as to make it an instrument enabling the discharge and budgetary authorities to compare and monitor progress in financial management and control over time, preferably in a quantified manner;
  8. Urges the Commission and the Court of Auditors to step up collaboration in order to rectify, as far as possible, the host of shortcomings which have emerged in the various DAS of Commission Directorates-General, so as to enable the Court of Auditors to use them as the basis for a new management tool for external control of the Commission;
  9. Recalls that, with the abolition of the independent ex-ante financial controls, the basic conditions governing the Court of Auditors' work have been radically altered and that the ensuing additional risk to the financial interests of the Community can only be offset by increasing the number of audits carried out by the Court; asks the Court, in the context of an action plan, to show in detail for each area of expenditure how many budget transactions it audited in 2001 and 2002 and how the number of budget transactions it audits can be significantly increased;
  10. Urges the Court to agree with the Commission on a common methodology for calculating error rates by Directorate-General or by category of expenditure; suggests that the Court use data from Member States resulting from obligatory controls in the field of agriculture and the Structural Funds in order to increase the sample; notes that the Court has failed to publish a global error rate and error rates by directorate-general or by category of expenditure as the Parliament requested in its decision of 25 April 2002 concerning discharge for the financial year 2000 <sup>(1)</sup>;
  11. Welcomes the fact that, as regards Parliament's demand for 'naming' specific Member States found or suspected to be deficient in protecting the financial interests of the Union, the annual report for 2001 and the special reports published during the year already contain references to individual Member States; regrets that the Court does not consider it appropriate to list in an annex to the annual report the individual errors identified in each Member State in an easily readable way;
  12. Calls on the Court of Auditors, the Commission and the Member States to develop and introduce a single audit model in order to further improve and rationalise audit and reporting activities;
  13. Is pleased that, despite awarding six ad personam promotions, the Court of Auditors has decided to limit them to very exceptional and particularly deserving cases; rejects, however, the principle of ad personam promotions;
  14. Expects the Court of Auditors to take immediate action on the recommendations communicated by OLAF and made public in a press release dated 11 November 2002;

<sup>(1)</sup> OJ L 158, 17.6.2002, p. 66.

15. Recalls that the Court itself has called upon all Institutions to provide a more global analysis of budgetary management which highlights and explains trends over time in expenditure and the funding of major capital items and which offers key measures of economy and efficiency <sup>(1)</sup>; welcomes therefore the Court's willingness to make available to the discharge authority management information on its performance <sup>(2)</sup> and the annual activity reports of the authorising officers by delegation <sup>(3)</sup> required by Article 60(7) of the new Financial Regulation; invites the Court in future to amplify the commentary on financial management annexed to its management account (SEC(2002)405), possibly on the basis of the annual activity reports of its authorising officers by delegation;
16. Asks for that information to be supplied to the discharge authority in good time before the beginning of the discharge procedure for the 2002 financial year;
17. Calls upon the Court of Auditors and all Institutions, with a view to measuring and improving economy and efficiency in the management of major capital projects, to improve budgetary management information so that trends over time can be identified and explained, allowing corrective action to be taken as necessary; invites the Institutions to establish a system whereby each Institution's key administrative costs can be compared on an interinstitutional basis and in a systematic manner (i.e. by a system of 'benchmarking'), so that opportunities for reducing these costs can be identified and acted upon;
18. Notes with satisfaction, with regard to buildings, that the Court of Auditors is currently benefiting from the technical expertise and experience of the Commission's Office for Logistics and Infrastructures <sup>(4)</sup>; notes further the Court's decision not to proceed for the time being with its second extension, for reasons connected with the 2003 budget; notes that the Court has commissioned a technical study of its long-term building needs and asks to be informed of the conclusions in due course;
19. Notes the difficulties experienced by the Court of Auditors in recruiting and retaining professionally qualified staff <sup>(5)</sup> and the estimate by the Court's Secretary-General that it will require (in addition to the posts within each of the 10 new 'cabinets') 60 additional auditors, 22 additional administrative staff as well as linguistic staff <sup>(6)</sup>;
20. Notes with concern that during 2002 a total of 17 officials amongst its audit staff left the Court, in part because of insufficient promotion possibilities <sup>(7)</sup>;
21. Notes OLAF's inquiries into the allegations made by an employee of the Court of Auditors;
22. Asks the Court to inform the discharge authority how it intends to adapt its working methods to the new situation obtaining after enlargement;
23. Notes in this context that it is only possible for the Court of Auditors to operate efficiently if the number of Members of the Court is limited; expects the European Convention to take this reservation into account;
24. Notes with satisfaction that the Court has set up the financial irregularities panel <sup>(8)</sup> required by Article 66(4) of the new Financial Regulation with effect from 1 January 2003;

<sup>(1)</sup> Annual report 2001, paragraph 7.3.

<sup>(2)</sup> Replies to Questionnaire PE 315.844 (Q5).

<sup>(3)</sup> Replies to Questionnaire PE 315.844 (Q3).

<sup>(4)</sup> Replies to Questionnaire PE 315.844 (Q4).

<sup>(5)</sup> SEC(2002)405 and replies to questionnaire PE 315.844 (Q7).

<sup>(6)</sup> Note of 21.9.2001 on financial implications of enlargement.

<sup>(7)</sup> Replies to questionnaire PE 315.844 (Q7).

<sup>(8)</sup> Source: Letter of 7.1.2003 from Mr Fabra Vallés.

25. Notes that at its meeting of 19 December 2002 the Court of Auditors decided to lift its suspension of the weightings in respect of transfers of its Members' emoluments <sup>(1)</sup>; notes that this decision was taken on the basis of an analysis by the Administrative Committee of the Court of Justice, which concluded that there was a legal basis for such weightings, and the fact that budget line A-109 specifically provides for such weightings for Members of the Institution;
26. Recalls the assessment of the Court of Auditors in paragraph 7.18. of its Annual report 2001 that the rules applying to the remuneration of the Members of the Institutions do not include a specific legal basis for such transfers; notes however that certain provisions of the Staff Regulations have been applied by analogy for several years and that, pending clarification of the situation, the Institutions had decided to suspend application of the weightings for the Members concerned with effect from July 2002;
27. Expects the Members of the Institutions to repay the costs incurred if they use the official cars with which they have been provided for non-official purposes; asks the Court of Auditors to forward to Parliament by 30 June 2003 a report on the rules it has issued in this respect and on the amounts paid by Members in 2001 and 2002;
28. Maintains the request contained in paragraph 28 of its abovementioned discharge decision of 25 April 2002 for publication of the declarations of the financial interests of Members of the Court of Auditors; instructs its competent committee to examine the desirability of requiring such a declaration to be submitted (if necessary on a confidential basis) prior to the next hearings in connection with appointments to the Court of Auditors;
29. Notes that all the Members of the Court have declared their financial interests and assets and that these declarations have been sent to the President of the Court; requests that, in the spirit of transparency and to ensure objectivity and accountability, the declarations also be forwarded to the chairman of the Committee on Budgetary Control;
30. Regrets that the Court's work programme for 2003 does not include a timetable indicating the anticipated completion dates of the Court's special reports, as requested by the Parliament in paragraph 29 of its abovementioned discharge decision of 25 April 2002.

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<sup>(1)</sup> Source: letter of 7.1.2003 from Mr Fabra Vallés.

**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section VI — Economic and Social Committee**

(2003/413/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002)405 – C5-0246/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Grants discharge to the Secretary-General of the Economic and Social Committee in respect of the implementation of the budget for the 2001 financial year;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section VI — Economic and Social Committee**

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002)405 – C5-0246/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Congratulates the Economic and Social Committee on its willingness <sup>(4)</sup> to supply the discharge authority with the full annual activity reports drawn up by its authorising officers by delegation in accordance with Article 60(7) of the new Financial Regulation;
  2. Welcomes the progress recorded by the Economic and Social Committee in introducing the independent internal auditor and financial irregularities panel <sup>(5)</sup> as required by the new Financial Regulation; stresses the need for vigilance on the part of the Economic and Social Committee's internal auditor when examining systems and on the part of the officials ('verifiers') responsible for checking transactions in the light of the problems identified by previous discharge reports;
  3. Requests the Economic and Social Committee to supply the discharge authority with a copy of its internal rules governing the implementation of its budget, as soon as they have been adopted, together with the charter of its internal auditor;
  4. Applauds the instances of inter-institutional cooperation (buildings, insurance tenders) set out in the replies to the questionnaire <sup>(6)</sup> and calls on the Institutions to continue their efforts in this direction;
  5. Welcomes the readable and informative manner in which the Economic and Social Committee's analysis of financial management <sup>(7)</sup> is presented;

<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.

<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> Replies to questionnaire PE 315.844 (Q3).

<sup>(5)</sup> Replies to questionnaire PE 315.844 (Q2).

<sup>(6)</sup> PE 315.844 (Q4).

<sup>(7)</sup> Annexed to its management account SEC(2002)405.

6. Welcomes the measures adopted by both the Economic and Social Committee and the Committee of the Regions in their efforts to achieve a genuine policy of equal opportunities <sup>(1)</sup>, and encourages them to continue to move in that direction;
7. Regrets the fact that, contrary to accounting practices, depreciation in respect of the land for the Montoyer Building has been included in both committees' balance sheets; in line with the Court of Auditors' recommendations, expects depreciation to be accounted for correctly in the accounts for the financial year 2002;
8. Notes the Court of Auditors' assessment that the reliability of the value of the balance sheet heading 'other tangible fixed assets' cannot be guaranteed as no physical inventory has been conducted since 1998 <sup>(2)</sup>; acknowledges the two committees' reply that a physical inventory was expected to be completed by the end of 2002; asks the Court of Auditors to check the accuracy of the inventory thus produced;
9. Notes the statement that the Belliard building renovation project remains on schedule in terms of both timing and quality <sup>(3)</sup>; asks the two committees nonetheless to submit to the discharge authority by 1 July 2003 a report on the state of progress with regard to invitations to tender for the fitting-out of meeting rooms and containing an assessment of the Belliard project to date from the standpoint of sound financial management;
10. Notes that the needs of the two committees for the purposes of enlargement have been identified and that a request has been submitted to the Budgetary Authority;
11. Calls on the members of the European Convention to reflect on the efficiency and significance of the Economic and Social Committee in the context of the 300 existing consultative bodies and committees configured around the Commission, to note the overlapping and duplication of work and to take steps to ensure that this does not continue;
12. Notes that the Economic and Social Committee can only be consulted on the formulation of policy and can make recommendations, but that the social dialogue agreed in the Maastricht Treaty can, by contrast, lead to binding legislation; is concerned that, on the one hand, the social partners are critical about the lack of resources available to them and notes, on the other hand, that following enlargement the cost of the Economic and Social Committee will be EUR 99,6 million (Economic and Social Committee report to the budgetary authorities, October 2001), although some of this cost is shared with the Committee of Regions; asks the members of the European Convention to consider this in their deliberations on the future of Europe.

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<sup>(1)</sup> Replies to questionnaire PE 315.844 (Q3).

<sup>(2)</sup> Annual report 2001, paragraph 7.15.

<sup>(3)</sup> Replies to questionnaire PE 315.844 (Q1).

## EUROPEAN PARLIAMENT DECISION

of 8 April 2003

**concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section VII — Committee of the Regions**

(2003/414/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002)405 – C5-0247/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to the observations of the Financial Controller of the Committee of the Regions in his note to the Secretary-General of the Committee of the Regions 25 September 2001;
  - having regard to the letter from the Director of Administration of the Committee of the Regions to the Chairman of the Committee on Budgetary Control of 27 February 2003;
  - having regard to the hearing of 19 March 2003 in its Committee on Budgetary Control;
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Postpones the decision concerning discharge to the Secretary General of the Committee of the Regions for the financial year 2001;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice, the Court of Auditors and the Committee of the Regions, and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.

<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section VII — Committee of the Regions**

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002)405 – C5-0247/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Postpones the decision concerning discharge with respect to the 2001 accounts of the Committee of the Regions for the following reasons:
    - contradictions and differences of interpretation between the documents respectively produced by the Financial Controller and the Director of Administration of the Committee of the Regions which have been received in the context of the discharge procedure and confirmed in the meeting of the Committee on Budgetary Control on 19 March 2003;
    - specific request already made by the Financial Controller for external assistance in addressing the outstanding problems of financial management;
    - concerns raised by the Financial Controller regarding reimbursement for participation at external meetings, reimbursement of travel expenses and daily allowances;
  2. Therefore calls on the Committee of the Regions to commission forthwith a detailed, full and independent audit, to be carried out by a recognised external institution — preferably by the European Court of Auditors — on the Committee's overall budget implementation as well as the financial and administrative management; considers that the audit should examine, inter alia, the areas listed above and attest to the sound financial management of the Institution, and that it should be delivered to the discharge authority as soon as possible in order to enable the latter to consider the final discharge decision for 2001 by October 2003 at the latest;
  3. Requests its competent committee to follow up the matter in the discharge procedure for the financial year 2002.

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<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.

<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section VIII — Ombudsman**

(2003/415/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002)405 – C5-0248/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Grants discharge to the Ombudsman in respect of the implementation of the budget for the 2001 financial year;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice, the Court of Auditors and the Ombudsman, and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section VIII — Ombudsman**

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002)405 – C5-0248/2002),
  - having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to Articles 272(10) and 275 of the EC Treaty,
  - having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Article 50 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),
1. Notes that the European Parliament approved the Annual Report of the European Ombudsman for the year 2001, which is comprehensive and detailed in its overview of the activities carried out during the year, in particular of the various cases processed;
  2. Highlights the fact that the analysis of the complaints shows that 77 % of them led to an inquiry against the Commission and that, in most cases, a lack of transparency was involved (Parliament resolution of 26 September 2002 on the Annual Report of the European Ombudsman for the year 2001 <sup>(4)</sup>);
  3. Welcomes the Ombudsman's willingness <sup>(5)</sup> to supply the discharge authority with the annual activity report drawn up by the principal authorising officer under Article 60(7) of the new Financial Regulation;
  4. Notes with satisfaction the steady improvement in the level of budget execution from 75,72 % of appropriations in 1997 to 91,24 % in 2001 and 98,18 % (estimated) in 2002 and the concomitant rise in the utilisation rate of appropriations carried forward from one year to the next;
  5. Notes that the cooperation agreements <sup>(6)</sup> between the Ombudsman and the European Parliament in administrative and financial matters enable significant savings to be made; encourages the European Parliament and the Ombudsman to continue and to develop their interinstitutional cooperation.

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<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.

<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> P5\_TA(2002)0443.

<sup>(5)</sup> Replies to questionnaire PE 315.844 (Q3).

<sup>(6)</sup> See management account SEC(2002) 405.

## EUROPEAN PARLIAMENT DECISION

of 8 April 2003

## concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year (Section I – European Parliament)

(2003/416/EC, ECSC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002)405 – C5-0242/2002),
  - having regard to the annual report of the Court of Auditors concerning the financial year 2001 and the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 Treaty (C5-0538/2002),
  - having regard to Article 275 of the EC Treaty, Article 78d of the ECSC Treaty and Article 179a of the Euratom Treaty,
  - having regard to Article 77 of the Financial Regulation of 21 December 1977 <sup>(2)</sup>, and Articles 145 to 147 of the Financial Regulation of 25 June 2002 <sup>(3)</sup> and Article 13 of the internal rules for the implementation of the European Parliament's budget <sup>(4)</sup>,
  - having regard to Article 89(7) of the Financial Regulation of 21 December 1977, pursuant to which each Community institution is required to take all appropriate steps to act on the comments appearing in the decisions giving discharge,
  - having regard to Rules 93a and 184(3) and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0082/2003),
1. Grants its Secretary-General discharge in respect of the implementation of the budget for the 2001 financial year;
  2. Records its comments in the accompanying resolution;
  3. Authorises the granting of discharge to the Accounting Officer for the 2001 financial year in accordance with the transitional provisions <sup>(5)</sup> governing the discharge procedure in respect of the period prior to the entry into force of the new Financial Regulation;
  4. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.<sup>(4)</sup> PE 265.492/BUR/FIN.<sup>(5)</sup> Article 267 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation 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. 1).

## RESOLUTION

**of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year (Section I – European Parliament)**

THE EUROPEAN PARLIAMENT,

- having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002)405 – C5-0242/2002),
  - having regard to the annual report of the Court of Auditors concerning the financial year 2001 and the institutions' replies (C5-0538/2002) <sup>(1)</sup>,
  - 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 Treaty (C5-0538/2002),
  - having regard to Article 275 of the EC Treaty, Article 78d of the ECSC Treaty and Article 179a of the Euratom Treaty,
  - having regard to Article 77 of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and Articles 145 to 147 of the Financial Regulation of 25 June 2002 <sup>(3)</sup> and Article 13 of the internal rules for the implementation of the European Parliament's budget <sup>(4)</sup>,
  - having regard to Article 89(7) of the Financial Regulation of 21 December 1977, pursuant to which each Community institution is required to take all appropriate steps to act on the comments appearing in the decisions giving discharge,
  - having regard to Rules 93a and 184(3) and Annex V of its Rules of Procedure
  - having regard to the report of the Committee on Budgetary Control (A5-0082/2003),
1. Takes note of the figures with which the European Parliament's accounts for the 2001 financial year were closed, namely:

(in EUR)

Use of appropriations	Appropriations for the 2001 financial year	Appropriations carried over from 2000 financial year	
		Article 7(1)(b) Financial Regulation	Article 7(1)(a) Financial Regulation
Appropriations available	1 012 600 000,00 <sup>(1)</sup>	87 095 001,17	—
Commitments entered into	1 005 814 717,37	—	—
Payments made	869 193 295,71	80 185 294,78	—
Appropriations carried over to 2002			
— Article 7(1)(b) of Financial Regulation	136 621 421,66		
— Article 7(1)(a) of Financial Regulation	—	—	—
Cancelled appropriations	6 785 282,63	6 909 706,39	—

Balance Sheet at 31 December 2001: 1 501 918 591

<sup>(1)</sup> Including supplementary and amending budget No 5/2001.

<sup>(1)</sup> OJ C 295, 28.11.2002, p. 1.

<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> PE 265.492/BUR/FIN.

## General matters

2. Recalls that, following their recent revision, the Rules of Procedure and in particular Rule 93a, first indent thereof, now provide (with effect from the discharge procedure for the 2003 financial year) for discharge to be given to the President of the European Parliament, rather than the Secretary-General;
3. Takes the view that the scope of the discharge procedure should cover not only the management activities of Parliament's Secretary-General and Administration but also the decisions taken by the Institution's governing bodies, *vis-à-vis* its President, Bureau and Conference of Presidents, all the more so as the Bureau has given certain Vice-Presidents responsibility for overseeing administrative matters <sup>(1)</sup>; instructs its competent committee to pay particular attention to those aspects when drawing up its discharge report for the financial year 2002;
4. Notes that the new internal rules on the implementation of the European Parliament's budget <sup>(2)</sup> (adopted to reflect the new Financial Regulation <sup>(3)</sup>) contain a number of provisions relevant to the discharge process and, in particular,
  - the designation of the President of the European Parliament as an authorising officer within the meaning of the Financial Regulation (Article 5(1) of the internal rules);
  - a duty on the Secretary-General (Article 6(1) and (2) of the internal rules) to forward the annual reports of the Directors-General to the President, accompanied by a signed declaration containing an assurance as to the sound financial management of the Institution, together with any qualifying remarks;
5. Instructs its President to forward such annual reports to the Committee on Budgetary Control for consideration for the purposes of the discharge procedure;

## Implementation of the budget

6. Notes the high level of implementation of the budget as evidenced by the take-up rate (commitment) of available appropriations in the 2001 financial year (99,33 % as against 99,28 % in 2000 and 98,97 % in 1999); notes that the level of use (payment) of appropriations automatically carried over from the previous year has remained more or less constant in recent times (2001: 92,07 %, 2000: 91,16 %, 1999: 91,96 %);
7. Congratulates the Secretary-General on the efficient use of the budgetary appropriations made available by Parliament as disclosed by the high utilisation rates;
8. Notes that the principal changes to the appropriations in the 2001 budget as originally adopted concerned:
  - Article 200 (rent and annual lease payments): 173,79 % increase intended to accelerate the financing of the LOW building in Strasbourg;
  - Article 201 (insurance): 186,54 % increase resulting from the need to conclude additional contracts following the cancellation by its insurers of existing cover in the wake of the events of 11 September 2001;

instructs its Secretary-General to inform its Committee on Budgetary Control of the progress of legal proceedings against its former insurers;

<sup>(1)</sup> See list of responsibilities of Bureau Members: PE 315.558/BUR/DEF.

<sup>(2)</sup> See Bureau minutes 4.12.2002.

<sup>(3)</sup> OJ L 248, 16.9.2002, Annex 2.

9. Takes note <sup>(1)</sup> that the number of documents checked by the Financial Controller remained broadly stable at 33 146 in 2001 (2000: 33 335) while the document return rate (error rate) <sup>(2)</sup> increased slightly from 7,0 % in 2000 to 7,6 % in 2001 (1999: 8,4 %);
10. Is concerned that the large number of errors, which are now detected and set right because of the activities of the Financial Controller, will go undetected when ex-ante verification is abolished;
11. Welcomes the continuing fall in the number of instances in which the Financial Controller withholds his approval <sup>(3)</sup> (1999: 12, 2000: 8, 2001: 6, 2002: 4) as evidence that the programme of professional training in the budgetary field for authorising officers is bearing fruit; points out that of those six withholdings in 2001 four were overruled by the superior authority and one (No 01/04) was referred to OLAF which, after investigation, concluded that there was no evidence of financial irregularity;
12. Recalls paragraph 4 of its discharge decision of 10 April 2002 for the financial year 2000 <sup>(4)</sup> concerning the President's overruling of withholding of approval (WOA) No 01/06 (failure to keep an adequate record of interpreting costs during 2000); notes that at its meeting of 13-14 May 2002 the Bureau approved the conclusions of the administrative inquiry and instructed the Interpretation Directorate to assess the feasibility of the inquiry's recommendations; questions the usefulness of such a circular approach;
13. Notes the conclusion of the Court of Auditors in its communication of 15 November 2002 concerning decisions to overrule withholdings of approval during the financial year 2001 that this aspect of internal control is operating normally in that it has revealed anomalies in administrative management but which do not call into question the legality of expenditure or compliance with public procurement rules; points to the overall opinion expressed in the section of the Court of Auditors annual report for 2001 concerning administrative expenditure (paragraph 7.16) that the audit of the reliability of the accounts did not reveal any evidence of material misstatements;
14. Recalls that following the Bureau's decision of 10 December 2001, with effect from 1 January 2002, under Parliament's Internal Rules the Committee on Budgetary Control is simply informed of withholdings of approval (WOA) by the Financial Controller; notes that of the four WOA's during 2002 three were overruled by the President pursuant to Article 21 of the Internal Rules; expresses concern at the circumstances of WOA No 02/02 concerning the regularisation of telephone bills charged to the Bonn information office over the period 1992 to 1998; asks its Secretary-General to consider whether the case merits an administrative inquiry and to inform its competent committee of his conclusions;
15. Asks the Secretary-General to indicate to what extent the recommendations from the Committee on Budgetary Control in relation to cases of withholdings of approval by the Financial Controller in the year 2001 were actually implemented;

#### **Presentation and content of the accounts (analysis of budgetary management)**

16. Welcomes the Court of Auditors' recognition in paragraph 7.3. of its Annual report 2001 that — following the observation made in paragraph 7.3. in its Annual report 2000 — Parliament has improved the presentation and user-friendliness of its analysis of budgetary management; believes, nevertheless, that further efforts can be made to inform readers in an easily understandable manner of the most significant features of expenditure for the year, possibly by analogy with a company's annual report to its shareholders; regrets that a document as important as Parliament's annual

<sup>(1)</sup> Source: Financial Controller's Report to the Institution No 02/01 (PE 315.560/BUR/Ann).

<sup>(2)</sup> Defined as correcting communications as a percentage of files submitted.

<sup>(3)</sup> See Annex.

<sup>(4)</sup> OJ L 158, 17.6.2002, p. 43.

accounts should be available only as a sub-section of a technical volume published by the Commission in one language (SEC(2002)405 — FR); asks its Secretary-General to report on the feasibility of publishing Parliament's 'Compte de gestion', including a further improved analysis of budgetary management, on Parliament's website;

17. Recalls paragraph 12 of its abovementioned decision of 10 April 2002 concerning the absence from Parliament's balance sheet of any reference to the contingent liability corresponding to its officials' pension rights; notes with satisfaction that the Commission's consolidated balance sheet (SEC(2002)406 — FR Volume IV) now includes a provision (15 300 for liabilities and charges in respect of the pension scheme of all EC officials together with a reminder that the 'Member States shall jointly guarantee payment of such benefits' <sup>(1)</sup>);
18. Notes with satisfaction the assurance <sup>(2)</sup> given by the Secretary-General that none of the problems alleged to exist in the Commission's accounting system affect the European Parliament; notes that the European Parliament does not share the same accounting system as that used by the Commission, and that its budget and expenditure patterns are of an entirely different order; recalls that the Court of Auditors has not at any point identified deficiencies in the European Parliament's accounting system such as to indicate problems of the kind encountered by the Commission;

#### **Management follow-up to the recommendations made in the ROME-PE study**

19. Welcomes the efforts to direct Parliament more towards Activity Based Management and improving the service available to Members in their parliamentary work; notes with interest the notes from the Secretary-General on 'Raising the game' <sup>(3)</sup> and looks forward to assessing the specific proposals of the Secretary-General on the basis of the preparatory work of the Bureau working groups in October 2002; expects them to increase operational effectiveness and budgetary efficiency in maximising the potential of Parliament's human and financial resources; underlines the urgency of these measures in light of the substantial increase and complexity of Parliament's workload but also the impact of enlargement in 2004 <sup>(4)</sup>;
20. Takes note of the final conclusions and recommendations of the external ROME-PE study on the operational jobs inventory of Parliament (delivered in December 2001) and the reflection this has stimulated in making more effective use of the staff skills base <sup>(5)</sup>;
21. Welcomes the creation of a database of the posts in the Secretariat, which has been operational since 1 January 2003 allowing detailed statistical analyses to be made of the ongoing situation as regards the establishment plan and the compiling in 2003 of another database for skills, which will allow the functional needs of Parliament (database) to be matched with the human resources available (skills base) <sup>(6)</sup>;
22. Welcomes the restructuring of DG5 <sup>(7)</sup> through the creation of a division for Human Resources and Internal Organisation which, together with the Professional Training Division reports directly to the Director-General; considers that this marks a clear and welcome shift from the traditional administration of human resources to more pro-active management of human resources;

<sup>(1)</sup> Article 83(1) Staff Regulations.

<sup>(2)</sup> Questionnaire and replies PE 315.838 (Q5).

<sup>(3)</sup> PE 318.464/BUR, PE 324.669/BUR, PE 324.894/BUR.

<sup>(4)</sup> Questionnaire and replies PE 315.838 (Q7).

<sup>(5)</sup> Questionnaire and replies PE 315.838 (Q7).

<sup>(6)</sup> Questionnaire and replies PE 315.838 (Q7).

<sup>(7)</sup> Questionnaire and replies PE 315.838 (Q14).

23. Notes that this rationalisation of human resources with a view to enlargement is linked to the proposals for an early retirement scheme for officials of Parliament and its political groups; expects the release of officials eligible under this scheme to be conducted in a fully fair, transparent and non-discriminatory manner which also does not result in depriving Parliament of all its expertise at a stroke <sup>(1)</sup>;
24. Welcomes the proposals for the improvement of the assistance provided by the secretariat of Parliament to its Members in the context of their legislative activities; considers that these proposals are an important first step towards organising the work of Parliament's secretariat in an up-to-date way; points out, however, that this should not reduce the political role of the European Parliament; calls on the Secretary-General to forward the final report on the reorganisation of the Secretariat and its working methods to the Committee on Budgetary Control <sup>(2)</sup>;
25. Is disappointed that little progress has been made in agreeing 'negative priorities' over the past 12 months and thus making savings in non-essential activities and instructs its Bureau to re-examine the possibility of restarting the process;

### **Mobility**

26. Supports the mobility policy and notes that some 118 A-grade officials (a little over 20 % of the total) have been subject to mobility in the three years of the scheme's operation, that mobility has become an accepted part of the culture of the Secretariat-General and that an essentially positive view of mobility is taken by those involved, both heads of service and officials subject to mobility <sup>(3)</sup>;
27. Takes note of the criticism <sup>(4)</sup> that the procedure is seen as excessively rigid, insists that a more individual-oriented approach, together with the development of a variety of human resources management tools, should lead to improvements as regards accompanying measures, particularly as regards professional training; also believes that the rate of mobility should be increased for younger members of staff; welcomes the recent amendment to the Bureau's rules on mobility to establish accelerated mobility for new officials at the start of their career and to capitalise on the experience acquired by older officials by extending the reference period from five to seven years;
28. Welcomes the widening of the system of 'décloisonnement' by which LA officials may be transferred to A-posts at the same grade without passing an A-category competitive examination; draws attention, however, to the unfavourable position of former LA officials who passed a competition and moved to an A-category post before 'décloisonnement' and were thereby placed at the starting grade (A7) in the A-category irrespective of their seniority in the LA category; points out that such former LA officials are unfairly prejudiced in their career advancement by comparison with their colleagues who benefit from 'décloisonnement' with the result that they remain at the same salary level much longer (in some cases for over 10 years) than other officials (5 years); asks the Secretary-General to draw up a list of such officials and to make proposals by 1 July 2003 to remedy this unfair situation;

### **Equal opportunities**

29. Points out that on more than one occasion it has strongly advocated the need for equal opportunities between men and women, in particular the promotion of women to senior levels in the European institutions; regrets that over the whole period 1999 to 2001 this objective has not been achieved; is concerned that only 22 % of 'A' grade employees are women, that none of the 3

<sup>(1)</sup> Questionnaire and replies PE 315.838 (Q7).

<sup>(2)</sup> Questionnaire and replies PE 315.838 (Q7).

<sup>(3)</sup> Questionnaire and replies PE 315.838 (Q10).

<sup>(4)</sup> Questionnaire and replies PE 315.838 (Q10).

recent Director-General appointments were female; regrets that over the period July 2000 to 15 December 2001, out of 6 A1/A2-posts only one woman was appointed, out of 12 A3-posts only men were appointed and out of 4 LA 3-posts only one woman was appointed; also notes that for the remaining promotions in category A in 2001 out of all the men and women eligible for promotion only 14,3 % of women were promoted whereas 30,8 % of men were promoted; notes a positive trend in recruitment of female administrators in 2001 (7 men/7 women) <sup>(1)</sup>;

30. Underlines that the persistent problem of the excessively low number of women in high grades <sup>(2)</sup> and the lack of progress in this area should not obscure the progress made over the past three years in the areas of working conditions, social infrastructure and raising awareness among the hierarchy;
31. Supports the objectives set in the Lalumière report <sup>(3)</sup> to the Bureau that by 2007, 2 women should be appointed to A1 level and by 2005, 2 women should be appointed to A2-posts, 8 women to A3-posts and that in the LA category greater use should be made of 'décloisonnement' so as to increase the number of women in A3-posts; also welcomes the proposal to recruit an equal number of men and women in the A category;
32. Supports the Bureau decisions on career development and human resources policy <sup>(4)</sup>, in particular (i) the necessity to give systematic preference, where there is equal merit, to female applicants for management posts for as long as the imbalance continues; (ii) the encouragement of applications from women from middle-management posts through regular training and awareness-raising measures; (iii) the obligation for the EPSO (European Communities Personnel Selection Office) to honour the equal opportunities obligations written into recent treaties and to ensure that the sexes are represented equally on its governing body; (iv) to ensure a balanced gender representation on selection boards and the use of gender-neutral selection procedures;

#### **Part-time working**

33. Welcomes the information <sup>(5)</sup> that in 2001 none of the 438 requests for part-time working was refused; supports the Bureau decision of 11 June 2001 under which the Administration has instituted a system whereby half-time working is compensated by the recruitment of temporary agents;
34. Notes that the Strasbourg session inadvertently discriminates against part-time employees, the majority of whom tend to be women;

#### **Curbing mission costs**

35. Welcomes the renegotiation of the 'Fontaine-Juncker Agreement' <sup>(6)</sup> so that, as from 2004, only 50 % of Parliament's permanent staff need be based in Luxembourg, which will enable the transfer of additional staff to Brussels, particularly after enlargement;
36. Welcomes the stabilisation at a reduced level of the expenditure on staff missions between Luxembourg and Brussels due to the transfer of staff, carried out on a consensual basis and with the necessary sensitivity to social issues; supports the proposed merger of the studies/research services currently based in Luxembourg with the committee secretariats to be based in Brussels;

<sup>(1)</sup> Questionnaire and replies PE 315.838 (Q11 and annex 2).

<sup>(2)</sup> See report to the Bureau by Mrs Lalumière Vice-President (PE 318.444/BUR).

<sup>(3)</sup> See report to the Bureau by Mrs Lalumière Vice-President (PE 318.444/BUR).

<sup>(4)</sup> See report to the Bureau by Mrs Lalumière Vice-President (PE 318.444/BUR).

<sup>(5)</sup> Questionnaire and replies PE 315.838 (Q13).

<sup>(6)</sup> Questionnaire and replies PE 315.838 (Q20).

37. Requests that missions by the Vice-Presidents' and Quaestors' assistants should ordinarily be limited to Brussels and Strasbourg and that anything beyond this should be subject to a maximum yearly ceiling per assistant;

#### **European Anti-Fraud Office (OLAF)**

38. Takes the view that cooperation between the European Parliament and OLAF is generally satisfactory; draws attention, however, to the following difficulties:
- the excessive time taken to complete investigations;
  - doubts as to whether the rights of defence of persons investigated are in all cases adequately respected;
  - witnesses may agree to give evidence to assist in the conduct of an investigation without being aware that the final report may contain an assessment of their personal involvement in the alleged fraud under investigation;
39. Asks the OLAF supervisory committee to consider these matters in the context of its evaluation activities;

#### **Staff reports**

40. Recognises that annual staff reporting using a system of promotion points requires a great deal of work but, on the other hand, fosters greater dialogue within departments and leads to a more stable and predictable career development and enables greater, though still insufficient, account to be taken of merit <sup>(1)</sup>;

#### **Training**

41. Underlines the importance of the adoption of the new Financial Regulation which entered into force on 1 January 2003 and the fact that it applies to all Institutions equally; congratulates the Secretary-General on the speed and effectiveness with which the Administration made the necessary internal preparations for the implementation of the new Financial Regulation; calls on the Secretary-General to ensure that its principles and provisions are fully respected throughout the Institution and that all authorising officers receive adequate training before taking up posts with financial responsibility; notes with satisfaction that 12-day modular management courses are now obligatory for all appointments to A3 posts and above;

#### **Recruitment**

42. Notes the Bureau's recent rules governing the procedure for appointing senior officials within Parliament's Administration <sup>(2)</sup>; invites its President to submit a report to the Committee on Budgetary Control by 1 July 2003 assessing the operation of the new rules, indicating any problems which may have been experienced and, in particular, examining whether and to what extent it has been possible for the Bureau when making senior appointments to depart from the traditional practice of assembling geographically and politically balanced packages and to move forwards a policy of appointments based on qualifications, merit and ability;
43. Remains concerned at the lack of transparency in the appointment procedure to senior posts in Parliament; considers that the concern to safeguard the privacy of applicants is not justified by the lack of openness in the procedure; calls for the names of all successful applicants for senior

<sup>(1)</sup> Questionnaire and replies PE 315.838 (Q14).

<sup>(2)</sup> Questionnaire and replies PE 315.838 (Q20).

positions (A1, A2, A3) in the secretariat of Parliament and its political groups to be published on the noticeboards and in the internal bulletin of the Institution; instructs its Secretary-General to publish the lists of successful candidates in open and internal competitions;

44. Welcomes the establishing a European Communities Personnel Selection Office by a decision of the European Parliament, the Council, the Commission, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and the European Ombudsman on 25 July 2002 <sup>(1)</sup>; notes that the Office is already taking charge of the selection of pre-enlargement auxiliaries on behalf of the Institutions for the purpose of drawing-up lists of suitable candidates; hopes that this will lead to the creation of a common European civil service, the curbing of costs and greater mobility between the institutions <sup>(2)</sup>;

### **Short-time staff**

45. Notes that under current rules, non-session auxiliaries can be employed for a maximum of three years <sup>(3)</sup>; requests that the changes to the recruitment and management system planned for 2003 (by way of decentralised budgets and a 'pool' system) lead to greater stability and predictability for the staff concerned; calls for consideration to be given to ways of improving the statutory position of local staff employed in Strasbourg;

### **Members' restaurant, self-service canteen and bars**

46. Notes that the CBRS sector (Canteens, bars, restaurants, shop) has a complex structure involving three working places, many points of sale, an imprest account, an annual subsidy from Parliament's budget, an outside catering contractor and auditor, and a combination of accrual and budgetary accounting; recognises, without in any way calling into question the regularity of its financial management or its current structure, that for these reasons it is not easy to form an overall view of the operations of the CBRS sector; instructs its Secretary-General to supply the Committee on Budgetary Control by 1 July 2003 with a brief and simple explanation of the way in which the CBRS sector functions, and in particular, the relationship between the annual subsidy and the overall profit/loss situation;

### **Places of work and buildings**

#### *Seat of the European Parliament*

47. Notes that the detailed analysis <sup>(4)</sup> of the costs of Parliament's three places of work was sent to the European Convention on 16 October 2002; notes that the annual cost of maintaining the three places of work is estimated at EUR 169 million, including EUR 120 million for the infrastructure (EUR 60 million rent of 300 000 square meter meeting rooms, offices and technical areas, EUR 18 million ancillary costs (water, gas, electricity, insurance, maintenance of technical installations, security) EUR 42 million for technical equipment, fitting-out and furnishing of premises), EUR 40 million for extra staff and missions (employment of supernumerary staff — EUR 22 million; mission expenses — EUR 18 million) and EUR 9 million for miscellaneous and other costs (telephone subscriptions, charges for telephone and telematic communications, insurance cover for telephone, IT, audiovisual equipment, office supplies, handling operations involving 15 lorries transporting cupboards and tin trunks full of documents);

<sup>(1)</sup> OJ L 197, 27.7.2002, p. 53.

<sup>(2)</sup> Questionnaire and replies PE 315.838 (Q14).

<sup>(3)</sup> Questionnaire and replies PE 315.838 (Q14).

<sup>(4)</sup> PE 320.860/BUR/FIN — see also questionnaire and replies PE 315.838 (Q25).

48. Notes that 25 855 days per year are lost due to staff travel to Strasbourg; notes that this amounts to a cost for the taxpayer of EUR 3,9 million, and is the equivalent to the employment of 60 full time staff members per year; requests that the figures presented in the report on the cost of Parliament's three places of work be adjusted to include this additional information and sent to the European Convention;
49. Underlines that the forthcoming enlargement will result in an increase in the volume of Parliament's budget by 20 %; considers that the costs involved in maintaining three places of work are likely to follow the same trend and result in additional costs of about EUR 34 million;
50. Underlines the loss of efficiency for Members occasioned by travelling time, by having two sets of filing systems and by the regular moving of archives, etc. from one place of work to another and takes into account the indirect costs for members (different modes of transport available to Members, extra length of journeys and frequency of flights);
51. Accepts the view that any concentration of activities in one place of work would entail one-off infrastructure and staff removal costs; recalls that those costs would probably be offset by Parliament's vacating the larger premises currently occupied; recognises that recurring costs might also arise and that those would vary considerably depending on the country selected;
52. Admits that the decision on the meeting places of the Parliament has been laid down in the Treaty, but against the will of Parliament;
53. Urges the European Convention to take due account of this study and to discuss the desirability of concentrating the activities of the European Parliament in one place; calls on the Convention to amend Article 289 of the EC Treaty and to ensure that the European Constitution stipulates that the European Parliament and its members can themselves decide where the seat of Parliament should be and where it wants to carry out its work; calls on its representatives in the European Convention to defend this position in the Convention;
54. Is astonished that the cost of committee meetings outside Brussels, Strasbourg and Luxembourg amounts to EUR 1 144 530 per annum; asks that committees should be limited to a maximum of one 'external' meeting per annum, and that this should be justified with an explanation as to why the Committee cannot meet in one of the three places of work, and should be approved by Parliament's Bureau;

*Buildings policy in Strasbourg — LOW*

55. Regrets that the negotiations on the final investment cost of the LOW Building are still on hold pending the outcome of the action before the Court of Justice regarding the contractual completion date and points to the uncertainty this creates for Parliament's budget planning <sup>(1)</sup>;
56. Insists that, notwithstanding the court proceedings <sup>(2)</sup>, talks should continue at administrative and political level with SERS (Société d'aménagement et d'équipement de la région de Strasbourg) and Strasbourg City Council in an attempt to find ways of narrowing the gap between the price SERS is asking for and the price Parliament is prepared to pay;
57. Recommends to the Bureau that it reconsider the proposal to build two new meeting rooms in Strasbourg; considers that a reconfiguration of the existing buildings could be sufficient to accommodate the arrival of new members after enlargement;

<sup>(1)</sup> Questionnaire and replies PE 315.838 (Q34, 44).

<sup>(2)</sup> Questionnaire and replies PE 315.838 (Q34, 44).

*Buildings policy in Luxembourg*

58. Welcomes the fact that the Luxembourg authorities have now repaid in full the costs incurred in August 2000 when the ADG building had to be vacated owing to work to remove asbestos <sup>(1)</sup>;

*Buildings policy in Brussels*

59. Notes that since 15 January 2001 all the buildings in Brussels are now owned by Parliament following the capital injections made in previous years;

*Paved area*

60. Points out that under Article 3(2)(a) of the Protocol between the European Parliament and the Belgian Government, signed on 23 July 1998, the latter is responsible for all the upkeep and maintenance costs charged to the European Parliament; notes that the draft additional memorandum of understanding between the European Communities and the Kingdom of Belgium on the reimbursement of the amount paid by the European Parliament for the maintenance and upkeep of the paved area was forwarded to the Belgian authorities on 25 April 2002; notes that a follow-up letter was forwarded on 23 October 2002 and that no reply has been made to either letter; notes that the total amount involved is EUR 4,74 million (value 31.12.2001) <sup>(2)</sup> and urges the Belgian government to comply with its obligations forthwith;

*D4-D5/Ardenne*

## Parliament's handling of the project selection process

61. Recalls that a number of factors were decisive in the selection of the D4-D5/ARDENNE project to extend the EP's existing buildings in Brussels: the location and accessibility of the sites in relation to the buildings currently occupied and agreement of the Belgian Government to meet the costs of the land and site development;
62. Recalls that the President of the European Parliament sent a letter to the Belgian Prime Minister on 8 March 2001 asking whether land would be provided free of charge for any property project planned by Parliament (and not only in respect of the site for the D4-D5 building, as stated by Mr Martens by letter of 18 November 1991, afterwards confirmed by Mr Dehaene) and whether the federal authorities owned a building or site which could be made available to Parliament; notes that this question remained unanswered even after Parliament sent the Belgian Prime Minister a letter of reminder on 13 July 2001 <sup>(3)</sup>;
63. Regrets that at the time of the market prospection the provision of land free of charge was guaranteed by the Belgian Government only and solely for the D4-D5/Ardenne-project; notes nonetheless that the project assessment carried out by Parliament was based on functional criteria only;
64. Notes that Promotion Leopold (a subsidiary of S.A. SEL) in the case of the D4-D5 buildings, and S.A. Immomills Louis De Waele Development in the case of the Ardenne building forwarded documents establishing exclusive rights over the sites concerned, notes that SA Promotion Leopold is the outright owner of 11 % of the D4-D5 sites and has a purchase option on 89 % of the other

<sup>(1)</sup> Questionnaire and replies PE 315.838 (Q37).

<sup>(2)</sup> Questionnaire and replies PE 315.838 (Q36).

<sup>(3)</sup> Source: Note to the Members of the Bureau 'selection of a building project in Brussels', PE 308.949/BUR, 17 October 2001.

D4-D5 sites, enabling it to acquire ownership of them at any time up to 6 April 2005, the date on which the option will expire (purchase option agreement of 6 April 2000 between the SNCB and SA Promotion Leopold) whereas SA Immomills Louis De Waele Development acquired the 'Ardenne' site by a contract of sale dated 23 January 1998 <sup>(1)</sup>;

65. Notes that this situation would justify the application of the 'negotiated procedure' <sup>(2)</sup> under Article 7(3)(b) of Council Directive 93/37/EEC of 14 June 1993 concerning the coordination of procedures for the award of public work contracts <sup>(3)</sup>;
66. Considers that the Administration and Bureau of the European Parliament acted correctly in trying to find a suitable solution for the extension of the EP's buildings in Brussels and that a genuine effort was made to take the most favourable decision for the European Parliament in the particular circumstances, in full transparency and in compliance with the provisions of the Financial Regulation and Community law on public procurement <sup>(4)</sup>;
67. Considers that during the previous parliamentary term, the European Parliament did not have a legal basis to justify reserving building land with a view to a possible enlargement of the European Union, in the context of institutional dialogue with the Belgian Federal Government; the enlargement project was surrounded by great uncertainty and Parliament's Bureau was unable to take official decisions about enlargement until it had the legal basis of the Treaty of Nice and the confirmation of the Copenhagen European Council; at that time, the rights of ownership of the adjacent plots of land were already in the lands of SA Promotion Léopold and SA Immomills Louis De Waele Development;

#### The situation faced by Parliament

68. Regrets that even after the assurances given by Prime Ministers Martens and Dehaene the Belgian Government failed to make the sites concerned available to the Parliament but offered estate agents and developers the possibility of buying or acquiring an option to purchase the property, for example by means of a 'purchase option agreement' between the developers of the D4-D5 project and the SNCB (Société nationale des chemins de fer belge) concluded on 6 April 2000 which itself arose from an earlier agreement of 22 May 1990 concerning the D4-D5 buildings; is astonished that the SNCB signed up to this strategy;
69. Considers that this state of affairs presented the European Parliament with a fait accompli and deprived it of the freedom to apply Community public procurement law in full; considers that it would have been better to have had a public invitation to tender for the building of an extension to the EP on the land that had earlier been made available by the Belgian Government free of charge;
70. Considers that although the Administration and the Bureau of the Parliament acted correctly in applying Community law on public procurement, it would be an appropriate matter for inquiry by the competent authorities (national and/or European) as to whether Parliament's decision-making freedom has been restricted by the arrangements made between the Belgian authorities and other third parties;

<sup>(1)</sup> Source: Legal opinion on the procedure for concluding a long-term lease with an option to purchase in connection with the negotiations on the D4-D5 buildings in Brussels (SJ-281/00, 6 December 2000) and Legal opinion on the choice of a negotiated procedure with the developers of a building in Brussels in the context of the future enlargement of the European Union SJ-262/01.

<sup>(2)</sup> Source: Legal opinion on the choice of a negotiated procedure with the developers of a building in Brussels in the context of the future enlargement of the European Union (SJ-262/01).

<sup>(3)</sup> OJ L 199, 9.8.1993, p. 54.

<sup>(4)</sup> Questionnaire and replies PE 315.838 (Q39).

## Social infrastructure

71. Calls for every effort to be made to guarantee access to the new buildings for disabled people;

## Brussels crèche

72. Welcomes the fact that the EP has secured a purchase option <sup>(1)</sup> on the Albert I-Institute (Wayenbergstraat) owned by the Marie Haps Foundation, as a result of which it will be possible to extend existing childcare capacity by the end of 2004;

## Security policy

73. Draws attention to the fact that even before the 11 September 2001 attacks the Bureau and the Secretary-General had turned their attention to security policy; refers to the notes of 14 September 2000 <sup>(2)</sup>, 9 May 2001 <sup>(3)</sup>, 18 September 2001 <sup>(4)</sup> and 20 February 2002 <sup>(5)</sup>; endorses the measures in force concerning stricter checks on access and better checks on visitors; urges a stepping-up of the cooperation with national security services that is essential for the security of the buildings in Brussels, Luxembourg and Strasbourg; regrets that the police surveillance of the buildings in Brussels is inadequate; calls on the Belgian Government to provide the same security for the European Parliament's buildings as for the federal and regional parliaments, inter alia by enlisting the services of the Military Police (MP);
74. Recognises the problems of street crime in the European district; calls for adequate checks by the police but notes that some of the problems are also due to the siting of the European institutions, which has turned what was originally a residential area into an urban wasteland; points out that a mixed district with offices and housing and healthy social control can make a major contribution to greater security; calls for greater consultation and dialogue between local residents and the European Parliament;
75. Regrets that the Court of Auditors did not approve the request made in paragraph 16 of its resolution of 13 April 2000 <sup>(6)</sup> on postponing the discharge decision for a special report on the practice of awarding tenders for security services for its building, including an examination of whether it is economically viable;
76. Reiterates this request for the drawing-up of a special report on invitations to tender for contracts for the surveillance of Parliament's buildings, including an examination of their economic viability, as the problems raised back in 2000 do not appear to have been solved;

## Better use of EP buildings

77. Supports the proposal that better use should be made of Parliament's buildings; points out that this would increase the occupation rate of the buildings in Brussels and Strasbourg significantly; considers that this approach would give Parliament an added dimension by enabling it to become a player in the political debate other than through its strictly parliamentary activities; takes the view that this use of the buildings could involve citizens more directly in European integration by putting on events attracting media coverage and public involvement;

<sup>(1)</sup> Questionnaire and replies PE 315.838 (Q32).

<sup>(2)</sup> PE 293.557/BUR and Annexes.

<sup>(3)</sup> PE 302.593/BUR and Annexes.

<sup>(4)</sup> PE 308.879/BUR.

<sup>(5)</sup> PE 311.852/BUR.

<sup>(6)</sup> OJ C 40, 7.2.2001, p. 398.

78. Supports the five criteria laid down for such initiatives: consistency with Parliament's political guidelines, respect and dignity of the European Parliament, direct extension of parliamentary activities, openness and media coverage, cost control (reasonable cost, search for external co-funding);

### Political groups

79. Recalls that in accordance with paragraph 2.7.1 of the rules on the use of appropriations from budget item 3701 <sup>(1)</sup>, the audited reports (i.e. accounts) of the political groups and the equivalent reports of the non-attached Members are forwarded to the Committee on Budgetary Control;
80. Endorses the following remarks in relation to the political groups' accounts:
- (a) the accounts of seven political groups (PPE-DE, PSE, UEN, ELDR, GUE/NGL, EDD, Verts/ALE) have been published on Parliament's website in accordance with paragraph 48 of the abovementioned decision of 10 April 2002;
  - (b) although one group submitted the accounts of a Luxembourg foundation to the President (disclosing assets including equity investments and real property), those accounts have not been published on Parliament's website;
  - (c) for the sake of completeness, the website should also include the audited accounts of the TDI group, dissolved on 2 October 2001;
  - (d) the internal financial rules of the political groups for the use of the 3701 appropriations shall also be published on Parliament's website;
  - (e) in each of the seven cases the auditors have issued an unqualified opinion on the group's accounts;
  - (f) despite an increase in the take-up rate of the 3701 appropriations, varying between 87,96 % and 105,45 % in 2001 (compared with much lower figures in 2000), the groups' accounts still show substantial carry-overs from year to year amounting to more than half of the annual subsidy for each group; on 28 November 2001 the Bureau adopted an interpretation of Article 2.1.6 of the rules on the use of appropriations from budget item 3701, to the effect that the ceiling (of 50 % of the annual appropriations) imposed on the carrying-over of unused appropriations (a ceiling applicable from 1 January 2002) would apply only with effect from the carrying-over of the 2002 appropriations of the 2003 financial year;
  - (g) notwithstanding the availability of substantial carry-overs, Parliament's budget for 2003 increased the 3701 appropriations by 8,4 %; in the interest of sound financial management no further derogations from the carry-over rules should be authorised;
81. Notes the following remarks in relation to the accounts of the non-attached Members:
- (a) under the rules presently in force (budget item 3701) the accounts of the non-attached Members are not audited but merely inspected and, in some cases corrected, by the Administration; the Secretary-General is asked to report on the feasibility of requiring an external auditor's certificate in future;
  - (b) the provisions of the 3701 rules concerning non-attached Members need to be revised and clarified in order to avoid claims for ineligible items of expenditure (i.e. those already covered by Members' allowances, e.g. general expenditure allowance, secretarial allowance) <sup>(2)</sup> and accompanied for Member's guidance by a list of items qualifying under the 3701 rules;

<sup>(1)</sup> Annex to Bureau minutes 1.2.2001 (PE 315.827).

<sup>(2)</sup> Questionnaire and replies PE 315.838 (Q50).

82. Notes that on the basis of information provided by the Secretary-General <sup>(1)</sup> the 3701 rules need to be reviewed in order to determine whether they are compatible with the new Financial Regulation and that a working group will report its conclusions and recommendations to the Bureau by the end of March 2003; requests its Bureau to base any revision of the 3701 rules on the following considerations:
- the need to spell out in clear terms the political groups' responsibilities as regards the implementation of the budget;
  - the opinion of Parliament's Legal Service that the legal, financial and contractual position of the groups should be spelt out explicitly in the Rules of Procedure or other internal rules <sup>(2)</sup>;
  - the rules should clearly state the checks which the auditors are required to carry out and the specific assurances which they must give in their certificate of conformity based on the best practice currently applying among the groups' auditors and, in particular, an assurance that the 3701 appropriations have not been used to acquire real property or to finance an election campaign;
83. Welcomes the information provided by the Secretary-General that the accounting officers of the political groups will shortly supply the Administration with an inventory of their fixed assets indicating the value thereof <sup>(3)</sup>; asks the Secretary-General to submit a global report to the Committee on Budgetary Control covering the inventory of all the political groups together with proposals in relation to the particular problem of property purchased by the political groups for their national delegations and kept in locations to which the Administration does not have access;
84. Notes with satisfaction that the Court of Auditors work programme for 2003 includes a follow-up report of the Court's Special Report No 13/2000 on the expenditure of the European Parliament's political groups <sup>(4)</sup>;
85. Instructs its Committee on Budgetary Control to continue to dedicate a section of its annual discharge to the accounts of the political groups and the non-attached Members giving particular attention to any specific remarks made by the Court of Auditors in the context of the discharge for the 2002 financial year;
86. Notes the adoption by the Commission on 19 February 2003 of a proposal for a Regulation of the European Parliament and of the Council on the Statute and financing of European political parties (COM(2003) 77 final); notes that following the entry into force of the Nice Treaty the procedure is now subject to co-decision; expresses the hope that the Council and Parliament in the third year since the publication of the Court of Auditors' special report 13/2000 on this matter, will be able to take a decision for the implementation of the Statute before the next European elections;
87. Reiterates the request made in its abovementioned resolution of 13 April 2000 for the financial year 1999 and in its discharge decision of 4 April 2001 <sup>(5)</sup> that the Court of Auditors audit the political groups' finances every two years to assist the Committee on Budgetary Control in drawing up the report under Article 2.7.3. of the rules on the use of Item 3701 appropriations <sup>(6)</sup>;

#### Awards of contracts

88. Notes that in 2001 <sup>(7)</sup> the Advisory Committee on Procurements and Contracts (ACPC) was consulted on 279 transactions or procurement procedures for a total value of +/- EUR 430 million, including 3 capital injections (buildings) representing +/- EUR 320 million and that the proportion of competitive contracts was broadly comparable with previous years:

<sup>(1)</sup> Questionnaire and replies PE 315.838 (Q49).

<sup>(2)</sup> SJ 316/02.

<sup>(3)</sup> Questionnaire and replies PE 315.838 (Q52).

<sup>(4)</sup> OJ C 181, 28.6.2000.

<sup>(5)</sup> OJ L 160, 15.6.2001, p. 25.

<sup>(6)</sup> PE 298.252/BUR/fin. Bureau Minutes of 11.12.2000 and 1.2.2001.

<sup>(7)</sup> Source: ACPC activity report 2001.

	2001	2000	1999
Open invitations to tender	104	107	107
Restricted invitations to tender	61	73	64
Automatic awards	19	15	7
Negotiated procedure	32	19	36
Private treaty	46	61	115
Unspecified	17		
Total	279	274	329

89. Points to the findings in the ACPC annual report that of the 279 dossiers dealt with in 2001 a total of 37 (13,35 %) were not accepted in the form in which they were presented;
90. Recognises that the quarterly and annual reports of the ACPC constitute a valuable management tool giving a complete overview of the Institution's contract and procurement activity; asks its Secretary-General, following the abolition of the ACPC as a consequence of the entry into force of the new Financial Regulation on 1 January 2003, to take steps to ensure that its Committee on Budgetary Control continues to receive on a regular basis full information on Parliament's procurement and contract activities; notes in this connection the Secretary-General's decision <sup>(1)</sup> to create a new inter-service public procurement advisory group (GIMP) which is intended to draw on the experience and expertise accumulated over the years by the ACPC, but without undermining the autonomy or the responsibility of the authorising officers under the new rules;
91. Notes that the ACPC has been replaced by the Inter-Service Public Procurement Group which will advise on procurement issues; requests however, an assurance that the responsibility of the Directors-General will remain intact and that procurement decisions will lie with them;

### Information policy

92. Takes note of the Commission communication on an information and communications strategy for the European Union (COM(2002) 350 final); also notes the Secretary-General's 'Draft programme of information and communications measures with a view to the European elections in June 2004' <sup>(2)</sup>;
93. Reiterates its request that the Parliament should hold an annual debate on EU information policy before the budget guidelines for the following financial year are established;
94. Recalls that the following principles should be taken into account in public information communications: impartiality and absence of propaganda, provision of factual information and concern to provide a varied and balanced range of information;
95. Stresses that the information disseminated by the EU should highlight common European values, such as democracy, pluralism, security, solidarity, equality of opportunities, cohesion, etc and simultaneously show the population the practical advantages of membership of the Union in their daily lives, in order to counter the image of the Union as an arena for on-going confrontation between diverging national interests;
96. Reaffirms its agreement with the right of citizens to have access to a continuous, complete, impartial and objective flow of basic information on the EU in their own language; considers that the dissemination of this information in all the official languages recognised in the Member States

<sup>(1)</sup> PE 324.930/BUR.

<sup>(2)</sup> PE 320.937/BUR – 10 September 2002.

and in the lesser-used languages should be ensured by the appropriate authorities in a comprehensible manner and stress the importance of devising, as a matter of priority, specific information campaigns, particularly in the candidate countries;

97. Welcomes the cooperation between the Commission, the Council and Parliament within the Interinstitutional Working Group on Information and Communication and calls for this cooperation to be stepped up;
98. Welcomes the installation of a permanent exhibition within the visitors' area in Brussels and Strasbourg on the history of the European Parliament;
99. Points out once again that the resources allocated to information and communication are paltry (EUR 25,8 million, or 2,58 % of the total EP budget in 2001) of which a substantial proportion (EUR 11,2 million = 43 %) is allocated to the visitors' programme and Euroscola;
100. Recognises that major efforts have been made to modernise the visitors' programme, particularly by improving the tools available to the service (IT/audiovisual support, Visitors' service website) and using human resources more effectively (multilingualism, Gevisite IT system); is pleased that this has enabled work to be planned more efficiently and allowed the organisation of a series of talks for nationals of the applicant countries; notes that a firm of consultants has been charged with carrying out a study into the quality and impact of the visitors programme and that the study will be available by the end of June 2003; calls on the Secretary-General to provide the Committee on Budgetary Control with a copy of this study <sup>(1)</sup>;

#### **Members' assistants**

101. Reiterates that it is absolutely vital that the rights of assistants working for Members should be safeguarded, including appropriate insurance and social security; considers that the best way of doing this is through the adoption of the Statute for assistants; in this context urges the Council to consider rapidly the amended proposals amending Council Regulation (EEC) No 1408/71 <sup>(2)</sup> submitted by the Commission on 16 July 2002 so that the new system can enter into force before the 2004 elections; urges the Bureau of the EP to take a decision before 30 June 2003 on the 12 proposals <sup>(3)</sup> submitted to it on 7 October 2002 <sup>(4)</sup> by the Vice-President responsible for the Statute for assistants;
102. Points out that a Statute of this kind does not apply to service providers who, by virtue of their legal status, must fulfil their social security and taxation obligations themselves; recommends that, in order to ensure the greatest possible transparency, the Bureau should require Members who employ service providers to forward a copy of the invoices issued by the service providers/Members to the Administration, in the same way as contracts between Members and parliamentary assistants now have to be submitted to the Administration; <sup>(5)</sup> notes the view of the Financial Controller <sup>(6)</sup> that, as with service providers in any other sphere of Parliament's activity, payment should be based on the submission of a valid invoice for services rendered;

#### **Members' allowances**

103. Insists that the basic principles of clarity, transparency, regularity and answerability should apply to all payments made out of the Institution's budget, including payments relating to Members;
104. Draws attention once again to the recommendations made by the Court of Auditors that allowances for travel and subsistence should reflect actual travel costs and the real duration of the mission;

<sup>(1)</sup> Questionnaire and replies PE 315.838 (Q56).

<sup>(2)</sup> OJ C 331 E, 31.12.2002, p. 23.

<sup>(3)</sup> PE 321.006/BUR.

<sup>(4)</sup> Questionnaire and replies PE 315.838 (Q61).

<sup>(5)</sup> Questionnaire and replies PE 315.838 (Q62).

<sup>(6)</sup> Annual report No 03/01, paragraph 4.2.

105. Notes with satisfaction the creation by the Bureau of a working group on Members' allowances and expenses in the context of negotiations on the Members' Statute; and calls on the working group to implement the Court of Auditors' recommendations;
106. Notes with concern the increasing number of Members registering their attendance during 'yellow' weeks, amounting to a cost of EUR 372 675, and underlines the point that yellow weeks were originally instituted as an important time for Members to connect with the constituencies which they represent;
107. Expresses concern at the extension of the opening hours of the central signature register from 7 am to 10 pm; asks the Secretary-General to submit proposals for minimum supervision of the register;
108. Notes that Members' voluntary pension contributions are currently being taken automatically from the general expenditure allowance; asks its Secretary-General to report by 1 July 2003 on the feasibility of requiring Members to set up a standing order to pay these contributions;
109. Emphasises, in the context of Members' duties, their right to carry out their tasks in all the official languages of the Member States and urges that the resources be found to make available all the documentation in all the languages simultaneously, in order to prevent discrimination and in order not to diminish or reduce their rights and obligations to exercise fully their representative functions;

#### **The case relating to the Members' cash office**

110. Notes that the procedure provided for in Article 22 of the Staff Regulations has been initiated with a view to defining responsibilities in connection with the discrepancy of BEF 4 136 125 between the cash situation and the corresponding accounts in 1982;

#### **Environment**

111. Recognises that the new buildings currently under construction for the European Parliament offer a unique opportunity to set an example through the implementation of best environmental practice; welcomes the fact that the D4-D5/Ardenne buildings will be designed and constructed in compliance with environmental regulations; supports the decision to install a system for the recovery, storage and reuse of rain water in the D4 Building; supports the decision to reduce energy consumption in the buildings through the use of the following techniques: advanced thermal insulation, air-conditioning systems which facilitate heat recovery or free cooling, solar panels for water heating purposes and the possibility of a unit for the cogeneration of heat and electricity <sup>(1)</sup>;
112. Welcomes the information <sup>(2)</sup> provided by the Secretary-General that following the publication of a call for tenders Parliament's Administration will shortly sign a contract with a consultancy specialising in environmental management in order to commission a comprehensive review of its internal environmental policy, whose conclusions are expected to be available during 2003; insists that the review's conclusions should be forwarded to Parliament's competent committees; repeats the point made in paragraph 75 of its abovementioned decision of 10 April 2002 underlining the necessity of implementing green housekeeping principles for Parliament's new buildings <sup>(3)</sup>;
113. Notes that the Administration is currently studying the practical and administrative aspects <sup>(4)</sup> of a plan drawn up in 2002 following a study by Iris Consulting on a better mobility (transport) plan in Brussels; agrees that persons using Parliament's buildings in Brussels should be encouraged to use

<sup>(1)</sup> Questionnaire and replies PE 315.838 (Q43, Q72 and Annex 6).

<sup>(2)</sup> Questionnaire and replies PE 315.838 (Q72).

<sup>(3)</sup> OJ L 158, 17.6.2002, p. 43.

<sup>(4)</sup> Questionnaire and replies PE 315.838 (Q73).

public transport as far as possible; recognises, however, that to make significant progress in this area it will be necessary to make the rue Belliard area more pedestrian-friendly; instructs its Secretary-General to pursue his contacts with the relevant Belgian authorities with the aim of making the area around Parliament's buildings safer and more attractive for foot and cycle traffic;

114. Calls for more internal information to be made available about sustainable mobility within and around the EP buildings (posters, monitors showing train services at the Luxembourg station, information on collective/public transport) and invites the Bureau to set up a professional, visible, continuous and interactive mobility management desk centre, preferably as part of already existing services, where everyone can find out about sustainable mobility;
115. Points out that the EU is playing a leading role on climate policy at international level; considers that the European institutions should also make their own contribution to meeting EU commitments under the Kyoto Protocol; congratulates the Secretary-General on the environmental measures already taken in relation to buildings policy and day-to-day management <sup>(1)</sup> and calls for these measures to be grouped together and incorporated into an EP climate policy plan by 31 July 2003 with clear targets that make a specific contribution to achieving the Kyoto standards;

### Transparency

116. Notes with satisfaction that for 2001 all 626 Members submitted declarations of their financial interests in accordance with Annex I, Article 2 of the Rules of Procedure; notes that as at 30 January 2003 a total of 444 Members had updated their declarations for 2002 <sup>(2)</sup>; encourages its Members to authorise the publication of their declarations on the Internet;
117. Applauds the Bureau's decision at its meeting of 13 January 2003 that the register of lobbyists and interests they represent within the meaning of Article 3(1)(b) of Annex IX of the Rules of Procedure should be publicly accessible via Parliament's website;
118. Recalls that under the terms of Article 14(9) of the Rules governing the payment of expenses and allowances to Members <sup>(3)</sup> 'The European Parliament shall draw up a list of the names of all assistants which shall be open to the public for inspection'; notes the opinion of the Committee on Legal Affairs and the Internal Market <sup>(4)</sup> that in accordance with Article 9 of Regulation (EC) No 45/2001 <sup>(5)</sup> such personal information may only be disclosed if the data subject has given his consent; shares the concern <sup>(6)</sup> of the European Ombudsman that Parliament's decision to publish a register of MEP's assistants 'has been thrown into question by the argument that data protection gives assistants the right to remain anonymous even whilst being paid from European taxpayer's money';
119. Applauds therefore the Bureau's decision of 10 February 2003 to publish the list of accredited assistants (subject to exceptions on reasoned grounds), including the Member to whom the assistant is contracted, on Parliament's website;
120. Notes with concern that the European Ombudsman has also criticised <sup>(7)</sup> the European Parliament for its rejection based on Regulation (EC) No 45/2001 of his proposal that it should inform candidates in recruitment competitions that the names of successful candidates will be made public;

<sup>(1)</sup> See Questionnaire, Annex 6.

<sup>(2)</sup> Source EP-DG I.

<sup>(3)</sup> PE 113.116/rev XIII / 08-2002 (see also Annex VI, paragraph 7 to those Rules).

<sup>(4)</sup> PE 316.190.

<sup>(5)</sup> OJ L 8, 12.1.2001, p. 1.

<sup>(6)</sup> Letter 30.9.2002 (PE 321.047/BUR).

<sup>(7)</sup> Letter 30.9.2002 (PE 321.047/BUR).

121. Notes as a further instance of the unresolved tension between openness (Regulation (EC) No 1049/2001) <sup>(1)</sup> and data protection (Regulation (EC) No 45/2001) the Legal Service's opinion <sup>(2)</sup> that documents (specifically: withholdings of approval by the Financial Controller) relating to acts carried out by authorising officers in their official capacity may not be disseminated without first deleting their names;
122. Is aware of a comparable lack of clarity in the arrangements governing the flow of potentially sensitive information between OLAF and the Committee on Budgetary Control, the provisions of Annex VII to the Rules of Procedure appearing rather inadequate as a framework for regulating such information;
123. Instructs its President, relying on the advice of the Secretary-General and the Legal Service, to consider what action may be necessary including, possibly, amendments to the Rules of Procedure to arrive at a proper balance between the requirements of openness, transparency and access to documents on the one hand and the legitimate protection of private data on the other hand, and to submit suitable proposals to the competent bodies;

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<sup>(1)</sup> OJ L 145, 31.5.2001, p. 43.

<sup>(2)</sup> SJ 289/02.

## ANNEX

Withholding of Approval No	Date	Authorising Officer	Budgetary Item	Concerning	Creditor/Amount	Description	Decision
01/01	31.1.2001		2723	Proposal to conclude 7 private employment contracts under French law; Eds 21197 — 21200 inc., totalling EUR 265 371	The seven persons concerned plus employers' contributions (total EUR 265 371)	Breaches of Articles 2 and 38 of the Financial Regulation	Commitment proposals withdrawn
01/02	27.2.2001		Title 1	Proposal to transfer Mr P, grade LA-3, from Luxembourg to Strasbourg	Mr P, (an official)	Breaches of Financial Regulation, Staff Regulations and implementing rules therefor	Proposal withdrawn by authorising officer
01/03	26.3.2001		Title 1	Substantive and procedural irregularities in the proposed recruitment of an official to an A7 post	Mme Z.	Breaches of Financial Regulation (Articles 2 and 38) and Staff Regulations	Overruling decision of 11 June 2001
01/04	11.6.2001		Title 1	Inadequate supporting documentation, in breach of Articles 45 and 47 of the Financial Regulation; non-compliance with Article 4 of Annex V of the Staff Regulations; breach of the Institution's rules in relation to the carry-forward of, and payment for, annual leave not taken; breach of the obligations on authorising officers under Articles 40 and 41 of the Financial Regulation	A former employee of a political group	Breaches of Articles 38, 40, 41, 45 and 47 of the Financial Regulation; of Article 4 and Annex V of the Staff Regulations	Overruling decision of 25 October 2001
01/05	9.7.2001		2210	The signing of a framework contract with a supplier and publication of the contract award in the Official Journal, in contravention of the Financial Regulation, the implementing rules thereof and of the Internal Rules for the Implementation of the European Parliament's budget. Estimated value of framework contract over three years: EUR 195 000	C-S.A. (a supplier of waste paper bins) (EUR 195 000)	Breaches of Articles 36 and 38 of the Financial Regulation; of Article 51 of the Financial Regulation Implementing Rules and of Article 23 of the Internal Rules	Overruling decision of 25 October 2001
01/06	11.10.2001		1870	Overrun of the available appropriations, absence of a prior commitment and breach of the Treaty principle of budgetary annuality relating to expenditure on interpretation services in respect of the 2000 financial year.	European Commission EUR 359 815,03	Breaches of Articles 2, 5, 6 and 36 of the Financial Regulation; Article 51 of the Implementing Rules; Articles 271 and 272 of the EU Consolidated Treaties	Overruling decision of 13 December 2001

Source: EP 'compte de gestion' SEC(2002) 405 — FR.

**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2001**

(2003/417/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the financial statements of the European Centre for the Development of Vocational Training for the financial year 2001, together with the Centre's replies <sup>(1)</sup> (C5-0601/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0088/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 12 of Council Regulation (EEC) No 337/75 <sup>(2)</sup> as amended by Council Regulation (EEC) No 1946/93 <sup>(3)</sup> and having regard to Article 185 of the Financial Regulation of 25 June 2002 <sup>(4)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A5-0079/2003),
1. Grants discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2001;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Management Board of the European Centre for the Development of Vocational Training, the Council, the Commission, the Court of Justice and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 326, 27.12.2002, p. 42.<sup>(2)</sup> OJ L 39, 13.2.1975, p. 1.<sup>(3)</sup> OJ L 181, 23.7.1993, p. 11.<sup>(4)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2001**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the financial statements of the European Centre for the Development of Vocational Training for the financial year 2001, together with the Centre's replies <sup>(1)</sup> (C5-0601/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0088/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 12 of Council Regulation (EEC) No 337/75 <sup>(2)</sup> as amended by Council Regulation (EEC) No 1946/93 <sup>(3)</sup> and having regard to Article 185 of the Financial Regulation of 25 June 2002 <sup>(4)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A5-0079/2003),
- A. whereas the European Centre for the Development of Vocational Training (Thessaloniki Centre) pursues its mission as a reference Centre for the promotion and development of vocational education and training at Community level through compiling documentation on systems and developments in this area and dissemination of all relevant information and documentation, through conducting research in that field, through supporting a concerted approach to vocational training development and by providing a discussion forum for interested parties,
- B. whereas on 10 April 2002 Parliament gave discharge <sup>(5)</sup> to the Management Board of the Centre in respect of the implementation of its budget for the 2000 financial year and, at the same time,
- regretted the fact that Cedefop had failed to honour its undertakings regarding the procedure it had itself decided to implement with respect to the award of contracts, in particular for information technology-related projects,
  - welcomed the Action Plan adopted by the Management Board as a follow-up to the report of the external evaluation as well as the fact that Cedefop gave an undertaking to implement this Action Plan in accordance with the objectives and time-schedule indicated, while keeping the Parliament informed through an annual progress report,
  - insisted that the cooperation framework which the Centre had set up with the European Training Foundation be fully implemented,
- C. whereas the Court of Auditors has obtained reasonable assurance that the accounts for the financial year ended 31 December 2001 are reliable and the underlying transactions are, taken as a whole, legal and regular,

<sup>(1)</sup> OJ C 326, 27.12.2002, p. 42.

<sup>(2)</sup> OJ L 39, 13.2.1975, p. 1.

<sup>(3)</sup> OJ L 181, 23.7.1993, p. 11.

<sup>(4)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(5)</sup> OJ L 158, 17.6.2002, p. 59.

1. Notes the following figures for the accounts of the European Centre for the Development of Vocational Training;

**Revenue and expenditure account for the financial years 2001 and 2000**

(1 000 EUR)

	2001	2000
<b>Revenue</b>		
Own revenue		
Commission subsidies	13 200	11 502
Revenue from previous financial years	724	2 165
Sundry revenue	0	18
Earmarked revenue (PHARE + third parties)	402	205
Financial revenue	104	122
<b>Total revenue (a)</b>	<b>14 430</b>	<b>14 011</b>
<b>Expenditure</b>		
<i>Staff — Title I of the budget</i>		
Pagamentos	7 231	6 881
Appropriations carried over	266	282
<i>Administration — Title II of the budget</i>		
Payments	700	781
Appropriations carried over	323	210
<i>Operating activities — Title III of the budget</i>		
Payments	2 720	2 793
Appropriations carried over	2 059	2 041
<i>Earmarked revenue (third parties)</i>		
Payments	277	41
Appropriations carried over	453	191
<b>Total expenditure (b)</b>	<b>14 029</b>	<b>13 220</b>
<b>Out-turn for the financial year (a-b) <sup>(1)</sup></b>	<b>401</b>	<b>791</b>
Balance carried over from the previous financial year	- 228	- 520
Cancelled appropriations carried over from the previous year	349	232
Appropriations to be carried over, allocated revenue	0	—
Appropriations for reuse from the financial year 2000, not utilised	12	—
Repayments to the Commission	0	- 697
Exchange-rate differences	- 2	- 34
<b>Balance for the financial year</b>	<b>532</b>	<b>- 228</b>

Source: European Centre for the Development of Vocational Training.

NB: Any discrepancies in totals are due to the effects of rounding.

<sup>(1)</sup> The negative balance of the out-turn and own capital does not constitute a capital loss. It results from the application of the financial regulation in respect of revenue (only revenue collected) and expenditure (payments plus appropriations carried over).

**Budgetary implementation / Financial Provisions**

2. Regrets that the Centre did not depreciate its fixed assets in order for the book values to reflect the real value of the goods which form part of the Centre's assets; expects the Centre to comply with the Court's observation;
3. Regrets that the Centre, despite the criticism of the Court, has kept an imprest account with too high a ceiling; expects the Centre to be more receptive to observations made by the Court in order to avoid such criticism in the future;
4. Deplores the fact that, despite repeated criticism by the Court, the Centre has not fully respected the tendering procedures for the awarding of contracts; recalls that this is not only a violation of the principle of equal treatment but could also result in legal action against the Centre by disadvantaged tenderers; will continue to monitor such cases; expects the Centre to proceed with its efforts towards better programming of its work in order to avoid urgencies, which have in the past resulted in non-observance of the rules for public tender procedures;
5. Notes that the Court of Auditors takes the view that the carry-over rate for operating appropriations remains too high (EUR 2,8 million) and that the Centre should pursue its efforts to increase the quality and monitoring of the planning of its activities; notes that the new Financial Regulation will provide an improved legal base for carry-overs; welcomes however the assurance by the Centre to try and improve the quality, and to follow up the programming of its activities;

**Follow-up to external evaluation**

6. Takes the view that the Centre should follow to a greater degree the recommendations contained in the 2001 external evaluation report in order to ensure the consistency required between the tasks assigned to it and the organisation of its financial and human resources;
7. Expects, therefore, the Centre to respond positively to the Court of Auditors criticism in order for it to achieve a better balance between its administrative expenditure and its operating expenditure arising from its activity programme so as to remedy the inconsistencies between its tasks and the distribution of its financial and human resources;
8. Takes note of the efforts which the Centre has deployed in its Action Plan; will be monitoring the relevance of the measures announced in order that the appropriate results be achieved, especially with a view to responding adequately to the new challenges of enlargement; calls on the Centre to carry out in the coming years an analysis of the impact of the measures adopted;

**Cooperation with the ETF**

9. Notes in this respect the joint efforts undertaken by the Centre and the European Training Foundation (ETF), as they appear in the Joint Progress Report of September 2002, in implementing the framework cooperation between the two bodies during the enlargement process and the preparation of the candidate countries;
10. Considers that in the light of the conclusions of the Copenhagen European Council a detailed analysis of the impact of the transfer of competence in respect of the accession countries from the ETF to Cedefop is needed; calls on the Commission, therefore, together with the agencies concerned, to carry out such an assessment and, if necessary, to submit proposals relating to the transfer of expertise and of human and financial resources;

11. Suggests that its committees responsible monitor the results of this cooperation in order to evaluate the possibility of further enhancing such cooperation without prejudice to solutions entailing the merger of activities where appropriate;

### **Further proposals**

12. Recalls that the external evaluation report stressed that a substantial effort was needed in order to raise the public profile of Cedefop and called, inter alia, for improvement in the dissemination and targeting of information; recalls that the same report suggested a discussion on the subject of whether and in what ways Cedefop could gain from closer cooperation with the European training foundation;

### **General points concerning the bodies referred to in Article 185 of the Financial Regulation**

13. Takes note of the fact that there is an imbalance between administrative and operational expenditure in many Agencies, with administrative expenditure exceeding expenditure for operational purposes;
14. Takes the view that these Agencies should have more operational tasks; they could for example be entrusted with executing Community programmes in the field of education or health thereby avoiding the creation of further executive agencies by the Commission; asks the Commission to make proposals in this respect by 30 June 2003 at the latest and before creating any further executive agencies;
15. Recalls that independent *ex ante* control of the Agencies by the Financial Controller of the Commission has ceased to exist;
16. Is worried that the absence of outside *ex ante* verifications of financial operations might increase the risk of irregularities and mismanagement; invites therefore:
  - the Court of Auditors to increase the number of checks carried out by its auditors,
  - the Agencies to review and modify thoroughly their procedures for implementing their budget in order to counter this risk;
17. Asks the Agencies to bring their procedures for implementing the budget in line with the requirements of the new Framework Financial Regulation <sup>(1)</sup> as soon as possible and by 1 July 2003 at the latest;
18. Recalls that the Agencies shall adopt their own financial rules, which may not depart from the Framework Financial Regulation except where their specific operating needs so require and with the Commission's prior consent; asks the Court of Auditors to give an opinion on all financial provisions adopted by the Agencies which depart from the Framework Financial Regulation;
19. Underlines in particular the strict segregation of duties between authorising officers and accounting officers and the enhanced role of the latter in:
  - (a) laying down and validating the accounting systems,
  - (b) keeping the accounts,
  - (c) validating systems laid down by the authorising officer to supply accounting information,
  - (d) cooperating with the Commission's accounting officer,
  - (e) preparing and presenting the financial statements and the reports on implementation of the budget;

<sup>(1)</sup> OJ L 357, 31.12.2002, p. 72.

20. Stresses that accounting officers shall be appointed by the management boards of the Agencies on the grounds of particular competence as evidenced by diplomas or by equivalent professional experience; recalls that they shall not be hierarchically subordinated to authorising officers;
21. Asks the Agencies to fully respect the rules for procurement procedures as laid down in the Financial Regulation; stresses that open calls for tenders must be used as much as possible in order to enhance transparency and to ensure equal treatment of potential tenderers;
22. Calls upon the Agencies to monitor closely the granting of leave on personal grounds, in order to ensure that conditions of transparency and separation of interests are met;
23. Recalls that non-respect of public procurement rules is not only potentially detrimental to the financial interests of the Agencies but can also be a criminal offence under the law of Member States;
24. Asks the Court of Auditors to report at the next opportunity on whether the Community bodies duly cooperate with the European Anti-Fraud Office (OLAF) and apply the Interinstitutional Agreement of 25 May 1999 concerning internal investigations by the OLAF <sup>(1)</sup> unreservedly; also asks the Court of Auditors to evaluate the effectiveness of this cooperation on the basis of the cases processed so far;
25. Notes that the Court of Auditors deplors the practice of 'super-user' rights in computerised systems (where one and the same person is able to discharge the duties of the manager, the authorising officer, the financial controller and the accounting officer) as incompatible with the principle of the separation of duties; asks all the Agencies to ensure that such 'super-user' rights are no longer attributed;
26. Stresses that computerised systems must guarantee the existence of a complete audit trail for each operation and for any change made to the system so that it is possible at any time to identify the nature of the change and the person who made it;
27. Invites the Commission, with a view to accelerating the efforts towards preparing integration of the future Member States, to make proposals to foster better functioning of these Community bodies, ensuring better value for money through a cost/ benefit analysis, and avoiding any unnecessary proliferation of agencies; such proposals may provide, for bodies entrusted with similar tasks, for the setting-up of common boards;
28. Considers it out of the question, on grounds of efficiency and cost, to expand further the administrative boards of the Community bodies during the forthcoming enlargement; takes the view that enlargement offers a good opportunity to reconsider thoroughly the composition and working methods of these administrative boards, which are already very ponderous as a rule; calls on the Commission to put forward appropriate proposals by 31 July 2003 to amend the constituent acts of Community bodies accordingly and, in so doing, to examine whether provision could be made for common administrative boards for bodies with similar responsibilities;
29. Recalls the Court of Auditors' observation <sup>(2)</sup> that there is a risk of directors of Community bodies becoming too dependent on the Commission; calls therefore on the Commission to submit by 31 July 2003 an amendment to the constituent acts of the agencies to ensure that the directors of Community bodies may in future be appointed only with the assent of Parliament;

<sup>(1)</sup> OJ L 136, 31.5.1999, p. 15.

<sup>(2)</sup> Opinion 10/2002 of the Court of Auditors on a Commission proposal for amendment of the constituent acts of Community bodies following the adoption of the new Financial Regulation (OJ C 285, 21.11.2002, p. 4).

30. Invites the Commission to make an overall study of activities currently deployed by various Community bodies that may overlap or serve the same goals in order to propose appropriate solutions including possible mergers of agencies; notes that the Commission has stated a possible overlap between Cedefop and the ETF in the field of vocational training and between the Foundation for the improvement of Working and Living Conditions and the Agency for Health and Safety and Work <sup>(1)</sup>;
  31. Invites the Commission furthermore, in line with its proposal on European governance aimed at concentrating its activity on the core tasks, to include in its action programme the appropriate proposals with a view to ensuring that overlapping between the activities of its services and those of the agencies is avoided;
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<sup>(1)</sup> See working document from DG-budget on the management costs and analytical accounts of the decentralised agencies.

**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2001**

(2003/418/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2001, together with the Foundation's replies <sup>(1)</sup> (C5-0597/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0089/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 16 of Council Regulation (EEC) No 1365/75 <sup>(2)</sup> as amended by Council Regulation (EEC) No 1947/93 <sup>(3)</sup> and having regard to Article 185 of the Financial Regulation of 25 June 2002 <sup>(4)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A5-0079/2003),
1. Grants discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2001;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions, the Council, the Commission, the Court of Justice and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 326, 27.12.2002, p. 57.<sup>(2)</sup> OJ L 139, 30.5.1975, p. 1.<sup>(3)</sup> OJ L 181, 23.7.1993, p. 13.<sup>(4)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2001**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2001, together with the Foundation's replies <sup>(1)</sup> (C5-0597/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0089/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 16 of Council Regulation (EEC) No 1365/75 <sup>(2)</sup> as amended by Council Regulation (EEC) No 1947/93 <sup>(3)</sup> and having regard to Article 185 of the Financial Regulation of 25 June 2002 <sup>(4)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Employment and Social Affairs (A5-0079/2003),
- A. whereas the European Foundation for the Improvement of Living and Working Conditions (Dublin Foundation) in its work programme of 2001 aimed at developing and implementing fewer and more substantial research programmes, reinforcing the Foundation's role as a forum for debate, developing a coherent and consistent communication strategy, increasing accountability, transparency and cost effectiveness and taking into account important changes in the European Union,
- B. whereas on 10 April 2002 Parliament gave discharge <sup>(5)</sup> to the Administrative Board of the Foundation in respect of the implementation of its budget for the 2000 financial year and, at the same time,
- expressed concern at the volume of appropriations carried over from 2000 to 2001 and urged the Foundation to take steps to ensure better monitoring of the implementation of its budget with the aim of keeping carry-overs and cancellations of appropriations to a minimum;
  - called on the Foundation to take steps to ensure that all shortcomings in the accounting systems employed had been remedied in time for the 2001 discharge;
  - regretted the fact that in the Foundation continued to make excessive use of imprest accounts;
- C. whereas the Court of Auditors has obtained reasonable assurance that the accounts for the financial year ended 31 December 2001 are reliable and the underlying transactions are, taken as a whole, legal and regular;

<sup>(1)</sup> OJ C 326, 27.12.2002, p. 57.

<sup>(2)</sup> OJ L 139, 30.5.1975, p. 1.

<sup>(3)</sup> OJ L 181, 23.7.1993, p. 13.

<sup>(4)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(5)</sup> OJ L 158, 17.6.2002, p. 55.

1. Notes the following figures for the accounts of the European Foundation for the Improvement of Living and Working Conditions:

**Revenue and expenditure account for the financial years 2001 and 2000**

(1 000 EUR)

	2001	2000
<b>Revenue received during the financial year</b>		
Commission subsidies	14 958	14 700
Miscellaneous revenue	16	212
Financial revenue	96	29
<b>Total revenue (a)</b>	<b>15 070</b>	<b>14 941</b>
<b>Budgetary expenditure for the financial year</b>		
<i>Staff – Title I of the budget</i>		
Payments	7 583	7 057
Appropriations carried over	190	146
<i>Administration — Title II of the budget</i>		
Payments	854	1 123
Appropriations carried over	245	248
<i>Operating activities — Title III of the budget</i>		
Payments	3 129	2 681
Appropriations carried over	3 148	3 183
<b>Total expenditure (b)</b>	<b>15 150</b>	<b>14 437</b>
<b>Out-turn for the financial year (a-b) <sup>(1)</sup></b>	<b>– 80</b>	<b>504</b>
Balance carried over from the previous financial year	– 1 210	– 1 859
Appropriations carried over from the previous financial year which lapse	59	158
Appropriations for reuse from the financial year 2000, not utilised	24	—
Exchange-rate differences	– 2	– 14
<b>Balance for the financial year</b>	<b>– 1 209</b>	<b>– 1 210</b>

Source: Data compiled by the Foundation — These tables summarise the data provided by the Foundation in its own financial statements.

<sup>(1)</sup> The negative balance of the out-turn and own capital does not constitute capital loss. It results from the application of the financial regulation in respect of revenue (only revenue collected) and expenditure (payments plus appropriations carried over).

### Financial Control

2. Notes that the Court of Auditors takes the view that the carry-over rate for operating appropriations remains too high (EUR 3,5 million) and that the Foundation should do everything possible to reduce the carry-over rate; notes that the new Financial Regulation will provide an improved legal basis for carry-overs; welcomes however the initiatives that the Foundation has taken in order to reduce the level of carry-overs;

3. Notes that the Foundation finds the SI2 computerised budgetary accounting system extremely complex with many faults, weaknesses and instabilities; regrets that the Commission has imposed the SI2 system on the Foundation, which is much too cumbersome and appears over-complicated for the Foundation's requirements; calls on the Commission to ensure that the agency has the required manpower and technical support in order to operate the system;
4. Regrets that the Court found several instances where one and the same person was able to approve the commitments and payments, using the electronic approval system, thus discharging the duties of the manager, the authorising officer, the financial controller and the accounting officer; notes that the Court of Auditors deplores the practice of 'super user' rights as incompatible with the principle of the separation of duties; welcomes the assurance by the Foundation that this practice is no longer in use;
5. Regrets that the Foundation has not fully respected the tendering procedures in all its service contracts; recalls that this is not only a violation of the principle of equal treatment but could also result in legal action against the Foundation by disadvantaged tenderers; urges the Foundation to ensure that proper tendering procedures are followed for all contracts;
6. Acknowledges that the Foundation needs more flexible financial procedures; calls on the Foundation to implement the new Financial Regulation as soon as possible and to find an appropriate balance between flexibility and accountability;

#### **External assessment**

7. Welcomes the external evaluation and the Draft Action Plan responding to the recommendations made in the evaluation; congratulates the Foundation on the overall very positive appraisal; calls on the Foundation to carry out in the coming years an analysis of the impact of the measures adopted;
8. Notes that the Foundation is meeting most of its deadlines set out in the Action Plan; draws attention to the following points made in the evaluation:
  - the need to review and improve cooperation between the Foundation and the Commission as well as the Parliament,
  - the need to establish a system to track the use of the Foundation's outputs, and
  - the need to introduce more internal quality control processes,

#### **Overall assessment**

9. Congratulates the Foundation on the good work carried out by highly qualified staff; would however wish that its good work were known to a wider audience, welcomes the enhanced information efforts; acknowledges that the main role of the organisation is to contribute to the debate at European level and welcomes the steps the Brussels Liaison Office has taken in order to improve contact with the European institutions;
10. Notes that the Foundation has a high share of administrative expenditure (Title 1 and 2 of the budget); notes that in the 2003 budget, it makes up about EUR 10 million; whilst operational expenditure (Title 3) is about EUR 7 million; notes that many of the operating systems in practice at the Commission are imposed on the Foundation even though they are more adapted to the needs of a very large administration rather than a smaller organisation like the Foundation;
11. Asks the Commission to take advantage of the expertise in the Foundation and to consider the cost benefit of outsourcing more of its tasks to the Foundation; calls on the Commission to reconsider creating more executive agencies when the tasks could be given to the existing agencies;

**General points concerning the bodies referred to in Article 185 of the Financial Regulation**

12. Takes note of the fact that there is an imbalance between administrative and operational expenditure in many Agencies, with administrative expenditure exceeding expenditure for operational purposes;
13. Takes the view that these Agencies should have more operational tasks; they could for example be entrusted with executing Community programmes in the field of education or health thereby avoiding the creation of further executive agencies by the Commission; asks the Commission to make proposals in this respect by 30 June 2003 at the latest and before creating any further executive agencies;
14. Recalls that independent *ex ante* control of the Agencies by the Financial Controller of the Commission has ceased to exist;
15. Is worried that the absence of outside *ex ante* verifications of financial operations might increase the risk of irregularities and mismanagement; invites therefore:
  - the Court of Auditors to increase the number of checks carried out by its auditors,
  - the Agencies to review and modify thoroughly their procedures for implementing their budget in order to counter this risk;
16. Asks the Agencies to bring their procedures for implementing the budget in line with the requirements of the new Framework Financial Regulation <sup>(1)</sup> as soon as possible and by 1 July 2003 at the latest;
17. Recalls that the Agencies shall adopt their own financial rules, which may not depart from the Framework Financial Regulation except where their specific operating needs so require and with the Commission's prior consent; asks the Court of Auditors to give an opinion on all financial provisions adopted by the Agencies which depart from the Framework Financial Regulation;
18. Underlines in particular the strict segregation of duties between authorising officers and accounting officers and the enhanced role of the latter in:
  - (a) laying down and validating the accounting systems,
  - (b) keeping the accounts,
  - (c) validating systems laid down by the authorising officer to supply accounting information,
  - (d) cooperating with the Commission's accounting officer,
  - (e) preparing and presenting the financial statements and the reports on implementation of the budget,
19. Stresses that accounting officers shall be appointed by the management boards of the Agencies on the grounds of particular competence as evidenced by diplomas or by equivalent professional experience; recalls that they shall not be hierarchically subordinated to authorising officers;
20. Asks the Agencies to fully respect the rules for procurement procedures as laid down in the Financial Regulation; stresses that open calls for tenders must be used as much as possible in order to enhance transparency and to ensure equal treatment of potential tenderers;
21. Calls upon the Agencies to monitor closely the granting of leave on personal grounds, in order to ensure that conditions of transparency and separation of interests are met;

<sup>(1)</sup> OJ L 357, 31.12.2002, p. 72.

22. Recalls that non-respect of public procurement rules is not only potentially detrimental to the financial interests of the Agencies but can also be a criminal offence under the law of Member States;
23. Asks the Court of Auditors to report at the next opportunity on whether the Community bodies duly cooperate with the European Anti-Fraud Office (OLAF) and apply the Interinstitutional Agreement of 25 May 1999 concerning internal investigations by the OLAF <sup>(1)</sup> unreservedly; also asks the Court of Auditors to evaluate the effectiveness of this cooperation on the basis of the cases processed so far;
24. Notes that the Court of Auditors deplors the practice of 'super-user' rights in computerised systems (where one and the same person is able to discharge the duties of the manager, the authorising officer, the financial controller and the accounting officer) as incompatible with the principle of the separation of duties; asks all the Agencies to ensure that such 'super-user' rights are no longer attributed;
25. Stresses that computerised systems must guarantee the existence of a complete audit trail for each operation and for any change made to the system so that it is possible at any time to identify the nature of the change and the person who made it;
26. Invites the Commission, with a view to accelerating the efforts towards preparing integration of the future Member States, to make proposals to foster better functioning of these Community bodies, ensuring better value for money through a cost/ benefit analysis, and avoiding any unnecessary proliferation of agencies; such proposals may provide, for bodies entrusted with similar tasks, for the setting-up of common boards;
27. Considers it out of the question, on grounds of efficiency and cost, to expand further the administrative boards of the Community bodies during the forthcoming enlargement; takes the view that enlargement offers a good opportunity to reconsider thoroughly the composition and working methods of these administrative boards, which are already very ponderous as a rule; calls on the Commission to put forward appropriate proposals by 31 July 2003 to amend the constituent acts of Community bodies accordingly and, in so doing, to examine whether provision could be made for common administrative boards for bodies with similar responsibilities;
28. Recalls the Court of Auditors' observation <sup>(2)</sup> that there is a risk of directors of Community bodies becoming too dependent on the Commission; calls therefore on the Commission to submit by 31 July 2003 an amendment to the constituent acts of the agencies to ensure that the directors of Community bodies may in future be appointed only with the assent of Parliament;
29. Invites the Commission to make an overall study of activities currently deployed by various Community bodies that may overlap or serve the same goals in order to propose appropriate solutions including possible mergers of agencies; notes that the Commission has stated a possible overlap between Cedefop and the ETF in the field of vocational training and between the Foundation for the improvement of Working and Living Conditions and the Agency for Health and Safety and Work <sup>(3)</sup>;
30. Invites the Commission furthermore, in line with its proposal on European governance aimed at concentrating its activity on the core tasks, to include in its action programme the appropriate proposals with a view to ensuring that overlapping between the activities of its services and those of the agencies is avoided.

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<sup>(1)</sup> OJ L 136, 31.5.1999, p. 15.

<sup>(2)</sup> Opinion 10/2002 of the Court of Auditors on a Commission proposal for amendment of the constituent acts of Community bodies following the adoption of the new Financial Regulation (OJ C 285, 21.11.2002, p. 4).

<sup>(3)</sup> See working document from DG-budget on the management costs and analytical accounts of the decentralised agencies.

**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001**

(2003/419/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the financial statements of the European Agency for Reconstruction for the financial year 2001, together with the Agency's replies <sup>(1)</sup> (C5-0596/2002),
  - having regard to the Council's recommendation of 7 March 2003 (C5-0090/2003),
  - having regard to the EC Treaty, and in particular Article 276 thereof,
  - having regard to Article 8 of Council Regulation (EC) No 2667/2000 <sup>(2)</sup> of 5 December 2000 and Article 185 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
  - having regard to Rule 93a and Annex V of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs, Human Rights, Common foreign and Security Policy (A5-0079/2003),
1. Grants discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Director of the European Agency for Reconstruction, the Council, the Commission, the Court of Justice and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 326, 27.12.2002, p. 1.<sup>(2)</sup> OJ L 306, 7.12.2000, p. 7.<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2001**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the financial statements of the European Agency for Reconstruction for the financial year 2001, together with the Agency's replies <sup>(1)</sup> (C5-0596/2002),
- having regard to the Council's recommendation of 7 March 2003 (C5-0090/2003),
- having regard to the EC Treaty, and in particular Article 276 thereof,
- having regard to Article 8 of Council Regulation (EC) No 2667/2000 <sup>(2)</sup> of 5 December 2000 and Article 185 of the Financial Regulation of 25 June 2002 <sup>(3)</sup>,
- having regard to Rule 93a and Annex V of its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy (A5-0079/2003),
- A. whereas the Court of Auditors in its annual report concerning the financial year 2000 <sup>(4)</sup> concluded that the efficiency of the Agency's administration and its budget management was high, the result being that the Agency achieved the most ambitious objectives it had set for its first year of activity in the areas of energy, housing, transport and agriculture,
- B. whereas in the same report the Court made a series of recommendations to the Agency dealing with the need to introduce a reliable computerised system of budgetary accounts, the development of a practical sectoral programme reflecting the priorities set in order for the Agency not to disperse its efforts and calling for the setting-up, in cooperation with the Commission, of a mid and long term strategy in order to ensure the sustainability of the investments financed,
- C. whereas on 10 April 2002 Parliament gave discharge <sup>(5)</sup> to the Director of the European Agency for Reconstruction in respect of the implementation of the budget for the 2000 financial year, on the basis of the report of the Court of Auditors, and at the same time, *inter alia*:
  - insisted on the need to promote adequate investigation, including, as appropriate, an internal evaluation by the European Anti-Fraud Office (OLAF), of any well-founded suspicion of mismanagement and corruption linked to investments in favour of power stations in Kosovo;
  - urged the special representative of the Secretary-General (SRSG) of the UN in Kosovo and called on the Commission to take the necessary steps, in cooperation with UNMIK, with a view to ensuring that a sustainable policy and the appropriate regulatory framework be developed allowing for improvement of Kosovo's tax collection capacity in order to increase budget revenue and attain budget sustainability;

<sup>(1)</sup> OJ C 326, 27.12.2002, p. 1.

<sup>(2)</sup> OJ L 306, 7.12.2000, p. 7.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> OJ C 359, 15.12.2001.

<sup>(5)</sup> OJ L 158, 17.6.2002, p. 62.

— noted that the largest item in the Agency's budget was the one dealing with the rehabilitation of the energy sector; that this sector called for special attention given the situation of very frequent power cuts; called on UNMIK to carry out an audit of the cash-management and procurement procedures of the Kosovo electricity company;

D. whereas the Court of Auditors has obtained reasonable assurance that the accounts for the financial year ended 31 December 2001 are reliable and the underlying transactions are, taken as a whole, legal and regular;

1. Notes the following figures for the accounts of the European Reconstruction Agency:

**Revenue and expenditure account for the financial years 2001 and 2000**

(1 000 EUR)

	2001	2000
<b>Revenue received during the financial year</b>		
Commission subsidies	517 633 <sup>(1)</sup>	257 933
Financial revenue	2 915	680
Miscellaneous revenue	135	175
Counterpart funds	5 787	
<b>Total revenue (a)</b>	<b>526 469</b>	<b>258 788</b>
<b>Budgetary expenditure for the financial year</b>		
<i>Staff — Title I of the budget</i>		
Payments	13 418	4 633
Appropriations carried over	337	131
<i>Administration — Title II of the budget</i>		
Payments	5 908	2 077
Appropriations carried over	1 217	1 670
<i>Operating activities — Title III of the budget</i>		
Payments	140 309	139 786
Balance of the appropriations available for commitments	187 036	119 733
Appropriations automatically carried forward to 2002	176 863	
<b>Total expenditure (b)</b>	<b>525 088</b>	<b>268 030</b>
<b>Out-turn for the financial year (a-b) <sup>(2)</sup></b>	<b>1 381</b>	<b>- 9 241</b>
Balance carried over from the previous financial year	- 35 768	0
Payments on behalf of the Commission (TAKFO)	- 70 050	- 26 861
Cancellation of payment appropriations for 2000	31 061	0
Appropriations carried over from 2000 which lapsed (Titles I and II)	254	0
Exchange-rate differences	- 5	334
<b>Balance for the financial year</b>	<b>- 73 127</b>	<b>- 35 768</b>

NB: Any discrepancies in totals are due to the effects of rounding.

Source: Data compiled by the Agency. These tables summarise the data supplied by the Agency in its own financial statements.

<sup>(1)</sup> Includes 70 050 278 EUR received for payment against commitments previously entered into by the Commission. The Agency is responsible for the management of the payments.

<sup>(2)</sup> The negative balance of the outturn and own capital does not constitute a loss of capital. It arises from the application of the Financial Regulation concerning revenue (only revenue collected) and expenditure (payments plus appropriations carried over).

**Financial management — budget implementation**

2. Takes note that, during the second half of 2001, the Agency installed the SI2 computerised budgetary accounting system; also takes note of the Agency's comments about the advantages and disadvantages of this system and in particular of the fact that the system is heavy, cumbersome, that it requires time-consuming interventions and that, when interfacing SI2 with the general accountancy system, the security of the system is weakened;
3. Urges the Agency, along with the Commission, to remedy the problems identified by the Court stemming from the introduction of SI2 and to find adequate solutions in order to reduce the dependency on the use of auxiliary information technology tools which are until now used in order to obtain an accurate impression of the implementation of the budget;

**Financial statements**

4. Notes the fact that the financial statements drawn up by the Agency in March 2002 contained errors and that it was the Court of Auditors that had to point them out to the Agency in order for a corrected version of the financial statements to be produced on 4 October 2002;
5. Expects the Agency to take all necessary steps to ensure this situation does not reoccur;

**Application of financial provisions**

6. Calls on the Agency to comply with the provisions of the Financial Regulation and with the Court's observation and to issue, on a systematic basis, recovery orders for sums owed to the Agency;
7. Acknowledges the difficult circumstances under which the Agency was called to operate in 2001 and the fact that 2001 was a transition year as regards the financial control service; regrets deeply, however, that the Commission had put the agency under considerable pressure to sign contracts by private treaty with experts; stresses that the Financial Controller deplored the inappropriateness of the procedures followed for the awarding of such contracts and that, in one such case, he expressed serious doubts about the justification of the salary proposed; notes that in this case a monthly fee of over EUR 25 000 was paid;
8. Calls on the Commission to initiate an administrative investigation in order to establish possible responsibility for mismanagement and, where appropriate, to launch disciplinary proceedings; expects the Commission to report back to its competent committee in the context of the follow-up report;
9. Calls furthermore on both the Agency and the Commission, in future, when employing experts, to ensure compliance with the relevant rules of the Financial Regulation, in complete transparency; stresses that exceptional circumstances should in no way result in financial provisions being circumvented or not abided by; insists that, should such exceptional circumstances occur, the discharge authority should be promptly and fully informed;

**The housing programme**

10. Welcomes the fact that the Agency has been able to exceed its target of houses rebuilt by 4 %; takes however the view that, in line with the Court of Auditors' observations in this respect, the Agency should improve the way in which it operates when selecting the work to be carried out in order for its action to meet more effectively the needs it intends to cover; calls on the Agency, similarly, to look into ways of ensuring that the most effective solutions are brought forward when operating in the other priority areas of its activity;

**Follow-up to previous observations of the Court**

11. Congratulates the Agency on the Court of Auditors' overall positive assessment with regard to the follow-up by the Agency of the Court's observations concerning the previous financial year; notes the Court's remarks relating to the problems in the energy sector;

12. Expresses deep concern that it was precisely in the sector of energy that OLAF conducted investigations into a case of fraud, involving some EUR 4,5 million (USD 4,2 million) dedicated to the stabilisation of the Kosovo power system; takes note that the investigation was concluded in December 2002;
13. Notes with satisfaction OLAF's statement of 5 December 2002 that its activity resulted in securing, at that date, the return to the Kosovo budget of USD 3,2 million of those funds and the launching of proceedings in order to secure the return of the balance; notes also that the principal suspect for that fraud was arrested in Germany and brought to justice;
14. Expects to be fully informed by OLAF about this case;
15. Invites both the Agency and the Commission, in close cooperation with UNMIK, to do their utmost to protect the financial interests of the Community and to avoid any similar cases occurring in the future; calls on the Director of the Agency to make every effort deemed necessary in order to ensure the systematic monitoring of all projects in the energy sector financed by EU funds;
16. Invites the Commission to fully inform the Parliament about the possible disciplinary measures which this case may call for;
17. Takes note of the comprehensive evaluation undertaken in 2002 by the Agency regarding the best use of funds within the Kosovo energy sector; expects the Agency to inform the Parliament's competent committee in the context of the follow-up report to discharge 2001 on progress made and on all relevant measures taken, in cooperation with UNMIK, KEK (Kosovo Power Corporation) and external supervisory contractors and, in particular, in relation to debt collection by KEK, with a view to achieving the long-term sustainability of investment in the energy sector;
18. Asks the Commission to propose phasing out future EU funds to the energy sector in Kosovo if the present situation, which is marked by fraud, mismanagement and loss of revenue, continues;
19. Notes that the Agency places the responsibility for fraud and mismanagement in the energy sector on UNMIK or KEK; acknowledges that when funds are channelled through an intermediate body they can be difficult to monitor and control; questions however whether the Agency could be regarded as completely exonerated of any responsibility as it is after all responsible for the management and control of the EU funds spent;

#### **Further proposals**

20. Invites the Commission to make proposals aiming at fostering better functioning of the Agency, ensuring better value for money through a cost/benefit analysis and, in making such proposals, to consider whether the fact that the Agency occupies various sites is, from the point of view of its functioning, the most appropriate solution; calls for greater cooperation and coordination between the Agency, UNMIK and the Commission; invites the Agency to establish an overall plan for monitoring the projects financed and evaluating their consistency with the EU policy for the region;
21. Calls on the Commission and the Agency to pursue with the reinforcement of EU assistance to 'institutional building' projects;
22. Insists on the need for the Agency's annual report to be presented to the European Parliament no later than 15 June each year; expects the Agency to take due account of the European Parliament's recommendations contained in its resolutions;

#### **General points concerning the bodies referred to in Article 185 of the Financial Regulation**

23. Takes note of the fact that there is an imbalance between administrative and operational expenditure in many Agencies, with administrative expenditure exceeding expenditure for operational purposes;

24. Takes the view that these Agencies should have more operational tasks; they could for example be entrusted with executing Community programmes in the field of education or health thereby avoiding the creation of further executive agencies by the Commission; asks the Commission to make proposals in this respect by 30 June 2003 at the latest and before creating any further executive agencies;
25. Recalls that independent *ex ante* control of the Agencies by the Financial Controller of the Commission has ceased to exist;
26. Is worried that the absence of outside *ex ante* verifications of financial operations might increase the risk of irregularities and mismanagement; invites therefore:
  - the Court of Auditors to increase the number of checks carried out by its auditors,
  - the Agencies to review and modify thoroughly their procedures for implementing their budget in order to counter this risk;
27. Asks the Agencies to bring their procedures for implementing the budget in line with the requirements of the new Framework Financial Regulation <sup>(1)</sup> as soon as possible and by 1 July 2003 at the latest;
28. Recalls that the Agencies shall adopt their own financial rules, which may not depart from the Framework Financial Regulation except where their specific operating needs so require and with the Commission's prior consent; asks the Court of Auditors to give an opinion on all financial provisions adopted by the Agencies which depart from the Framework Financial Regulation;
29. Underlines in particular the strict segregation of duties between authorising officers and accounting officers and the enhanced role of the latter in:
  - (a) laying down and validating the accounting systems,
  - (b) keeping the accounts,
  - (c) validating systems laid down by the authorising officer to supply accounting information,
  - (d) cooperating with the Commission's accounting officer,
  - (e) preparing and presenting the financial statements and the reports on implementation of the budget;
30. Stresses that accounting officers shall be appointed by the management boards of the Agencies on the grounds of particular competence as evidenced by diplomas or by equivalent professional experience; recalls that they shall not be hierarchically subordinated to authorising officers;
31. Asks the Agencies to fully respect the rules for procurement procedures as laid down in the Financial Regulation; stresses that open calls for tenders must be used as much as possible in order to enhance transparency and to ensure equal treatment of potential tenderers;
32. Calls upon the Agencies to monitor closely the granting of leave on personal grounds, in order to ensure that conditions of transparency and separation of interests are met;
33. Recalls that non-respect of public procurement rules is not only potentially detrimental to the financial interests of the Agencies but can also be a criminal offence under the law of Member States;

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<sup>(1)</sup> OJ L 357, 31.12.2002, p. 72.

34. Asks the Court of Auditors to report at the next opportunity on whether the Community bodies duly cooperate with the European Anti-Fraud Office (OLAF) and apply the Interinstitutional Agreement of 25 May 1999 concerning internal investigations by the OLAF <sup>(1)</sup> unreservedly; also asks the Court of Auditors to evaluate the effectiveness of this cooperation on the basis of the cases processed so far;
35. Notes that the Court of Auditors deplores the practice of 'super-user' rights in computerised systems (where one and the same person is able to discharge the duties of the manager, the authorising officer, the financial controller and the accounting officer) as incompatible with the principle of the separation of duties; asks all the Agencies to ensure that such 'super-user' rights are no longer attributed;
36. Stresses that computerised systems must guarantee the existence of a complete audit trail for each operation and for any change made to the system so that it is possible at any time to identify the nature of the change and the person who made it;
37. Invites the Commission, with a view to accelerating the efforts towards preparing integration of the future Member States, to make proposals to foster better functioning of these Community bodies, ensuring better value for money through a cost/benefit analysis, and avoiding any unnecessary proliferation of agencies; such proposals may provide, for bodies entrusted with similar tasks, for the setting-up of common boards;
38. Considers it out of the question, on grounds of efficiency and cost, to expand further the administrative boards of the Community bodies during the forthcoming enlargement; takes the view that enlargement offers a good opportunity to reconsider thoroughly the composition and working methods of these administrative boards, which are already very ponderous as a rule; calls on the Commission to put forward appropriate proposals by 31 July 2003 to amend the constituent acts of Community bodies accordingly and, in so doing, to examine whether provision could be made for common administrative boards for bodies with similar responsibilities;
39. Recalls the Court of Auditors' observation <sup>(2)</sup> that there is a risk of directors of Community bodies becoming too dependent on the Commission; calls therefore on the Commission to submit by 31 July 2003 an amendment to the constituent acts of the agencies to ensure that the directors of Community bodies may in future be appointed only with the assent of Parliament;
40. Invites the Commission to make an overall study of activities currently deployed by various Community bodies that may overlap or serve the same goals in order to propose appropriate solutions including possible mergers of agencies; notes that the Commission has stated a possible overlap between Cedefop and the ETF in the field of vocational training and between the Foundation for the improvement of Working and Living Conditions and the Agency for Health and Safety and Work <sup>(3)</sup>;
41. Invites the Commission furthermore, in line with its proposal on European governance aimed at concentrating its activity on the core tasks, to include in its action programme the appropriate proposals with a view to ensuring that overlapping between the activities of its services and those of the agencies is avoided.

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<sup>(1)</sup> OJ L 136, 31.5.1999, p. 15.

<sup>(2)</sup> Opinion 10/2002 of the Court of Auditors on a Commission proposal for amendment of the constituent acts of Community bodies following the adoption of the new Financial Regulation (OJ C 285, 21.11.2002, p. 4).

<sup>(3)</sup> See working document from DG-budget on the management costs and analytical accounts of the decentralised agencies.

**EUROPEAN PARLIAMENT DECISION****of 8 April 2003****concerning discharge in respect of the implementation of the budget of the European Coal and Steel Community (ECSC) for the financial year 2001**

(2003/420/ECSC)

THE EUROPEAN PARLIAMENT,

- having regard to the report of the Court of Auditors on the financial statements of the ECSC as at 31 December 2001 <sup>(1)</sup>,
  - having regard to the Court of Auditors' Annual Report and Statement of Assurance concerning the ECSC for the financial year 2001, together with the Commission's replies (C5-0556/2002) <sup>(2)</sup>,
  - having regard to the ECSC Treaty and, in particular, Article 78g thereof,
  - having regard to Rules 93 and 93a of and Annex V to its Rules of Procedure,
  - having regard to the Council Recommendation of 7 March 2003 (C5-0087/2003),
  - having regard to the report of the Committee on Budgetary Control (A5-0068/2003),
1. Grants discharge to the Commission in respect of the implementation of the budget of the ECSC on the basis of the figures shown in the annex below relating to the implementation of the ECSC operating budget for the 2001 financial year;
  2. Records its comments in the accompanying resolution;
  3. Instructs its President to forward this decision and the accompanying resolution to the Council, the Commission, the Court of Justice, the Court of Auditors, the Economic and Social Committee and the European Investment Bank and to have them published in the *Official Journal of the European Union* (L series).

*The Secretary-General*

Julian PRIESTLEY

*The President*

Pat COX

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<sup>(1)</sup> OJ C 158, 3.7.2002, p. 2.<sup>(2)</sup> OJ C 302, 5.12.2002.

**RESOLUTION****of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the budget of the European Coal and Steel Community (ECSC) for the financial year 2001**

THE EUROPEAN PARLIAMENT,

- having regard to Articles 78g and 97 of the ECSC Treaty,
- having regard to the Protocol on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for coal and steel <sup>(1)</sup> annexed to the Treaty establishing the European Community approved in Nice on 26 February 2001,
- having regard to Article 89(7) of the Financial Regulation of 21 December 1977 <sup>(2)</sup> and to Article 147(1) of the Financial Regulation of 25 June 2002 <sup>(3)</sup>, pursuant to which the Community institutions are to take all appropriate steps to act on the observations accompanying the discharge decision,
- having regard to the ECSC Financial Report for the 2001 financial year, published by the Commission's Directorate-General for Economic and Financial Affairs (Financial Operations Service) <sup>(4)</sup>,
- having regard to the report by the European Court of Auditors on the financial statements of the European Coal and Steel Community as at 31 December 2001 <sup>(5)</sup>,
- having regard to the Court of Auditors' Annual Report and Statement of Assurance concerning the ECSC for the financial year 2001, together with the Commission's replies (C5-0556/2002) <sup>(6)</sup>,
- having regard to the Joint Declaration of the European Parliament, the Council and the Commission concerning post-ECSC arrangements adopted on 21 November 2001 in the context of the 'trialogue' budgetary procedure (Council of the European Union) <sup>(7)</sup>,
- having regard to the Council Recommendation of 7 March 2003 (C5-0087/2003),
- having regard to the resolutions of the Council and of the Representatives of the Governments of the Member States, meeting within the Council, of 20 July 1998 and 21 June 1999 <sup>(8)</sup> concerning the expiry of the Treaty establishing the European Coal and Steel Community,
- having regard to the Decision taken by the Representatives of the Governments of the Member States, meeting within the Council, of 27 February 2002 on the financial consequences of the expiry of the ECSC Treaty and on the research fund for coal and steel <sup>(9)</sup> in order to govern the administration of the 'ECSC in liquidation' pending the entry into force of the Treaty of Nice, and having regard to the statements made in connection therewith by the Commission and the Representatives of the Governments of the Member States, meeting within the Council <sup>(10)</sup>,
- having regard to the Council Decision of 1 February 2003 <sup>(11)</sup> establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel,

<sup>(1)</sup> OJ C 80, 10.3.2001, p. 67

<sup>(2)</sup> OJ L 356, 31.12.1977, p. 1.

<sup>(3)</sup> OJ L 248, 16.9.2002, p. 1.

<sup>(4)</sup> ISBN 92-894-3735-9.

<sup>(5)</sup> OJ C 158, 3.7.2002, p. 2.

<sup>(6)</sup> OJ C 302, 5.12.2002.

<sup>(7)</sup> SN 4609/01 Rev 1.

<sup>(8)</sup> OJ C 247, 7.8.1998, p. 5 and OJ C 190, 7.7.1999, p. 1.

<sup>(9)</sup> OJ L 79, 22.3.2002, p. 42.

<sup>(10)</sup> OJ L 79, 22.3.2002, p. 60.

<sup>(11)</sup> OJ L 29, 5.2.2003, p. 22.

- having regard to the Council Decision of 1 February 2003 <sup>(1)</sup> laying down multiannual financial guidelines for managing the assets of the ECSC in liquidation and, on completion of the liquidation, of the Research Fund for Coal and Steel,
  - having regard to the Council Decision of 1 February 2003 <sup>(2)</sup> laying down the multiannual technical guidelines for the research programme of the Research Fund for Coal and Steel,
  - having regard to the communication from the Commission to the Council, the European Parliament, the ECSC Consultative Committee, the Economic and Social Committee and the Committee of the Regions entitled 'Expiry of the ECSC Treaty – Financial activities after 2002' (COM(2000)518),
  - having regard to the follow-up report of 3 February 2003 presented by the Commission in relation to the Parliament's decision concerning discharge in respect of the implementation of the budget of the ECSC for the 2000 financial year,
  - having regard to Rules 93 and 93a of and Annex V to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0068/2003),
- A. whereas, in the light of the expiry of the ECSC Treaty, the ECSC has not granted any new loans (from borrowed funds) since 1997, and whereas, as in the previous year, it did not engage in any borrowing activity in 2001, although, as at 31 December 2001, loans outstanding amounted to EUR 1 150 million from borrowed funds and EUR 117 million from own funds,
- B. whereas, in 2001, the ECSC continued to finance research and redeployment of workers with an additional EUR 77 million for the first and EUR 80 million for the second of these purposes from its operating budget and with a further commitment of EUR 27 million for the Rechar programme of social measures in the coal industry,
- C. whereas, since 1 January 1998, the ECSC levy on coal and steel products, which had, until then, been one of the main resources of the ECSC budget, has been set by the Commission at 0 %,
- D. whereas the ECSC's main sources of funding are now represented by the net balance from the management of the various reserves and the cancellation of commitments which have not been implemented,
- E. whereas the ECSC balance sheet, which has been in decline since 1997, shows a fall in 2001 of EUR 684 million compared with 2000, with loans to credit institutions and to customers representing 48,2 % of total assets,
- F. whereas net losses on financial operations fell from EUR 24 million to EUR 12 million, and whereas interest received fell from EUR 249 million to EUR 215 million and net profit on financial transactions from EUR 26 million to EUR 19 million, with income relating to the ECSC operating budget also falling from EUR 75 million to EUR 65 million,
- G. whereas it was possible, as at 23 July 2002, to cover in full from reserves loans still outstanding which are not covered by guarantees from a Member State, and whereas the amount of those loans was calculated at EUR 580 million as at 31 December 2001 and was covered in full by the Guarantee Fund,
- H. whereas, as at 23 July 2002, the liquid assets administered by the ECSC stood at EUR 1,6 billion and the various reserves at EUR 945 million,

<sup>(1)</sup> OJ L 29, 5.2.2003, p. 25.

<sup>(2)</sup> OJ L 29, 5.2.2003, p. 28.

- I. whereas the resolution of the European Council on growth and employment adopted in Amsterdam on 16 and 17 June 1997 and the above-mentioned resolution of the European Council of 21 June 1999 call for the revenues of outstanding reserves to be used for a research fund for activities related to the coal and steel industries,
- J. whereas the sum remaining after deduction of repayment of outstanding debt should be deemed to be 'own resources' in terms of the EU budget which should yield annual interest amounting to approximately EUR 60 million, to be allocated to research related to the coal and steel industries (outside the Framework programme for research),
- K. whereas the expiry of the ECSC Treaty on 23 July 2002 entailed the complete disappearance of the ECSC's legal regime and procedures and the dissolution of the Consultative Committee set up by that Treaty,
- L. whereas the annual report on the ECSC for the financial year 2001 was adopted by the Court of Auditors on 6 June 2002,
- M. whereas the Court of Auditors concludes that the financial statements give a true and fair view of the assets and financial situation of the European Coal and Steel Community as at 31 December 2001 and of the results of its operations for the financial year ending on the same date,
- N. whereas the Court of Auditors notes that, on the whole, the legality and regularity of the transactions are adequately guaranteed and therefore proposes giving a positive Statement of Assurance.
1. Welcomes the progress made in connection with the cessation of the activities of the ECSC and, in particular, the above-mentioned Decision of the Representatives of the Governments of the Member States, meeting within the Council, of 27 February 2002 on the financial consequences of the expiry of the ECSC Treaty and on the research fund for coal and steel, which created the requisite legal basis for the 'ECSC in liquidation' pending the entry into force of the Treaty of Nice on 1 February 2003;
  2. Urges the Commission to publish, by the end of 2003 and in all the official languages, an overview of the work undertaken by the ECSC since it was established;
  3. Urges the Commission, further, to carry out, by the end of 2003, an overall assessment of research originally funded by the ECSC, in particular an assessment of the coal research programme and of the criteria proposed for the selection of new coal research projects, as has already been done for the steel sector; regards such assessments as an important basis for the work of the proposed new Research Fund for Coal and Steel;
  4. Notes that all of the loans outstanding after 23 July 2002 which are not covered by guarantees from a Member State will be covered in full by the ECSC reserves and acknowledges the strategy adopted by the Commission of prudent financial management of the ECSC up to the expiry of the Treaty; notes that the same considerations must apply to the 'ECSC in liquidation';
  5. Notes the progress in reducing administrative costs reported in the document entitled 'Expiry of the ECSC Treaty: Impact on the Administrative Costs at the Commission' (submitted to the Committee on Budgetary Control by Commissioner Schreyer on 8 March 2001); calls, however, for this information and the estimates to be updated and calls on the Commission to inform Parliament at regular intervals of the outcome of its Annual Policy Strategy with regard to redeployment of staff members involved in administering the activities of the ECSC and/or of the 'ECSC in liquidation';
  6. Welcomes the progress made in transferring to the Economic and Social Committee (ESC) the experience acquired in the context of the ECSC and, in particular, the fact that the Economic and Social Committee's new Consultative Commission on Industrial Change (CCIC), which consists of

members of the ESC and of delegates from the professional organisations representing the coal and steel sector and related sectors, was established on 24 October 2002 and that it held its inaugural meeting on 28 November 2002; invites the CCIC to publish the findings of its deliberations on a regular basis in all the official languages;

7. Welcomes the successful conclusion of the negotiations with the applicant countries concerning conditions for their participation in the new Research Fund for Coal and Steel, whereby the payment of their contributions, which will be determined in accordance with the size of their mineral resources, will be staggered to take account of their respective economic situations, and calls on the Commission to give it regular progress reports on the implementation of the decisions taken as a result of those negotiations;
8. Calls on the Commission to review all outstanding commitments systematically before the end of 2003 and to cancel any amounts in respect of which it is unlikely that there will be any movement in the future;
9. Calls on the Commission to explain forthwith why it has not yet improved the accounts relating to loans to officials, with particular reference to the presentation of the missing reports promised for the end of 2001 in its replies to point 22 of the Annual Report of the Court of Auditors concerning the ECSC for the financial year 2000 <sup>(1)</sup> and promised afresh, in its answers to points 14 and 15 of the Annual Report of the Court of Auditors concerning the ECSC for the financial year 2001, for the autumn of 2002;
10. Welcomes the introduction by the Commission of a performance measurement system with a view to securing comparative data on yields and expects these to be published in future financial reports relating to the ECSC and to the 'ECSC in liquidation';
11. Urges the Commission once again to ensure maximum transparency when disclosing data affecting the value of the ECSC's assets;
12. Stresses that it will continue to monitor the effective use of taxpayers' money, especially for the purpose of research in the areas of coal and steel, even after the liquidation of the ECSC.

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<sup>(1)</sup> OJ C 366, 20.12.2001, p. 1.

## ANNEX

ECSC BALANCE SHEET AS AT 31 DECEMBER 2001 <sup>(1)</sup>

## ASSETS

*(all figures in EUR)*

	31 December 2001	31 December 2000
Balance with central banks	63 130	84 650
Loans/advances to credit institutions	497 195 024	645 009 949
Loans/advances to customers	1 087 591 599	1 501 804 675
Securities	1 613 101 204	1 723 746 372
Tangible and intangible assets	0	0
Other assets	7 092 794	5 170 347
Prepayments and accrued income	82 534 005	96 173 610
<b>Total assets</b>	<b>3 287 577 756</b>	<b>3 971 989 603</b>
Off-balance-sheet commitments	310 674 984	430 881 628

## LIABILITIES

*(all figures in EUR)*

	31 December 2001	31 December 2000
<b>LIABILITIES VIS-À-VIS THIRD PARTIES:</b>		
Amounts owed to credit institutions	604 294 572	981 630 568
Debts evidenced by certificates	836 250 262	1 062 076 396
Other liabilities	301 104	7 494 034
Accruals and deferred income	78 061 265	91 947 305
<b>Total liabilities vis-à-vis third parties</b>	<b>1 518 907 203</b>	<b>2 143 148 303</b>
ECSC operating budget	530 720 948	835 516 282
<b>PROVISIONS:</b>		
Guarantee Fund	580 000 000	565 000 000
Provisions for major exposures	6 000 000	17 000 000
Other provisions	150 699 271	158 663 347
<b>Total provisions</b>	<b>736 699 271</b>	<b>740 663 347</b>
Budget for financing research in the coal and steel sector	240 000 000	0
<b>RESERVES AND SURPLUS:</b>		
Special Reserve	118 000 000	176 055 284
Former Pension Fund	40 000 000	74 577 321
Assets of the Coal and Steel Research Fund	92 632 605	0
Surplus brought forward	2 029 066	213 454
Surplus for the financial year	8 588 663	1 815 612
<b>Total reserves and surplus</b>	<b>261 250 334</b>	<b>252 661 671</b>
<b>Total liabilities</b>	<b>3 287 577 756</b>	<b>3 971 989 603</b>
Off-balance-sheet commitments	300 196 287	426 626 265

<sup>(1)</sup> OJ C 158, 3.7.2002, p. 2.

**PROFIT AND LOSS ACCOUNTS FOR YEAR ENDING 31 DECEMBER 2001 <sup>(1)</sup>**

*(all figures in EUR)*

CHARGES	31 December 2001	31 December 2000
Interest payable and similar charges	141 299 615	170 536 669
Commission paid	379 849	439 219
<b>NET LOSSES ON FINANCIAL OPERATIONS</b>		
Exchange-rate difference	268 248	862 006
Losses on bonds and other fixed-income securities	2 248 893	6 703 555
Value adjustments for bonds and other fixed-income securities	6 760 668	2 960 265
Value adjustments for shares and other variable-income securities	3 072 877	13 920 110
<b>Total losses on financial operations</b>	<b>12 350 686</b>	<b>24 445 936</b>
Administrative overheads	5 000 000	5 000 000
Value adjustments for land and buildings	0	166 180
Other operating charges	1 711 089	315 884
Value adjustments for loans and advances	4 743 980	12 590 342
Allocation to the Guarantee Fund	15 000 000	12 000 000
Allocation to other provisions for liabilities and charges	2 057 973	17 134 135
<b>Total value adjustments for loans and provisions</b>	<b>21 801 953</b>	<b>41 724 477</b>
Extraordinary charges	31 139	270 668
Legal commitments for the financial year	184 554 560	129 942 347
Allocation to the budget for financing coal and steel research	240 000 000	0
<b>Total charges</b>	<b>607 128 891</b>	<b>372 841 380</b>
Surplus for the financial year	8 588 663	1 815 612
<b>Total</b>	<b>615 717 554</b>	<b>374 656 992</b>
<b>INCOME</b>		
Interest receivable and similar income	214 741 377	248 795 316
Commissions received	253 300	93 400
Net profit on financial operations	19 075 670	26 444 507
Withdrawals of value adjustments for loans and advances and from the provisions for liabilities and commitments	63 955 793	14 155 711
Other operating income	83 387	2 122 461
Extraordinary income	1 879 316	2 427 191
Income relating to the ECSC operating budget	64 523 231	74 618 406
Withdrawal from the provision for financing the ECSC operating budget	251 205 480	6 000 000
<b>Total income</b>	<b>615 717 554</b>	<b>374 656 992</b>

<sup>(1)</sup> OJ C 158, 3.7.2002, p. 4.

## ANALYSIS OF THE RESULT FOR THE FINANCIAL YEAR

Out-turn of the ECSC operating budget <sup>(1)</sup>

(all figures in EUR)

	31 December 2001	31 December 2000
<i>Expenditure</i>		
Administrative expenditure	5 000 000	5 000 000
Legal commitments	184 554 560	129 942 347
Financing of future operating budgets	0	0
<b>Total</b>	<b>189 554 560</b>	<b>134 942 347</b>
<i>Revenue</i>		
Levy	—	—
Fines	4 540 000	—
Repayment of interest subsidies	826 462	1 955 203
Miscellaneous	1 158 428	1 035 599
Financing of future operating budgets	77 000 000	6 000 000
Cancellations of legal commitments	57 998 341	71 627 605
Net balance for the year	48 031 329	54 323 940
<b>Total</b>	<b>189 554 560</b>	<b>134 942 347</b>
<b>Budget out-turn</b>	<b>0</b>	<b>0</b>

Analysis of the result for the financial year including non-budgetary operations <sup>(2)</sup>

(all figures in EUR)

Result	31 December 2001	31 December 2000
<b>Gross operating margin before changes in provisions</b>		
— Lending/borrowing operations	1 485 339	2 179 046
— Interest on bank accounts	1 919 600	2 604 998
— Transactions concerning portfolio securities	78 473 087	78 095 255
— Losses on loans and advances	-1 376 363	—
— Exchange-rate difference	-268 248	-862 006
— Miscellaneous	27 257	1 691 025
<b>Total</b>	<b>80 260 672</b>	<b>83 708 318</b>
<b>Net changes in provisions</b>		
— Provision for liabilities and charges	1 419 117	-3 134 135
— Provision for major exposures	11 000 000	1 000 000
— Value adjustments in respect of loans and advances	44 734 723	565 369
— Provision for financing the operating budget/budgetary contingencies	174 205 480	-14 000 000
— Budget for financing coal and steel research	-240 000 000	—
— Guarantee Fund	-15 000 000	-12 000 000
Result after changes in provisions	56 619 992	56 139 552
Amount allocated to financing the ECSC operating budget (= net balance)	-48 031 329	-54 323 940
<b>Result after deducting the net balance but before allocation of the surplus</b>	<b>8 588 663</b>	<b>1 815 612</b>

<sup>(1)</sup> OJ C 158, 3.7.2002, p. 19.<sup>(2)</sup> OJ C 158, 3.7.2002, p. 18.