

Official Journal

of the European Union

L 196

Volume 48

27 July 2005

English edition

Legislation

Contents	I Acts whose publication is obligatory	
	
	II Acts whose publication is not obligatory	
	European Parliament	
	2005/529/EC, Euratom:	
	★ Decision of the European Parliament of 12 April 2005 on the discharge for implementing the general budget of the European Union for the financial year 2003, Section III — Commission	1
	2005/530/EC, Euratom:	
	★ Decision of the European Parliament of 12 April 2005 on closing the accounts in respect of the implementation of the general budget of the European Union for the financial year 2003, Section III — Commission	3
	Resolution of the European Parliament containing the comments which are an integral part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section III — Commission	4
	2005/531/EC, Euratom:	
	★ Decision of the European Parliament of 12 April 2005 on the discharge for implementing the general budget of the European Union for the financial year 2003, Section I — European Parliament	26
	Resolution of the European Parliament containing the comments which are an integral part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section I — European Parliament	28
	2005/532/EC:	
	★ Decision of the European Parliament of 12 April 2005 on the discharge for implementing the general budget of the European Union for the financial year 2003, Section II — Council	39
	Resolution of the European Parliament containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section II — Council	40

Price: EUR 26

(Continued overleaf)

EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other acts are printed in bold type and preceded by an asterisk.

2005/533/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge for implementing the general budget of the European Union for the financial year 2003, Section IV — Court of Justice** 42

Resolution of the European Parliament containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section IV — Court of Justice 43

2005/534/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge for implementing the general budget of the European Union for the financial year 2003, Section V — Court of Auditors** 46

Resolution of the European Parliament containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section V — Court of Auditors 47

2005/535/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VI — European Economic and Social Committee** 50

Resolution of the European Parliament containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VI — European Economic and Social Committee 51

2005/536/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VII — Committee of the Regions** 53

Resolution of the European Parliament containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VII — Committee of the Regions 54

2005/537/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VIII — Ombudsman** 57

Resolution of the European Parliament containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VIII — Ombudsman 58

2005/538/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2003** 60

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2003 61

2005/539/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Director of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2003** 68

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2003 69



2005/540/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Director of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2003** 74

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2003 75

2005/541/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Executive Director of the European Environment Agency in respect of the implementation of its budget for the financial year 2003** 80

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Environment Agency in respect of the implementation of its budget for the financial year 2003 81

2005/542/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Director of the European Agency for Safety and Health at Work in respect of the implementation of its budget for the financial year 2003** 86

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Agency for Safety and Health at Work in respect of the implementation of its budget for the financial year 2003 87

2005/543/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Executive Director of the European Agency for the Evaluation of Medicinal Products in respect of the implementation of its budget for the financial year 2003** 93

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Agency for the Evaluation of Medicinal Products in respect of the implementation of its budget for the financial year 2003 94

2005/544/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Director of the Translation Centre for the bodies of the European Union in respect of the implementation of its budget for the financial year 2003** 100

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the Translation Centre for the bodies of the European Union in respect of the implementation of its budget for the financial year 2003 101

2005/545/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Administrative Director of Eurojust in respect of the implementation of its budget for the financial year 2003** 107

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Administrative Director of Eurojust in respect of the implementation of its budget for the financial year 2003 108

2005/546/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Director of the European Training Foundation in respect of the implementation of its budget for the financial year 2003** 113

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Training Foundation in respect of the implementation of its budget for the financial year 2003 114

2005/547/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Director of the European Monitoring Centre for Drugs and Drug Addiction in respect of the implementation of its budget for the financial year 2003** 120

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Monitoring Centre for Drugs and Drug Addiction in respect of the implementation of its budget for the financial year 2003 121

2005/548/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Director of the European Monitoring Centre on Racism and Xenophobia in respect of the implementation of its budget for the financial year 2003** 126

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Monitoring Centre on Racism and Xenophobia in respect of the implementation of its budget for the financial year 2003 127

2005/549/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Executive Director of the European Food Safety Authority in respect of the implementation of its budget for the financial year 2003** 132

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Food Safety Authority in respect of the implementation of its budget for the financial year 2003 133

2005/550/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Executive Director of the European Maritime Safety Agency in respect of the implementation of its budget for the financial year 2003** 138

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Maritime Safety Agency in respect of the implementation of its budget for the financial year 2003 139

2005/551/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on the discharge to the Executive Director of the European Aviation Safety Agency in respect of the implementation of its budget for the financial year 2003** 144

Resolution of the European Parliament containing the comments accompanying the decision on the discharge to the Executive Director of the European Aviation Safety Agency in respect of the implementation of its budget for the financial year 2003 145

2005/552/EC:

- ★ **Decision of the European Parliament of 12 April 2005 concerning the discharge to the Commission for implementing the budget of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003** 150

2005/553/EC:

- ★ **Decision of the European Parliament of 12 April 2005 on closing the accounts of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003** 152

Resolution of the European Parliament containing the comments which are an integral part of the decision on the discharge to the Commission for implementing the budget of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003 155

II

(Acts whose publication is not obligatory)

EUROPEAN PARLIAMENT

DECISION OF THE EUROPEAN PARLIAMENT

of 12 April 2005

on the discharge for implementing the general budget of the European Union for the financial year 2003, Section III — Commission

(2005/529/EC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
- having regard to the final annual accounts of the European Communities, Financial year 2003, Volume I, Consolidated reports on implementation of the budget and consolidated financial statements (SEC(2004) 1181 — C6-0012/2005, SEC(2004) 1182 — C6-0013/2005) ⁽²⁾,
- having regard to the Commission's report on the follow-up to 2002 discharges (COM(2004) 0648 — C6-0126/2004),
- having regard to the Annual Report to the Discharge Authority on internal audits carried out in 2003 (COM(2004) 0740),
- having regard to the Court of Auditors' Annual Report for 2003 ⁽³⁾ and to its special reports accompanied by the replies of the institutions audited,
- having regard to the Statement of Assurance concerning 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 ⁽⁴⁾,
- having regard to the Council Recommendation of 8 March 2005 (C6-0077/2005),
- having regard to Articles 274, 275 and 276 of the EC Treaty and Articles 179a and 180b of the Euratom Treaty,
- 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 ⁽⁵⁾, in particular Articles 145, 146 and 147 thereof,

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 294, 30.11.2004, p. 1.

⁽³⁾ OJ C 293, 30.11.2004, p. 1.

⁽⁴⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

- having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽¹⁾,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0070/2005),
- A. Whereas under Article 274 of the EC Treaty the Commission implements the budget on its own responsibility, having regard to the principles of sound financial management,
1. Grants discharge to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2003;
 2. Records its comments in the attached resolution;
 3. Instructs its President to forward this Decision and the Resolution which is an integral part of it, to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Investment Bank and Member States' national and regional audit institutions, and to publish the texts in the *Official Journal of the European Union* (L series).

The President
Josep BORRELL FONTELLES

The Secretary-General
Julian PRIESTLEY

⁽¹⁾ OJ L 356, 31.12.1977, p. 1.

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on closing the accounts in respect of the implementation of the general budget of the European Union for the financial year 2003, Section III — Commission**

(2005/530/EC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
- having regard to the final annual accounts of the European Communities, Financial year 2003, Volume I — Consolidated reports on implementation of the budget and consolidated financial statements (SEC(2004) 1181 — C6-0012/2005, SEC(2004) 1182 — C6-0013/2005) ⁽²⁾,
- having regard to the Commission's report on the follow-up to 2002 discharges (COM(2004) 0648 — C6-0126/2004),
- having regard to the Annual Report to the Discharge Authority on internal audits carried out in 2003 (COM(2004) 0740),
- having regard to the Court of Auditors' Annual Report for 2003 ⁽³⁾ and to its special reports accompanied by the replies of the institutions audited,
- having regard to the Statement of Assurance concerning 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 ⁽⁴⁾,
- having regard to the Council Recommendation of 8 March 2005 (C6-0077/2005),
- having regard to Articles 274, 275 and 276 of the EC Treaty and Articles 179a and 180b of the Euratom Treaty,
- 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 ⁽⁵⁾, in particular Articles 145, 146 and 147 thereof,
- having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁶⁾,
- having regard to Rule 70 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0070/2005),

Whereas under Article 275 of the EC Treaty the Commission is responsible for drawing up the accounts,

1. Approves the closure of the accounts in respect of the implementation of the general budget for the financial year 2003;
2. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Investment Bank and Member States' national and regional audit institutions, and to publish the text in the *Official Journal of the European Union* (L series).

The President
Josep BORRELL FONTELLES

The Secretary-General
Julian PRIESTLEY

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 294, 30.11.2004, p. 1.

⁽³⁾ OJ C 293, 30.11.2004, p. 1.

⁽⁴⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁶⁾ OJ L 356, 31.12.1977, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments which are an integral part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section III — Commission**

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities, Financial year 2003, Volume I — Consolidated reports on implementation of the budget and consolidated financial statements (SEC(2004) 1181 — C6-0012/2005, SEC(2004) 1182 — C6-0013/2005) ⁽²⁾,
 - having regard to the Commission's report on the follow-up to 2002 discharges (COM(2004) 0648 — C6-0126/2004),
 - having regard to the Annual Report to the Discharge Authority on internal audits carried out in 2003 (COM(2004) 0740),
 - having regard to the Court of Auditors' Annual Report for 2003 ⁽³⁾ and to its special reports accompanied by the replies of the institutions audited,
 - having regard to the Statement of Assurance concerning 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 ⁽⁴⁾,
 - having regard to the Council Recommendation of 8 March 2005 (C6-0077/2005),
 - having regard to Articles 274, 275 and 276 of the EC Treaty and Articles 179a and 180b of the Euratom Treaty,
 - 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 ⁽⁵⁾, in particular Articles 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁶⁾,
 - having regard to Rule 70 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A6-0070/2005),
- A. Whereas implementation of EU policy is characterised mainly by 'shared management' between the Commission and the Member States.
- B. Whereas, according to Article 53(3) of the Financial Regulation, 'implementation tasks shall be delegated to Member States' where the Commission implements the budget by shared management, and whereas Member States must act in accordance with the guidelines adopted by the Union.

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 294, 30.11.2004, p. 1.

⁽³⁾ OJ C 293, 30.11.2004, p. 1.

⁽⁴⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁵⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁶⁾ OJ L 356, 31.12.1977, p. 1.

- C. Stressing again ⁽¹⁾ that the discharge procedure is a process seeking, *inter alia*, to improve financial management in the EU by improving the basis for decision-taking in the light of the Court of Auditors' reports and the replies and opinions of the institutions.
- D. Whereas the Commission has the right of initiative according to the Treaty, and whereas ultimate financial responsibility for implementation of the budget is indivisible and lies — with due consideration to the subsidiarity principle as adopted with Treaty of Maastricht — with the Commission, as laid down by Article 274 of the Treaty, and accordingly the appropriate checks on Community funds must be laid down.
- E. Whereas above all the Commission has an interest in ensuring that supervisory provisions are complied with in full,
- A. HORIZONTAL ISSUES
1. Regrets the Court's misleading statement as regards the outstanding commitments on the structural funds, which at the end of 2003 represented 'five years' worth of payments at the current spending rate (...) (0.6) as this figure includes the years 2004 to 2006 which in 2003 could not be committed; recalls that unused funds are reimbursed to the Member States at the end of the period;
2. Welcomes the fact that the introduction of the rule $n+2$ (year of commitment $+2$) has largely contributed to solving this problem, such that for the last two years there has been an absorption of more than 99 % of the structural funds;
3. Invites the Commission, also bearing in mind the post-2006 Financial Perspective, to find a balance between the preparation of policy and the process of accounting for its proper implementation, and calls on it to undertake a critical analysis by reconsidering the distribution of power within the Commission (governance set-up) as well as administrative processes;
4. Further invites the Commission to include implementation costs and administrative burdens for Member States and final beneficiaries in the extended impact assessment for new Regulations, thereby creating checks and balances to keep the costs of implementation and the administrative burden within acceptable bounds;

Reliability of the accounts — qualified opinion

5. Notes that, except for the effects of the absence of effective internal control procedures for miscellaneous revenues and advances, the Court is of the opinion that the consolidated annual accounts of the European Communities and the notes thereto faithfully reflect the revenue and expenditure of the Communities for the year 2003 and their financial position at the year-end (Statement of Assurance, paragraphs II and III);
6. Draws attention to the following extracts from the 'Annual Report to the Discharge Authority on Internal Audits carried out in 2003 ⁽²⁾' as regards the accounting and management information systems:

'(...) the accounting function within DGs needs to be strengthened and professionalised so that within and across DGs the Commission and its management can have systemic assurance that the accounts are complete, accurate and relevant' (page 5),

'systems must ensure that the accounts capture all relevant information' (page 5),

'Management and external stakeholders need to have assurance that the numbers represent reality' (page 6),

⁽¹⁾ OJ L 330, 4.11.2004, p. 82.

⁽²⁾ COM(2004) 0740.

- and concludes that the wording indicates that:
- there is no systemic assurance that accounts are complete, accurate and relevant,
 - systems do not ensure that the accounts capture all relevant information,
 - management and external stakeholders do not have assurance that the numbers represent reality;
7. Regrets that the distribution of power in the governance structure in the Commission downgrades the role of the Accounting Officer to aggregating the information on the accounts that he receives from the authorising officers; believes that the Accounting Officer should assume overall responsibility for the integrity of the accounts for the Institution as a whole, and not rely exclusively on more than 30 individual delegated authorising officers;
 8. Expects the Accounting Officer to sign off the accounts, not the note accompanying the accounts, thereby accepting personal responsibility for the figures presented in them, and, if there are qualifications, to explain exactly the nature and scope of the reservations made; underlines the difference between the formal adoption of the accounts by the College and the certification of the accounts as a true and fair record by the Accounting officer; invites the Commission, once again ⁽¹⁾, to submit the requisite legislative proposals for amendment of the Financial Regulation and/or the implementing provisions relating thereto;
 9. Regrets the Commission's resistance to upgrading the role of the Accounting Officer; stresses that the certification of the accounts is a fundamental element in the control structure and that other elements in the overall control structure are seriously weakened as long as this element is missing; agrees with the thrust of the recent reform of financial management in the Commission which was to give responsibility to each Director-General; is however convinced that the assurance given by the Directors-General must be supported by an overall assurance by the Accounting Officer, who shall be fully accountable and have the necessary means to fulfil this duty;
 10. Expects the Commission to include in the proposal for revision of the Financial Regulation provisions which require the Accounting Officer to certify the accounts, e.g. on the basis of systemic validations or spot checks; considers that the Accounting Officer must be upgraded to Chief Financial Officer (CFO), assuming the role of the management's institutional counterweight to its 39 services, and that his current role, in which he merely gives a very formal validation of information received from the Directors-General without being free to make his own qualifications where required (Financial Regulation, Article 61), is contrary to the aim of the financial management reform;
 11. Stresses that the upgrading of the Accounting Officer is not a retrograde step back the old system, in which the then 'Financial Controller' had an authorisation role for payments and commitments and performed *ex ante* transaction checks; stresses the difference between the old system and the upgrade the Accounting Officer so that he will be able to perform *ex ante* system checks and *ex post* spot checks of transactions; regrets that the Commission continues to advance the misleading and erroneous argument that an enhanced role for the Accounting Officer in the control structure is a move back to the old system and that the Accounting Officer's signature of the accounts is a mere formality;
 12. Informs the Commission that it cannot accept any purely cosmetic improvement as regards the Accounting Officer's role; expects the Financial Regulation to include a requirement of a declaration from the Chief Financial Officer in which he, on his own account and not on the basis of information received from the Directors-General, declares that the accounts present a true and fair view and that the underlying transactions are legal and regular;
 13. Fails to understand how the Court of Auditors can for 10 years have given a negative Statement of Assurance on payment appropriations whilst at the same time giving a *de facto* clean opinion on the Commission's general accounts; would appreciate a short written explanation from the Court on the matter;

⁽¹⁾ Paragraph 21 of its resolution of 4 December 2003 (OJ C 89 E, 14.4.2004, p. 153) and paragraph 68 of its resolution of 21 April 2004 on the discharge for 2002 (OJ L 330, 4.11.2004, p. 82).

14. Recalls that on 17 December 2002 the Commission approved an action plan for the modernisation of the European Communities' accounting system which should be operational as from 1 January 2005; emphasises that the operation of drawing up the opening balance sheet is crucial to the success of the transition from a cash-based accounting system to an accruals-based system;

Court of Auditors' global assessment 2003 — no reasonable assurance

15. Notes with disappointment that, once again, the Court 'has no reasonable assurance that the supervisory systems and controls of significant areas of the budget are effectively implemented (by the Member States) so as to manage the risks concerning the legality and regularity of the underlying operations' (0.4);

Court of Auditors' specific assessment

16. Recalls the Court's specific conclusions as regards payment expenditure:
- agriculture: 'There is still room for progress as regards agricultural expenditure in its entirety in order to rectify the significant shortcomings observed in the supervisory systems and controls' (Statement of Assurance, paragraph VI(a)),
 - structural funds: '... persistent weaknesses at Member State level in the systems for supervising and controlling the implementation of the EU budget ...' (Statement of Assurance, paragraph VI(b)),
 - internal policies: '... the improvements noted in the supervisory systems and controls are not yet sufficient to prevent significant errors ...' (Statement of Assurance, paragraph VI(c)),
 - external actions: '... it is essential that the tools needed to supervise and control systems and expenditure should become operational with a view to making the improvements which are still necessary' (Statement of Assurance, paragraph VI(d)),
 - pre-accession aid: 'shortcomings in the supervisory systems and controls which had already been identified in 2002 resulted in errors and greater risks affecting the legality and regularity of the transactions' (Statement of Assurance, paragraph VI(e)),
 - shared management: 'In the area of shared or decentralised management ... a greater effort must be made to apply the supervisory systems and controls in an effective manner so as to improve the handling of the attendant risks' (Statement of Assurance, paragraph VIII);
17. Notes that the Court's findings clearly identify the main problems as regards the legality and regularity of the underlying transactions as being located first and foremost at Member State level and to a lesser degree at Commission level;
18. Takes the view that, in cases involving shared management of Community funds, the Commission must, as a matter of urgency, find ways to improve accountability at Member State level by dealing efficiently with the 'delegation risk' which results from the fact that the Commission, whilst having final budget responsibility for all its expenditure, is also required to bear that responsibility when EU funds are expended in shared management with Member States;

Delegation risk

19. Notes that, while Member States are in charge of the implementation of the majority of the EU budget, the European Commission bears ultimate responsibility for implementation and, with due consideration to the subsidiarity principle as adopted with the Treaty of Maastricht, hence, also for control measures within Member States and the Commission itself;
20. Notes that the distinction between the financing and the implementation of a Community policy gives rise to the so-called 'delegation risk', which concerns matters such as:
- (a) recognition of the fact that Member States and beneficiaries do not always give the same attention to the spending of European money as to the spending of national money;

- (b) the heterogeneous quality of Member States' control standards and the notable absence of involvement of most national audit institutions in seeking assurance that European funds are being used regularly and legally for the intended purposes;
 - (c) the excessive reliance placed on legal and contractual definitions of control mechanisms without any sufficient attempt to base the relationship between the Commission and the Member States' administrative authorities on principles of good governance and good accountability;
 - (d) the *ex post* nature of recovery mechanisms, which diverts attention from the need for remedial action to be taken as early as possible and in many cases allows errors to be repeated over too long a period;
 - (e) the lengthy chain of events leading from budget commitment to receipt by the final beneficiaries, which requires major efforts to ensure that the audit trail can be followed;
 - (f) the limited substantive testing of samples that can be carried out from a practical standpoint as compared to the total number of transactions;
21. Takes the view that these problems cannot only be resolved by centrally imposed controls, and that the current situation clearly demonstrates the need for new instruments to enhance the Commission's insight into the Member States' management and control systems; considers that only sufficiently comprehensive *ex ante* disclosure in a formal Disclosure Statement and an annual *ex post* Declaration of Assurance as regards the legality and regularity of the underlying transactions from each Member State's highest political and managing authority (Finance Minister), as suggested several times by the Commission's Internal Audit Service ⁽¹⁾, will enable the Commission to fulfil its obligations under Article 274 of the Treaty;
22. Invites the Commission to present before 1 October 2005 an initial report exploring the road map to a protocol with Member States in which the managing authority (Finance Minister) will declare, prior to disbursement and on an annual basis, that proper control systems, capable of providing adequate assurance for Commission accountability purposes, are in place;
23. Recommends that this report require that the annual Disclosure Statement includes:
- (a) a description of the control systems by the managing authority of a Member State;
 - (b) an assessment of the effectiveness of these control systems;
 - (c) a remedial action plan if necessary, drawn up by the managing authority of the Member State in consultation with the Commission;
 - (d) confirmation of the description by a national audit institution or another external auditor, and
- recommends further that this report specify the rights of the Commission to verify the Disclosure Statement, and establish clear legal authority for penalties affecting the overall funding of the Member State concerned, in the event of inadequate disclosure;
24. Considers it inappropriate to decide the appropriations for shared management policy for the period after 2007 without giving a concrete answer to the remarks of the Court of Auditors and substantially improving the control mechanisms in the Member States;
25. Advises the Commission and the Council of the difficulties involved in concluding an Interinstitutional Agreement on the new Financial Perspective until the principle of disclosure statements from each Member State's highest political and managing authority (Finance Minister) as described in paragraphs 21 to 23 has been fully accepted and its operational implementation given status as a matter of priority;

⁽¹⁾ See 'Annual Report to the Discharge Authority on Internal Audits carried out in 2003' (COM(2004) 0740), p. 6.

26. Takes the view that progress in the European Union's financial management is not possible without Member States' active participation, and that this 'participation' must be anchored at political level;
27. Is convinced that a Finance Minister will prefer to establish properly functioning supervisory systems and controls instead of running the risk of having to explain to his/her Parliament why the national purse has to repay substantial sums to the European Union;
28. Calls on the Commission to be more rigorous in its supervision of paying agencies and less tolerant of incompetence, by considering the feasibility of:
 - requiring all payment agencies to be audited annually by an external auditor,
 - establishing performance targets,
 - suspending payments when clearly defined performance targets are not met and ensuring that agencies were made aware in advance that this would be the inevitable consequence of poor performance,
 - removing agencies which fail regularly to meet performance targets,
 - making agencies financially responsible for their mistakes;

The Court of Auditors' Statement of Assurance ...

29. Recalls that since the Maastricht Treaty entered into force the Court is required each year to provide Parliament and the Council with a Statement of Assurance (known as the 'DAS', which is the abbreviation of the French 'déclaration d'assurance') as to the reliability of the accounts and the legality and regularity of the underlying transactions;
30. Stresses that the decision as to the criteria and method by which the Court would arrive at the DAS was left to its discretion and not prescribed by the legislative authority;
31. Recalls that, initially, the Court based its audit opinion entirely on a statistical method which consisted of the direct substantive testing of a global sample and the extrapolation of a most likely error rate;

... and its inherent problems

32. Summarises as follows some of the limitations inherent in, and the nature of, the DAS, inasmuch as these elements must be taken into consideration when assessing the results of the DAS analysis and the effects of these results on the decision whether or not to grant discharge, as well as possible future improvements of the DAS methodology:
 - (a) the DAS is a part of the financial audit carried out by the Court; as such the objective is to obtain assurance as to the regularity and legality of the underlying transactions; the typical financial audit questions are: 'Do the accounts present a true and fair view?' and 'How many errors were found in the transactions?';
 - (b) the DAS is only indirectly part of the performance audit ⁽¹⁾, which is wider in scope as it examines whether resources have been used in an optimal manner; the typical performance audit question is: 'Were resources spent wisely and used in accordance with the principles of economy, efficiency and effectiveness?';
 - (c) even if the DAS can show that the manner in which resources have been used is 100 % regular and legal, this does not give any indication as to whether the expenditure has provided value for money, because the DAS does not and cannot either pose the question or give the answer; in other words: money may be totally wasted even though it is used in an absolutely regular and legal manner;

⁽¹⁾ Also called 'sound financial management audit' or 'value for money audit'.

- (d) the focus actually given to the legality and regularity of the spending does not help to inform the legislator and the public as to whether the money has been spent effectively;
- (e) the DAS approach is a corollary of the political attention paid to the 'need' to reduce fraud and irregularity, but it does not significantly contribute to any reduction in waste;
- (f) the media very often misinterpret the current Statement of Assurance and present the negative DAS as evidence that more or less all EU funds are subject to fraud; this misleading picture may have a negative influence on citizens' attitudes to other EU issues such as the Constitution or the new Financial Perspective;
- (g) the DAS approach is not yet sufficiently able to identify progress: either the DAS is positive or negative; the methodology should be further developed in order to obtain sufficient information indicating which improvements have been made in each sector from year to year in the different Member States;

The current reform of the DAS ...

- 33. Acknowledges that, in recent years, the Court of Auditors has shown a degree of awareness of the criticisms raised and has attempted to reform the DAS methodology by widening the basis for its evaluation;
- 34. Notes that the global DAS is now the result of a consolidation of specific appraisals concerning own resources and each of the operational chapters of the Financial Perspective, and that the sector-related assessments are now based on four sources of information:
 - (a) an assessment of the supervisory systems and controls;
 - (b) substantive transaction testing;
 - (c) review of the annual activity reports and declarations of the Directors-General at the Commission;
 - (d) evaluation of relevant results of other auditors;

... is a step in the right direction but seems to be too modest

- 35. Notes that the central question in the context of the DAS should be whether the supervisory systems and controls that have been implemented at Community and national level provide the Commission with a reasonable assurance as regards the legality and regularity of the underlying transactions;
- 36. Invites the Court to further improve the presentation of the global Statement of Assurance and the specific appraisals by continuing the trend towards a more comprehensive description of the reservations, and to include more explicit and specific information on weaknesses in the different sectors and Member States with a view to establishing an operational listing, drawn up on a risk-based approach, of the reservations which can be monitored over time;
- 37. Understands that the objective of examining a sample of transactions is no longer to calculate the most likely error rate, and that the results of the testing under the new approach are considered together with the results obtained in the other three pillars;
- 38. Invites the Court, in order to assess whether the new approach is fundamentally different from the initial approach, to provide further information on the relationship between the four sources of information of the sector-related assessments;
- 39. Invites the Court to explain in detail the degree to which it has been able to obtain audit results from 'other auditors' and the role which these results have played in the Court's judgement; notes the absence of references to results from other auditors in the Annual Report; would in particular appreciate information on results and difficulties as regards cooperation with 'other auditors' in the different Member States, as these 'other auditors' also include national audit institutions which enjoy complete autonomy vis-à-vis the European institutions;

40. Considers that, although it is a step in the right direction, the present reform of the DAS is not sufficient to correct the limitations and shortcomings listed above; welcomes the fact that the new approach provides some insight into regularity per sector, but regrets that insight into regularity of expenditure per Member State is still not sufficiently available; finds that the DAS is still an instrument which is based too much on analysis of transactions and individual errors; finds, therefore, that the analysis of the functioning of supervisory and control systems should be strengthened with a view to proposing concrete improvements of such systems and identifying the origin of the weaknesses ascertained;
41. Invites the Court to develop further its qualitative DAS approach in order to take sufficiently into account the multi-annuality of many of the programmes and corresponding compensatory controls such as *ex post* audits and clearance of accounts corrections, which serve to protect the EU budget by providing for recovery of undue payments; would appreciate it if the Court would present a Special Report on this crucial issue and thereby clarify the relationship between *ex ante* controls and *ex post* verifications;
42. Stresses that although compensatory controls are an important element of supervisory systems and controls, they cannot compensate for deficiencies in supervisory systems and controls or, indeed, in policy formulation as such;
43. Regrets in this respect the increasing number of references for preliminary rulings on the interpretation and validity of Community law; stresses the importance of avoiding poor Community legislation because it has a negative effect on the performance of the Union and leads to legal uncertainty among persons, institutions and enterprises subject to it in the Member States; notes the Court's unambiguous statement as regards the research framework programmes, where '(significant errors of legality and regularity in terms of payments) are likely to persist if the rules governing the programmes are not revised' (Statement of Assurance, paragraph VI(c));
44. Invites the Commission to reduce the risks of error in the claims on Community funding by ensuring that Community legislation includes clear, workable rules regarding the eligibility of costs, and that it requires the imposition of dissuasive and proportionate administrative penalties when eligible costs are found to have been overstated;

Single audit

45. Recalls that in paragraph 48 of its 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⁽¹⁾, it requested the Court to provide an opinion 'on the feasibility of introducing a single audit model in relation to the EU budget in which each level of control builds on the preceding one, with a view to reducing the burden on the auditee and enhancing the quality of audit activities, but without undermining the independence of the audit bodies concerned';
46. Also recalls that the Commission was requested by the same decision to prepare a report on the same subject, and notes that the Commission has not yet done so;
47. Welcomes the Court's Opinion No 2/2004⁽²⁾ on the 'single audit' model, which it considers to be a very important contribution to the debate on the DAS and therefore deserving of close study by all concerned; notes that the opinion is not mainly about a 'single audit' model in the strict sense of this concept, meaning that a transaction is only subject to one audit by one authority, but first and foremost about the establishment of a 'Community internal control framework (CICF)' (paragraph 3);
48. Notes with particular interest the recommendations set out by the Court for an effective and efficient internal control framework:
 - (a) 'common principles and standards ... (are) to be applied at all levels of administration in the institutions and Member States alike' (paragraph 57),

⁽¹⁾ OJ L 158, 17.6.2002, p. 1.

⁽²⁾ OJ C 107, 30.4.2004, p. 1.

- (b) internal controls should 'provide reasonable' (not absolute) 'assurance on the legality and regularity of transactions, and compliance with the principles of economy, efficiency and effectiveness' (paragraph 57),
 - (c) the 'cost of the controls should be in proportion to the benefits they bring in both monetary and political terms' (paragraph 57),
 - (d) the 'system should be based around a logical chain structure where controls are undertaken, recorded and reported to a common standard, allowing reliance to be placed on them by all participants' (paragraph 57) ⁽¹⁾;
49. Wonders, in the light of the constant criticism levelled at the traditional DAS approach over the last 10 years, why these recommendations have not been published much earlier;
50. Takes the view that the proposed structure for a Community internal control framework could be an important instrument for the achievement of better and more efficient supervisory and control systems, and could thereby contribute to the much needed modernisation of the DAS methodology;
51. Underlines that accountability for the use of EU funds begins in the Member States and that disclosure statements, as described in paragraphs 21 to 23, by each Member State's highest political and managing authority (Finance Minister) must consequently form an integral part of the Community internal control framework;
52. Notes that the Community internal control framework is, as its name indicates, situated in the 'internal control' area and therefore does not deal with the players in the 'external audit' area;
53. Regrets that the Court has not presented any bold proposals as regards national audit institutions' participation in enhancing transparency and accountability (core elements of good public administration) at Member State level, especially inasmuch as the Court's audit results clearly show that that is where it is most needed;
54. Notes and welcomes the Netherlands Court of Auditors' initiative to publish each year an 'EU Trend Report' in which it examines financial management in the European Union and presents its opinion on the monitoring and control of the use of EU funds in the Netherlands ⁽²⁾; would like to encourage other national audit institutions to follow that initiative;
55. Invites the Commission to initiate discussions with the discharge authority, the Council and, with due respect to its independence, the Court of Auditors as an observer, and to draw up an action plan for the implementation of a Community internal control framework as soon as possible;
56. Further invites the Commission to make sure that the detailed proposals setting out the legal framework of the policy proposals made by the Commission as part of the political project for the Union until 2013 take full account of the elements contained in the 'Community internal control framework' and the principle of annual disclosure statements by each Member State's highest political and managing authority (Finance Minister) as described in paragraphs 21 to 23;
57. Invites the Court of Auditors to inform the EP's competent committee whether the Commission's proposals are in line with the 'Community internal control framework' and the principle of annual disclosure statements;

Improvement of the annual activity reports and declarations by Directors-General

58. Welcomes the fact that the Court of Auditors 'found that for the first time the Commission had presented an analysis of the degree of the assurance provided by the supervisory systems and controls with regard to the legality and regularity of the underlying transactions' and that it so assumed 'responsibility for the implementation of the budget ... by adopting as its own the Authorising Officers by delegation's management representations' (paragraph 1.58 of the Court of Auditors' 2003 Annual Report);

⁽¹⁾ See ECA Opinion No 2/2004.

⁽²⁾ <http://www.rekenkamer.nl/9282200/v/index.htm>

59. Notes, however, that the Court of Auditors found (see paragraph 1.69, table 1.2, paragraphs 5.57 to 5.62, 7.48, 8.36 and 8.38) that 'the extent of the reservations expressed by some departments is not compatible or sufficiently justified in view of the assurance provided in the declarations' and that in spite of some improvement, 'the annual activity reports and declarations of the Directors-General cannot yet systematically serve as a useful basis for its audit conclusions in the various areas of the financial perspectives' (see paragraph 1.71 and table 1.2);
60. Invites the Commission to take into account the abovementioned observations from the Court of Auditors, and to present in each annual activity report the measures taken to limit the risk of error in the underlying transactions together with an assessment of their effectiveness; expects such measures to lead to an improved general understanding of risks and a strengthening of the risk-management culture within the Commission's Directorates-General; notes however, that this will need to be underpinned and supported by a common, centrally driven risk management methodology;
61. Also calls on the Commission to reinforce the annual activity report and synthesis report process and to strengthen its expression of assurances upon which the Court of Auditors may base the formulation of its Statement of Assurance; acknowledges that initial steps have been taken to improve the understanding of this process and to make the annual activity reports, reservations and declarations more meaningful; calls on the Commission to give careful attention to further improving the reports and to strengthen the follow-up given to observations contained therein; invites in particular the Commission to clarify the definition of qualifications, reservations and other observations in the annual activity reports that might indicate exceptions to the rules;
62. Invites the Commission to convert the Annual Synthesis Report into a consolidated assurance statement on the Commission's management and financial controls as a whole;
63. Invites the Court of Auditors to indicate the necessary conditions which might allow it to take more account of the annual activity reports and declarations in formulating its Statement of Assurance;
64. Calls on the Commission to ensure by means of thorough training and information programmes that all its civil servants are aware of the means by which they can report any suspicions of wrongdoing or mismanagement through normal hierarchical processes and, if necessary, through the procedures for whistleblowers;

Further recommendations

65. Invites the Commission to produce estimates of error rates by sector and Member State, using the findings of the audit work it already carries out and the control work carried out by the Member States, as well as an analysis of the quality of the information presented by Member States, and to publish the results in the annual activity reports and the synthesis of annual activity reports in such a way as to provide a clear view of the quality of Member States' administrative systems as regards EU accountability;
66. Invites the Court of Auditors to include in its DAS observations an evaluation of the correctness of the information presented by the Commission and the individual Member States and to evaluate the progress achieved;
67. Asks the Commission to review the Financial Regulation, in order to improve application and comprehensibility and to increase the efficiency of controls by critically analysing the quantity and quality of planned controls;
68. Reminds individual Commissioners of their political responsibility for ensuring that the Directorates-General within their competence are well managed and repeats the suggestion that within each cabinet an adviser be given the specific responsibility *inter alia* of monitoring all audit reports, (as proposed in its resolution of 22 April 2004 ⁽¹⁾ on Eurostat) where early warnings of problems have in the past been ignored;

⁽¹⁾ OJ C 104 E, 30.4.2004, p. 1021.

69. Notes that the systematic imposition of sanctions on Member States has resulted in a reluctance by Member States to disclose implementation problems; asks the Commission to stimulate and focus more on the learning element of financial control, by promoting exchanges of information between Member States, benchmarking, participation of national auditors in audit teams and shared investment in better IT systems, and by carrying out preventive audits which focus on giving advice rather than on imposing sanctions;
70. Expects the Commission in its follow-up report to provide comprehensive details of the actions adopted and implemented in order to address the observations and implement the recommendations made by the Court of Auditors in the 2003 Annual Report and in the three previous annual reports (2002, 2001 and 2000); requests the Commission to include in its follow-up report a detailed list and a schedule of the measures planned in those cases where no action has yet been adopted and/or implemented;
71. Invites the Court of Auditors to produce an annual report showing the Court's own activities, its ability to meet production targets, the unit costs, significant areas of development and other relevant factors as regards the institution's performance; notes that such a performance report also would be an excellent way of publishing information on the modernisation of the DAS and other developments in the Court's audit approach;
72. Further invites the Court of Auditors to study the possibility of publishing its audit manual and information on the DAS approach on its website;
73. Welcomes the Council's intention 'to further strengthen its treatment of questions of audit and financial control in order to have a more regular and effective monitoring process of the Council's recommendation of the discharge' ⁽¹⁾;
74. Invites the Court of Auditors to organise each year a number of 'benchmark audits' of items of delegated expenditure, to be published in special reports, in which:
- all 25 Member States are audited for the same programme or activity,
 - the results are published for each Member State openly and transparently so that comparisons can be made,
- and invites the Court to organise follow-up audits at subsequent points in the future so that progress can be monitored;
75. Calls on the Council to work with the Parliament and Commission to give the creation of a comprehensive control and audit framework the priority and political momentum it requires by establishing a high level panel of experts which would:
- (i) bring together a number of leading figures with experience of the EU institutions, national audit authorities and finance ministries as well as experts from international audit bodies;
 - (ii) prepare a draft action plan for the creation of a coherent internal control and external audit environment, with particular reference to the challenge of shared management;
 - (iii) identify possible constitutional, political and administrative obstacles which would need to be overcome in order for national audit bodies to be active players in the process of safeguarding taxpayers' money channelled through the Union's budget;
 - (iv) report to the Council, Commission and Parliament as soon as possible;

⁽¹⁾ Point 8 in the Council's Recommendation of 9 March 2004 (Doc 6185/04 Budget 1).
See <http://register.consilium.eu.int/pdf/en/04/st06/st06185.en04.pdf>

76. Will once a year invite a Council representative to inform its competent committee on progress in the work of the expert group, thereby ensuring the 'ongoing' nature of the activity;
77. Considers it essential to examine how national audit institutions can play a more operational role in the process, bearing in mind that they are independent institutions and do not always possess sufficient expertise as regards EU legislation; invites the Court of Auditors to forward an evaluation (including VFM) of the results of the work of the Contact Committee of the Presidents of the SAIs of the European Union and the Court of Auditors as well as the Court's views as to whether the effects of enlargement could revitalise the role of this body;
78. Further considers that it could be necessary to analyse whether the current structure and functioning of the 'top heavy' Court of Auditors should be reformed; recalls that the Court of Auditors currently has 25 Members and 736 employees, of whom 325 are professional auditors (A and B grades), with 275 (A and B grades) working in the audit groups and 50 (A grades) in Members' cabinets;
79. Regrets that due to time constraints it is not able to give the Council's Recommendation the attention it deserves, and invites the Commission to forward, and the Council to adopt, the following proposal for modification of Article 145(1) of the Financial Regulation:
- 'The European Parliament, upon a recommendation from the Council acting by a qualified majority, shall, before 30 June of year $n + 2$ give a discharge to the Commission in respect of the implementation of the budget for year n '.
80. Invites its President, in his speech to the next European Council, to address the need to improve Member States' financial management of funds from the European Union;

B. SECTORAL ISSUES

Own resources

81. Points out that the proportion of own resources calculated on the basis of gross national income is growing constantly and will soon account for two thirds of own resources; therefore expressly supports the Court of Auditors' recommendation (paragraph 3.48) that the Commission carry out more direct verifications of the underlying data from national accounts;

Agriculture, animal health and measures to combat fraud

Recovery of irregular payments

82. Invites Member States to report cases of irregularities on time every three months whilst accepting that, in exceptional cases, Member States may ask for a derogation; expects the competent services of the Member States to be sufficiently staffed and trained, and expects all Member States, including Germany, Greece and Spain, to use electronic reporting not later than July 2005; calls on the Commission to inform its competent committee on the progress made in this area no later than September 2005;
83. Notes that the Commission is responsible for having failed to recover, at least, EUR 1 120 million during the period from 1971 to September 2004; considers this to be an unacceptable situation and that the Member States and the Commission have shown a lack of due diligence; expects to receive a report, in time for the 2004 discharge procedure, on how and when this money will be recovered; notes that EUR 812 million is currently the subject of disputes before the courts and may also be recoverable; furthermore expects an evaluation of the efficiency of the 'premium' of 20 % payable to the payment agency for successful recovery;
84. Invites the Commission to propose simplified and more coherent rules on recoveries in preparation for the revision of the Financial Regulation; expects to be consulted on this aspect before the finalisation of the Commission's proposal;
85. Notes that the Commission will, by March 2005, have reviewed all of the approximately 4 000 cases of irregularities (442 substantial cases and 3 500 smaller cases) which occurred during the reference period;

86. Welcomes the Commission's intention to refine the 'black list', which indicates operators showing annual irregularities of more than EUR 100 000;
87. Insists that the Commission must achieve measurable progress by realistically benchmarking future improvements and by regularly reporting progress to its responsible Committee;
88. Asks the Commission to improve the monitoring of the paying agencies who are responsible for implementing the common agricultural policy; points out that before accession the paying agencies in the new Member States were subject to approval by the Commission; requests the Commission to follow up this practice and to submit to Parliament a report on the possibility of the approval of paying agencies by the Commission in the present Member States;

The system for the identification and registration of bovine animals

89. Notes that, in the absence of common standards, the national databases set up by Member States in the framework of the identification and registration system do not provide for data exchange facilities; regrets that this potentially jeopardises the traceability of animals across borders;
90. Acknowledges that the current regulation does not enable the Commission to develop binding rules on interconnection facilities for national databases; invites the Commission, in view of the findings contained in the Court of Auditors' Special Report, to submit a legislative proposal extending the Commission's implementing powers so as to ensure compatibility between the national databases;
91. Calls on the Commission to provide, within the existing legal framework, guidance and advice on exchange of data, especially to new Member States which are currently setting up their national databases;
92. States that replacing the current eartag system by electronic identification arrangements would not only enhance animal welfare but would also further ensure the traceability of animals from one Member State to another if the information kept on these electronic devices is harmonised; asks the Commission to submit a concrete proposal on the use of electronic identification arrangements instead of eartags; points out that the proposal should confer implementing powers on the Commission in order to facilitate the setting up of common standards for the information kept on the respective electronic devices; considers that the technology for the introduction of an electronic identification system must be at an appropriate standard before it can be implemented;

Management and supervision of the measures to control foot-and-mouth disease

93. Notes that Community legislation requires the Commission to submit a report to Parliament and the Council every three years on the application of foot-and-mouth disease eradication measures and the corresponding Community expenditure; regrets that the Commission has not hitherto discharged this obligation; asks the Commission to submit such a comprehensive evaluation every three years, starting in 2006; considers that this evaluation should take into account cost-benefit analyses of the Community's strategy;
94. Points out that not only formal transposition, but also effective implementation by Member States should be closely monitored; requests the Commission to further stimulate the research into vaccines and testing methods and to update the study concerning the ability of Member States' veterinary services to guarantee effective disease control in due time;
95. Observes that, during the last decade, the volume of animal transport in the single market has multiplied, whereas the problems relating to traceability of animal movements and animal welfare during transport have not yet been satisfactorily resolved; asks the Commission to take further into consideration the possibility of reducing transport by making greater use of local abattoirs; furthermore calls on the Commission to take immediate action to reduce transport of ill or injured animals;

96. Considers it vital to underline the importance of the role played by farmers in the Community's strategy for preventing and controlling the disease; calls on the Commission to submit a legislative proposal to the Council and Parliament making Community reimbursement of compensation paid by Member States to farmers for disease eradication measures conditional on farmers' compliance with their duty to notify any outbreak quickly;
97. States that further clarification of the financial framework is needed in order to ensure equal treatment for farmers and transparency in the calculation of compensation; points out that, in its Resolution of 17 December 2002 on the 2001 foot-and-mouth crisis ⁽¹⁾, Parliament considered the fair administration of compensation to be essential in order to prevent fraud; asks the Commission to align reimbursement rates for the different animal diseases and to establish viable criteria for the calculation, such as the current market value of the animal; recognises that, in the event of an outbreak of disease, there is no clearly defined market value for store stock, breeding animals and pedigree animals, but only for finished stock;
98. Emphasises that since public health is in the interests of the whole of society, public funds must continue to be the main source of funding for Community eradication costs, and that farmers are also taxpayers; notes that farmers in some Member States contribute financially towards the national eradication costs (needed to co-finance the total costs), whereas other Member States do not demand contributions from the farming sector, which may harm the level playing field for agricultural producers in the EU; recalls that Parliament's Temporary Committee on Foot-and-Mouth Disease had requested the Commission to propose solutions as to how farmers could contribute to the Community's costs; notes the efforts made in different Member States and the study carried out for the Commission in 2003 exploring ways of obtaining financial contributions from farmers;

The common organisation of the market in raw tobacco

99. Welcomes the reform of the CAP support for tobacco adopted by the Council in 2004, which aims at decoupling tobacco aid through a step-by-step transfer of the tobacco premium to form entitlements for single farm payments within a four-year transition period;
100. Endorses the European Court of Auditors' recommendation that the Commission seeks to ensure that reform proposals are supported by sufficient data and impact analyses; asks the Commission to pay particular attention to the significance of tobacco production for employment and the economy of less-favoured areas;
101. Notes that the Community's tobacco production covers only 30 % of the needs of the industry; points out that the last CMO reform has already introduced mechanisms to bring European production into line with demand within the EU;
102. Observes that, as a result of the current mismatch between supply and demand, most of the tobacco produced in the EU is exported; regrets that this policy is not in line with the Community's development aid granted to small tobacco producers in developing countries who are dependent on exports, because EU tobacco exports significantly reduce the export possibilities of developing countries; demands that the Community's agricultural and development policy be aligned;
103. Points out that even if other crops can be cultivated, where tobacco is grown, the economic balance of the agricultural holdings depends largely on tobacco; as Parliament recognised in its report on the last CMO reform, 'it is extremely difficult to find economic alternatives capable of generating the same number of jobs as tobacco production'; asks the Commission to pursue its policy on promoting the cultivation of alternative crops and to use the Tobacco Fund as an important instrument both for the improvement of the quality of EU tobacco and for research into alternative crops;
104. Points out that research into alternative crops has been neglected and that producers have not been encouraged to shift to other economic activities; the Community Tobacco Fund, which is financed by a levy on the tobacco subsidy and managed by both the Directorate-General for Agriculture and Rural Development (50 %) and the Directorate-General for Health and Consumer Protection (50 %), has been under-utilised, most of the unused EUR 68 million being attributable to the Directorate-General for Health and Consumer Protection information campaigns; from 2006, no measures to promote a switch of production are funded; asks for a more consistent approach;

⁽¹⁾ OJ C 31 E, 5.2.2004, p. 137.

105. Considers that compliance by the Member States with their notification duties as laid down in the respective Community regulations is crucial to effective monitoring of the tobacco market and related Community expenditure; insists that financial sanctions be imposed on those Member States which have failed to comply with these obligations;
106. States that, since farmers face the prospect of payments to them being reduced or excluded in the event of non-compliance, it is essential that they be made aware in advance of their new obligations as regards cross-compliance with environmental standards after the 2006 reform; asks the Commission and Member States to fulfil their duty to precisely define these criteria in good time before the reform comes into force, in order to enable farmers to bring their activities into line with the new rules;
107. Notes that the Commission will have to submit, by 31 December 2009, a report on the implementation of the 2006 reform to the Council; expresses its interest in this report and asks that it be submitted also to Parliament;

Structural measures

108. Deplores the failure of some Member States to control and manage taxpayers' money for which they are responsible, and points to the hypocrisy of some Member States in blaming the Commission for failing to control expenditure for which those Member States are responsible;
109. Notes that the Court of Auditors did not find fault with the internal control mechanisms of the Commission and noted improvements; regrets the fact that, due to insufficient resources, only a limited number of Member States' systems have been subjected to on the spot checks;
110. Asks the Commission to inform Parliament of the countries which have failed to rapidly implement agreed improvements in their control systems and continue to supply incomplete Article 8 statements;
111. Encourages the Commission to suspend interim payments to Member States in cases of serious irregularity or when serious failings in the Member States' management control systems are found.

Interreg III

112. Finds that the lack of measurable objectives and clearly defined indicators makes it difficult to assess the extent to which the objective of the Interreg III programme, to strengthen economic and social cohesion in the Community by promoting cross-border, transnational and interregional cooperation and balanced development of the Community territory, has been met; thus finds it difficult to assess whether the most efficient means for achieving this objective has been used;
113. Urges the Commission to make greater efforts to draw up clearly defined objectives and indicators allowing the impact of this programme to be measured, so that the added value of European spending in this area can be assessed; stresses the need for a clear and competent analysis showing divergences between private and social costs and benefits or between local and Community level costs and benefits, as it is necessarily those divergences that justify the programme in the first place;

Internal policies

Environment, public health and safety

114. Considers the overall implementation rates of the budget headings for environment, public health and food safety satisfactory;
115. Welcomes the measures which aim at improving the implementation cycle of multiannual programmes; calls on the Commission to better focus calls for tenders and to provide more assistance to applicants in order to avoid the submission of numerous project applications which are clearly non-eligible for funding;
116. Points out that compliance with administrative and financial provisions of the Financial Regulation should not lead to unnecessary delays in awarding grants or selecting projects to be financed;

Research

117. Notes that the rules of participation in the European RT framework programmes are far too complex; agrees with the Court of Auditors that this is a serious problem for the Commission and the participants; regrets that small organisations in particular, with less-developed administrative structures, and SMEs have difficulties in dealing with an excessive volume of rules and requirements;
118. Recalls that the sixth framework programme (FP6) is managed jointly by several Directorates-General; notes that the Court finds that this fragmentation results in dilution of responsibilities, duplication of functions and increased need for coordination;
119. Takes note of the Court of Auditors' recommendation for a review of 'the rules for setting the Community financial participation whilst allowing adequate control over expenditure'; expects the Parliament to be fully involved from the early stages of any such review given its role as co-legislator for the legal framework and the rules of participation in framework programmes;
120. Notes that the 'Lisbon agenda' is likely to be reflected in increased budgetary appropriations for the seventh framework programme (FP7); highlights the fact that such a significant increase in the budget will require effective simplification of the administrative procedures both for participants and for the Commission;
121. Notes with concern the conclusion drawn by the Court that *ex post* financial audits again show 'a considerable incidence of errors, mainly due to over-declarations of costs (...) which were not detected by the Commission's internal controls'; expects the introduction of audit certificates, with possible improvements as recommended by the Court, to eventually result in a reduced need for extensive *ex post* financial audits;
122. Urges the Commission to learn the appropriate lessons from the lack of transparency of accounting in relation to the FP5 due to the number of cost categories, and to ensure that this is not repeated in subsequent programmes;
123. Asks the Commission to base its proposal for FP7 on effective simplifications such as:
 - concentration on fewer intervention mechanisms,
 - reduction of the large number of different models for contracts,
 - introduction of a single cost system to address the problem of 'overcharging' by participants;
124. Highlights the fact that it is not enough for the participants to comply with formal rules and procedures, and that it is also important to ensure value for money; encourages the Commission to perform qualitative *ex post* evaluations of scientific results and impacts;
125. Calls on the Commission to develop its procedures in such a way that the cost of preparing project applications is reduced to a justifiable level;
126. Calls on the Commission to redraw the rules for participation, introducing access to mid-term scientific and technical evaluations of ongoing projects as a standard procedure; calls on the Commission to identify a suitable interim evaluation board; asks the Court of Auditors to publish an opinion on these new rules;
127. Notes with concern the delays observed by the Court in the adoption by the Commission of FP6 model contracts and financial guidelines, as well as in the implementation of the Commission's Internal Control Standards and the deployment of the common IT system, which to some extent offset the 'improvements achieved by the earlier adoption of the legal framework and the simplification of the contractual structure'; expects the Commission to profit from experience in order to avoid similar delays in future;

128. Furthermore, encourages the Commission to include more efficient management structures in FP7:
- by creating the conditions for a better match between the resources of the Commission (i.e. project officers, IT tools) and the number of projects financed, so as to ensure adequate scientific monitoring, which is currently limited to a few days per project,
 - by identifying and bringing in a suitable supervisory board for scientific evaluations,
 - by developing an integrated database including a common IT system for proposals, contracts and project management;
129. Welcomes the intention of the Commission to set up a guarantee scheme under the FP7 to better leverage loan financing of European research projects and infrastructures, in particular by the EIB; encourages the Commission to take into account, in the context of the proposed scheme, the special needs of SMEs and to consider the possibility of extending such schemes to EUREKA projects;

Internal Market

130. Notes that because of internal restructuring, according to information from the Directorate-General for Internal Market and Services, not all the funding available might be fully utilised and a number of external studies could not even be awarded;
131. Is satisfied, in general, at the high degree of utilisation of appropriations for the budget headings coming under the Directorate-General for Health and Consumer Protection, the proportion of 2003 budget funding used having been 99,3 %;
132. Notes that utilisation of appropriations for the budget headings coming under the Directorate-General for Taxation and Customs Union at 86,61 % is satisfactory but can certainly not be described as excellent;
133. Voices its concern at the general trend that consumer programme award procedures are being held up because of over-restrictive rules under the new Financial Regulation and potential applicants' interest is considerably waning because of the bureaucratic procedures;

Transport

134. Notes that in the 2003 budget as finally adopted and amended in the course of the year a total of EUR 661,8 million was included for transport policies in commitment appropriations and EUR 609,3 million was available in payment appropriations; further notes that of these totals:
- EUR 610,6 million was available in commitment appropriations for trans-European networks for transport (TEN-T) and EUR 572 million in payment appropriations,
 - EUR 16,6 million in commitments and EUR 13,3 million in payments for transport safety,
 - EUR 15,0 million in commitments only for the Marco Polo programme,
 - EUR 8,4 million in commitments and EUR 9,55 million in payments for sustainable mobility, and
 - EUR 7,4 million in commitments and EUR 6,35 million in payments for transport agencies;
135. Welcomes the increased rates of utilisation of both commitment and payment appropriations for trans-European transport network (TEN-T) projects, both reaching almost 100 %, and expects that this will result in Member States identifying resources from both the public and private sectors to speed completion of these projects;

136. Expresses its concern that interim and final payments for trans-European transport network projects were often authorised by the Commission in 2003 without specific preconditions in the financial implementing provisions being satisfied and recalls that the Court of Auditors has already drawn this weakness to the Commission's attention in its annual reports for 2001 and 2002;
137. Notes that despite this high rate of payment appropriation utilisation the volume of outstanding commitments or RAL (*reste à liquider*) was not reduced and rose slightly to EUR 1 154 million for TEN-T in the course of 2003;
138. Notes with concern that for the other transport lines the rate of utilisation of commitment appropriations fell from 93 % to 83 %. The commitment utilisation rate for transport safety was particularly low at 65 % of the appropriations available and the payment rate of utilisation was 72 %. The equivalent rates for transport safety in 2002 were 99 % and 58 %. Finds these rates of utilisation for a key objective identified in the White Paper on Transport to be wholly unacceptable, particularly the sharp decline in the utilisation of payment appropriations;

Culture and Education

139. Welcomes the steps that the Commission has taken to date to overcome the programme design and management weaknesses which marred the first generation of the Socrates and Youth programmes; welcomes the improved architecture and management procedures contained in its recently adopted proposals for the next generation of Lifelong Learning and Youth programmes;
140. Notes that the Commission faces a difficult task in trying to reconcile demands that the administrative burdens placed on applicants for grants under programmes of this kind be as light as possible, with the obligation imposed on it by the Implementing Rules for the Financial Regulation to ensure sound financial management;
141. Underlines its conviction that the guiding principle of administrative and accounting requirements in the next generation of Lifelong Learning and Youth programmes should be proportionality; underlines the advantages of targeted derogations from the Implementing Rules for the Financial Regulation allowing:
 - greater use of flat-rate grants, permitting simpler application forms and contracts,
 - greater acknowledgement of co-financing through contributions in kind and less onerous accounting obligations on beneficiaries in such cases,
 - simpler documentation on the financial and operational capacity of beneficiaries;
142. Emphasises the importance it will attach to the punctual publication of interim and *ex post* evaluation reports on the future Lifelong Learning and Youth programmes;

Area of freedom, security and justice

143. Welcomes the fact that some progress has been made in the implementation of the budget for an area of freedom, security and justice (budget title B5-8) in comparison with the 2002 budget year; notes, however, that the level of execution in particular of payments is one of the lowest of the Commission (68 % in 2003; 79 % for the entire internal policies) while the level of execution of commitments now reaches the average of the internal policies; calls on the Directorate-General for Justice, Freedom and Security to continue to improve implementation of the budget in the forthcoming financial years;
144. Takes note of the remarks made by the Court of Auditors in its Annual Report 2003 concerning the Commission's internal control environment, which are based on an analysis of four of the 14 Directorates-General implementing internal policies, including the Directorate-General for Justice and Home Affairs, as it was then called; calls on the Directorate-General for Justice, Freedom and Security to follow the recommendations made by the Court of Auditors;

145. Notes with concern and regret the remarks made by the Court of Auditors in its Annual Report 2003 about the implementation of the Refugee Fund; in view of the restructuring of the expenditure programmes in this policy area in the context of the new Financial Perspective, which will lead to more shared management, requests the Commission to ensure an adequate control environment at national and European level;
146. Expresses its concern that the Commission has not yet given its opinion on the draft Financial Regulation of Eurojust, as required by the Eurojust decision, although it was sent to the Commission by Eurojust in November 2003;

Gender equality

147. Agrees with the Commission's political priorities for the 2003 budget inasmuch as enlargement and the administration's preparations for this process should be considered absolute EU priorities; points out the importance it has attached, in light of the objectives of the Lisbon and Barcelona summits, to the need for an increased rate of participation by women in the enlarged EU labour market, in order, particularly, to promote the socioeconomic status of women in the new Member States, and also to the need to establish the necessary financial resources when planning the budget;
148. Points out that, by virtue of Article 3(2) of the EC Treaty, the promotion of equality between men and women is a fundamental principle of the EU, and is also an objective relevant across the full range of all Community activities and policies; reiterates its demand for gender equality to be taken into due consideration as an ongoing priority objective during budgetary planning, in accordance with the principle of gender budgeting;
149. Welcomes the significant progress achieved in the implementation of the 2003 budget with regard to all the objectives and also the programming period for the Structural Funds, which translates into a payments implementation rate of 89 %, well above that achieved in 2002 (71 %); draws attention as a priority to the total absence of data relating to activities promoting gender equality that have received Structural Fund support and calls on the Commission to remedy this situation at the earliest opportunity;
150. Takes the view that the utilisation of budgetary resources has different effects on women and men because of persistent gender disparities; points out that budgetary data for 2003 give hardly any information on the extent and impact of funding allocated to the promotion of gender equality in the context of gender mainstreaming, and calls on the Commission to present the relevant information to Parliament without delay;

External Policies

Reform of the external aid management system

151. Points out that the Commission had high hopes for the reform when it was launched in 2000 and has declared it to be a success; notes and endorses the Council Conclusions of 22 to 23 November 2004, in which the Council commends the Commission on the progress achieved in improving the management and timely delivery of Community assistance and encourages continued efforts to improve the quality and effectiveness of implementation; while fully supporting deconcentration, notes that the considerable additional costs entailed need to be backed up by tangible results; therefore welcomes the forthcoming Court of Auditors' evaluation of how deconcentration has been working in the Delegations, as indicated in the Court's 2004 Work Programme and as called for by the Committee on Foreign Affairs in its opinion on the 2002 discharge; trusts that the report will, at the very least, include a cost-benefit analysis of deconcentration;
152. Notes that, while the 2003 Activity Report by the Directorate-General for External Relations speaks of a need for further evaluation of the deconcentration, it would appear that this evaluation would only concern staffing needs; draws attention particularly, therefore, to the Council's invitation to the Commission 'to conduct a qualitative assessment of EC External Assistance separate to the Annual Report' and to present this before July 2005;

153. Draws attention to the continued absence of proper information management systems and a system of supervision of the work of the Delegations regarding the evaluation of financial risks, a situation recognised by the Directorate-General for External Relations itself in its Annual Activity Report of 2003 and attributed to a shortage of human resources; points out that, while the Commission's candour and its proposals to remedy the situation are to be welcomed, these must be implemented sooner rather than later, and calls on the Commission to issue an interim report on its progress before July 2005;
154. Is concerned that, in its audit of implementing organisations at project level, the Court of Auditors found a significant number of irregular transactions (paragraphs 7.38 and 7.39 of the Annual Report); notes that, in its reply, the Commission agrees with the Court of Auditors that the observance of tender and procurement procedures by project management units and NGOs remains an area of concern; expects the Members of the Commission with responsibility for external aid to submit an action plan by 1 September 2005 in order to bring those problems under control;
155. Draws attention to the fact that greater coherence between different EU policies can improve the efficiency of EU expenditure;

Court of Auditors' Annual Report

156. With regard to the Court of Auditors' Annual Report in general, would find it helpful if the Court provided a clearer picture of the actual damage caused by any irregularities which have been identified;
157. Recognises the need to strike a balance between reporting and procedural requirements for NGOs on the one hand and the feasibility of NGOs meeting these on a regular basis on the other hand, and would welcome reflection by the Court on how these interests could be better reconciled;
158. Asks whether the Commission has made attempts to compare the efficiency of various international aid donors; if not, proposes that such an exercise be undertaken as soon as possible;

Solidarity Fund for Latin America

159. Draws attention to the support given by Parliament on numerous occasions to the idea of having a Solidarity Fund for Latin America; notes that, while there is considerable support for such a fund, it would have to be accompanied by greater social commitment from the political and economic leadership of the countries in question; in particular, draws attention to the responsibility of countries with a particularly bad record of income distribution to seek to rectify this; notes that the EU should pursue social objectives in these countries by both delivering aid and convincing the countries in question to do more themselves, and that a satisfactory balance between these two elements should be found;
160. Expects the Commission to provide a (written) explanation to Parliament each time it does not implement a provision set out in a budgetary remark;

Development

161. Takes the view that development policy is an essential component of the Union's external activities, its aim being to eradicate poverty by reinforcing social infrastructure, education and health, increasing the production capacity of poor population groups and giving support to the countries concerned so that they can develop growth and local potential; stresses that the achievement of the Millennium Development Goals (MDGs) would be a major step towards reaching this objective;
162. Recognises the Commission's efforts to focus its development operations on the achievement of the MDGs including the identification of 10 key indicators; calls on the Commission to step up its efforts in this direction and recommends devoting 35 % of the European Union's development cooperation expenditure to achieving the MDGs;

163. Recognises the problems of measuring the impact of Community assistance on the achievement of the MDGs in multi-donor environments; deplores the fact that the Commission has not made efforts to establish an appropriate mechanism to measure such impact and thus confines itself to measuring the process of the developing countries towards the MDGs; deplores the fact that the Commission's replies to the Development Committee's questionnaire are particularly vague as regards the implementation of the MDGs in the Commission's development actions;
164. Welcomes the improvements made by the Commission in its reporting system and recognises the improved quality of the Annual Report 2004 on EC Development Policy and External Assistance (COM(2004) 0536 and SEC(2004) 1027);
165. Decides to introduce an annual plenary debate on the Commission's Annual Report on EC Development Policy and External Assistance;
166. Welcomes the fact that the share of spending for social infrastructure and services of the Official Development Assistance (ODA) financed by the general budget and the EDF, which totalled EUR 8 269 million in 2003, increased from 31,4 % in 2002 to 34,7 % in 2003;
167. Deplores as unacceptable the fact that only EUR 198 million (2,4 %) was earmarked for basic education and EUR 310 million (3,8 %) for basic health; urges the Commission to increase funding for these sectors and calls for 20 % of the European Union's development cooperation expenditure to be earmarked for basic education and health in the developing countries;
168. Welcomes the role of the Commission in the debate on donor coordination and harmonisation of procedures; deplores the lack of progress on the international level and the reluctance of Member States; urges the Commission to increase efforts to avoid duplications of development actions and to progress towards complementarity;
169. Considers that the Commission's support in preparing the new Member States for their participation in the EU development policy was insufficient; urges the Commission to support the new Member States and candidate countries in the establishment of their development policy and in the process of awareness building for development issues;

Pre-accession aid

Phare

170. Commends the Commission for the efforts it has made so far through the Phare programme in helping to prepare the candidate countries for managing the structural funds;
171. Is nevertheless concerned by the failure to ensure that the accreditation process for many Phare and ISPA agencies in the new Member States was completed before accession; urges the Commission, however, to endeavour to ensure that such a failure does not occur in relation to Romania, Bulgaria and the future acceding countries;
172. Notes, however, that the value of the Phare programme in terms of 'learning by doing' is limited as the programmes managed differ significantly from the ERDF and ESF programmes for which they are meant to be preparing, and that there remains a significant need for greater institution-building support to help manage structural funds after accession; expresses concern about the capacity of the candidate countries to absorb structural funds after accession;
173. Welcomes in principle, therefore, the proposal for a new single instrument for preparing for management of the structural funds, provided that its design is not overcomplicated; whilst underlining the need for an appropriate control framework, therefore urges the Commission to ensure that the new instrument is as kept simple as possible in order not to hinder its implementation;

Sapard

174. Concludes that the aims and objectives of Sapard, as the first pre-accession aid to be fully decentralised, were excellent, even if it did not fully achieve them; acknowledges the benefit of the Sapard programme, which not only stimulated economic development in candidate countries but also encouraged people to think in a new way which was more rational and project-based; acknowledges that the programme was beneficial in terms of learning by doing, in that it provided national administrative authorities in the accession states with direct experience in the management of Community funds; considers that the overall experience gained with this programme will definitely be of added value in the implementation of future Community programmes; urges the Commission to improve its *ex ante* analysis of needs, so as to further increase added value;
 175. Acknowledges that the decentralised management system used to implement the programme generally functions well, but urges the Commission to improve it further by learning from the problems encountered so far, providing more support to accession states when problems are found and doing more to follow up the programme;
 176. Notes that, among other things, complex procedures and legal uncertainties lead to significant under-utilisation of funds, and is disappointed that after five years of implementation only half of the money was obtained by the (final) beneficiaries according to data as at 15 December 2004; is pleased, however, that no Sapard money will be lost because of delays; nevertheless, points out to the Commission that under no circumstances should the desirable acceleration of payments eliminate regulation and supervision of the programme;
 177. Notes that most of the Sapard funds were spent on projects which increased production, and urges that greater emphasis be placed on quality, environmental and health standards in the new programmes;
 178. Admits that clearance of accounts was better managed than in the case of Phare, but urges further improvements to reduce loss of EU money;
 179. Commends the Commission for the efforts made through the specific financial assistance in the pre-accession strategy for Malta and Cyprus in helping these two countries prepare for membership; regrets, however, that both Malta and Cyprus were excluded from the main pre-accession financial instruments, Phare, Sapard and ISPA, and therefore had more limited opportunities to prepare for managing Community Funds.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge for implementing the general budget of the European Union for the financial year 2003, Section I — European Parliament**

(2005/531/EC, Euratom)

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the revenue and expenditure account and balance sheet in respect of the financial year 2003 (C6-0015/2005),
 - having regard to the Annual Report of the Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to Article 275 of the EC Treaty and Article 179a of the Euratom Treaty,
 - 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 ⁽⁴⁾, particularly Articles 145, 146 and 147 thereof,
 - having regard to Article 147(1) of the Financial Regulation of 25 June 2002, pursuant to which each Community institution is required to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rules 71 and 74(3) of its Rules of Procedure and Annex V thereto,
 - having regard to the report of the Committee on Budgetary Control (A6-0063/2005),
- A. Whereas the Court of Auditors in paragraph 9.15 of its Annual Report for the financial year 2003 found as regards the European Parliament that 'the transactions audited were substantially legal and regular'.
- B. Whereas the Financial Regulation of 25 June 2002 and the Rules of Procedure of Parliament as amended on 23 October 2002 apply with effect from 1 January 2003 as regards procedural rules governing the discharge procedure.
- C. Whereas Parliament's Rules of Procedure were amended on 23 October 2002 to provide that discharge is to be given to the President rather than to the Secretary-General,
1. Grants its President discharge in respect of the implementation of the budget for the financial year 2003;
 2. Records its comments in the accompanying resolution;

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.⁽²⁾ OJ C 293, 30.11.2004, p. 1.⁽³⁾ OJ C 294, 30.11.2004, p. 99.⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

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 President
Josep BORRELL FONTELLES

The Secretary-General
Julian PRIESTLEY

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments which are an integral part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section I — European Parliament**

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the revenue and expenditure account and balance sheet in respect of the financial year 2003 (C6-0015/2005),
 - having regard to the Annual Report of the Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to Article 275 of the EC Treaty and Article 179a of the Euratom Treaty,
 - 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 ⁽⁴⁾, particularly Articles 145, 146 and 147 thereof,
 - having regard to Article 147(1) of the Financial Regulation of 25 June 2002, pursuant to which each Community institution is required to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rules 71 and 74(3) of its Rules of Procedure and Annex V thereto,
 - having regard to the report of the Committee on Budgetary Control (A6-0063/2005),
- A. Whereas the Court of Auditors in paragraph 9.15 of its Annual Report for the financial year 2003 found as regards the European Parliament that 'the transactions audited were substantially legal and regular'.
- B. Whereas the Financial Regulation of 25 June 2002 and the Rules of Procedure of Parliament as amended on 23 October 2002 apply with effect from 1 January 2003 as regards procedural rules governing the discharge procedure.
- C. Whereas Parliament's Rules of Procedure were amended on 23 October 2002 to provide that discharge is to be given to the President rather than to the Secretary-General.
- D. Whereas its resolution of 21 April 2004 ⁽⁶⁾ on the discharge for 2002 should be followed up and progress in implementing its recommendations assessed,

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 293, 30.11.2004, p. 1.

⁽³⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

⁽⁶⁾ OJ L 330, 4.11.2004, p. 160.

1. Takes note of the figures with which the European Parliament's accounts for the 2003 financial year were closed, namely:

(in EUR)

Use of appropriations	Appropriations for the 2003 financial year		Appropriations carried over from the 2002 financial year	
	Appropriations 2003	Appropriations from assigned revenue	Article 9(1) and 9(4) of Financial Regulation ⁽¹⁾	Article 9(2) and 9(5) of Financial Regulation ⁽¹⁾
Appropriations available	1 086 644 375	34 878 401	100 300 973	3 302 900
Commitments entered into	1 075 556 058	29 685 828	—	—
Payments made	862 078 203	3 248 540	88 288 685	3 302 900
Appropriations carried over to 2004				
— Article 9 of Financial Regulation ⁽²⁾	213 477 855	—	—	—
— Article 10 of Financial Regulation ⁽²⁾	—	5 192 573	—	—
Cancelled appropriations	11 088 317	—	12 012 288	—

Balance sheet at 31 December 2003: 1 407 572 773

⁽¹⁾ Financial Regulation of 21 December 1977.

⁽²⁾ Financial Regulation of 25 June 2002.

2. Notes that in 2003 98,98 % of the appropriations entered in Parliament's budget were committed with a cancellation rate of 1,02 % and that as in previous years a very high level of budget implementation was achieved;
3. Recalls, however, (without calling into question Parliament's settled policy of buying rather than renting its buildings) that this high level of implementation is partly attributable to the consistent practice since 1992 of the 'ramassage' (mopping-up transfer) for the purposes of transferring any appropriations available at year end to the budget lines for buildings and, in particular, for advance payments of capital to reduce future payments of interest;
4. Recognises that the greater part of Parliament's property acquisition programme has already been completed; nevertheless urges the budgetary authorities to ensure optimum budgetary forecasting and that the amounts entered in the draft budget reflect Parliament's real requirements rather than resorting systematically to significant transfers from unrelated budget headings;
5. Considers that capital repayments on buildings should be agreed as part of the budgetary strategy in a separate budget heading when the budget is established in the year N -1;
6. Believes that authorising officers by delegation should be called on to explain, in their annual activity reports, the reasons for the availability of appropriations on their respective budget items for the purposes of the 'ramassage';
7. Notes that in 2003 the European Parliament received revenue amounting to EUR 98 545 334 (2002: EUR 67 256 006);

Presentation and content of the accounts and accompanying analysis of financial management

8. Notes that the analysis of budgetary management accompanying the 2003 accounts provides a useful statement of the principal financial events of the year under review as well as a succinct summary of the activity reports by the Directors-General;

9. Welcomes the publication on the Directorate-General Finance's Intranet site of the report on budgetary and financial management for the financial year 2003; welcomes further the Secretary-General's proposal to draw up each year a document, which would be brief, accessible and attractive, to provide the public with more information on budgetary management in Parliament ⁽¹⁾;

Follow-up to the 2002 discharge resolution

10. Expresses its thanks to the Secretary-General for supplying the reports requested in its resolution of 21 April 2004 on the discharge for 2002 in good time before the beginning of the following discharge cycle;
11. Recalls that Article 147(1) of the Financial Regulation requires the institutions to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision; concludes that this injunction must also apply to Parliament itself and *a fortiori* to its component bodies;
12. Stresses its attachment to the application of the principles of good corporate governance at both political and administrative level;

Implementation of the new Financial Regulation

13. Points out that much of the management activity of the Institution in 2003 was geared to adjusting to the new requirements of the Financial Regulation, setting up new systems, methodologies and working methods, devising training programmes and establishing new lines of responsibility; notes that the Court praised Parliament's efficiency in putting the new structures in place;
14. Recalls the key principles of the financial reforms undertaken in 2003, namely decentralisation and the assumption of full responsibility by authorising departments on the one hand and the ending of the centralised financial control function and the establishment of a central financial service and internal auditor on the other;
15. Notes that initial experience with a strict application of the terms of the new Financial Regulation to an institution such as the Parliament with only an administrative budget to manage is perceived to have led, in some cases, to overly complex systems and financial circuits;
16. Considers that this perception illustrates that further progress is required in developing a control framework that is based on setting objectives, identifying risks to the achievement of those objectives and developing controls that address those risks; recommends that Parliament's authorities point out and rectify any shortcomings in the next review of the Financial Regulation;
17. Recalls that in December 2002 Parliament adopted the basic documents necessary to implement the new Financial Regulation, including the new internal rules for the implementation of the budget, charters for the internal audit services, the authorising officers and the accounting officer, minimum standards for internal control and a specific code of professional standards for *ex ante* verification staff, and adapted the computerised system used in managing budgetary revenue and expenditure (Finord) to the new rules;
18. Notes, however, the Court's remark that while the authorising officers could not set up fully operational control systems from the date of entry into force of the Financial Regulation (1 January 2003), the Parliament was nevertheless able in the course of 2003 to begin to implement new 'Minimum Standards for Internal Control' (MSIC), a 'Central Financial Service' and an internal audit function ⁽²⁾;
19. Points, in response to the Court's criticism of the absence of *ex post* controls, to Parliament's reply that the need for fully developed *ex post* verification will be evaluated on the basis of a more developed risk and control self-assessment by the respective authorising officers ⁽³⁾;

⁽¹⁾ Secretary-General's reply to paragraph 9 of Parliament's resolution of 21 April 2004.

⁽²⁾ ECA report 2003, paragraphs 9.7 and 9.8.

⁽³⁾ Reply to paragraph 9.9 of ECA report 2003.

20. Notes with concern the Court's finding that the implementation of certain internal control standards, including the identification of sensitive posts and reporting improprieties, was only at an initial stage ⁽¹⁾;
21. Observes that since the transition to decentralised financial checks the need to ensure continuity of operations and adequate supervision of the *ex ante* control function has entailed a considerable increase in the number of staff assigned to *ex ante* control tasks;
22. Recognises, in conclusion, that the transition from a highly centralised to a decentralised approach to internal control procedures in a short space of time represented a major challenge in 2003; notes with satisfaction that of the smaller institutions, Parliament, thanks to the efforts of its Administration, was one of the few to have succeeded in adopting the necessary subsidiary texts in time for the entry into force of the new Financial Regulation on 1 January 2003;

Annual activity reports

23. Points out that 2003 was the first financial year for which the Directors-General were required to draw up annual activity reports and that the Secretary-General forwarded them to the President and the Committee on Budgetary Control together with a signed declaration; notes that in that declaration the Secretary-General gave a reasonable assurance that Parliament's budget had been implemented in accordance with the principles of sound financial management and that the control framework put in place provided the necessary guarantees as to the legality and regularity of the underlying operations;
24. Notes that none of the authorising officers by delegation entered reservations in their declarations, but that two activity reports contained observations relating to (i) the shortage of qualified staff in the area of financial management (Directorate-General Information) and (ii) the need for rule changes to bring certain aspects of Members' allowances into line with the Financial Regulation and for a solution to the status of political group financing (Directorate-General Finance);
25. Notes, furthermore, the Secretary-General's recognition in his declaration that the reports received thus far (i.e. by 16 March 2004) from the Internal Auditor on his review of the internal control framework indicated that there were weaknesses which needed to be addressed in the short term;
26. Notes with satisfaction that the Secretary-General's declaration is accompanied by a detailed action plan intended to remedy the deficiencies identified in the activity reports;
27. Asks the Secretary-General to report to the Committee on Budgetary Control as part of the follow-up to this resolution on the progress made in implementing the measures set out in the action plan annexed to his declaration in respect of the financial year 2003;
28. Remarks that the various activity reports differ widely in scope, length, form and the degree to which the information from the component services is integrated; invites the Secretary-General, as proposed by the Court of Auditors in paragraph 9.16 of its 2003 Annual Report, to harmonise the presentation and structure of the activity reports in future in order to provide greater comparability between Directorates-General; notes, however, that the difficulty of recruiting suitably qualified financial staff is a theme common to several activity reports;
29. Notes the Court's remark, in paragraph 9.16 of its 2003 Annual Report, that the annual activity reports should give more detailed information on the results of the controls carried out;
30. Observes, on the basis of the 2003 activity reports, that for the sake of a better understanding of the true value of the authorising officers' signed declarations, it would be desirable in future years to adopt a standardised format clearly distinguishing between those matters calling for an 'observation' by the Director-General (not calling into question his declaration of assurance) and other more serious matters justifying a 'reservation';

⁽¹⁾ ECA report 2003, paragraph 9.8.

Internal audit

31. Recalls that the Internal Auditor's annual report and the declaration and activity reports of the Secretary-General and the Directors-General constitute a major part of the assessment both by the Court of Auditors and by Parliament's discharge authority;
32. Observes that the concept of internal control henceforth is deemed to refer to ensuring reasonable assurance of key control objectives, namely:
 - compliance with applicable laws, regulations and decisions,
 - search for economy, effectiveness and efficiency of operations,
 - identification and management of risks,
 - prevention and detection of fraud and error,
 - keeping of quality accounting records and relevant data records;
33. Considers that the Administration should give priority to implementing the Internal Auditor's recommendations in the following areas, arising from his review of the internal control framework in 2003:
 - the need to ensure the adequacy of staff numbers and of skill levels of staff responsible for initiating commitments and for *ex ante* controls,
 - the placing of special emphasis on the training requirements of staff with financial management and control responsibilities in all services,
 - programming of activities and risk management,
 - monitoring and reporting tools,
 - designation of a single central interlocutor to whom authorising departments could, as needed, address requests for advice and opinions, notably in procurement matters,
 - documentation of internal control and management procedures by all departments and the communication of these to staff,
 - measures aimed at ensuring compliance with the rules governing procurements and grants,
 - a code of conduct for recourse to external consultants and improvements in the definition of the nature of contractual tasks,
 - the drawing up of lists of sensitive posts (e.g. officials working closely with suppliers) together with precise guidelines for the definition and identification of such posts,
 - model contracts incorporating safeguards for Parliament's legal and financial position to be drawn up centrally by Parliament's services and regularly updated for use in transactions with suppliers;

Governance and regulatory framework

34. Reaffirms the view expressed in its resolutions of 8 April 2003 ⁽¹⁾ and 21 April 2004 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 its governing bodies, i.e. its President, Bureau and Conference of Presidents';

⁽¹⁾ OJ L 148, 16.6.2003, p. 62.

35. Instructs its Bureau and competent committee to respond to the request formulated in paragraphs 16 and 17 of its Resolution of 21 April 2004 for proposals intended to define the precise practical meaning of the political responsibility attaching to the members of Parliament's governing bodies as regards the exercise of powers and the taking of decisions with significant financial consequences
36. Recalls paragraphs 11 to 17 of its Resolution of 21 April 2004 on accountability of Parliament's governing bodies; points out, furthermore, that this is the first discharge report, under the new Rules of Procedure, to be directed to its political rather than simply administrative authority; resolves in future to improve communication and dialogue between its Committee on Budgetary Control and members of its Bureau and Quaestors;
37. Points out that Parliament's financial management is now scrutinised in a growing number of control bodies, procedures and mechanisms involving the European Parliament discharge report, reports by the Administration in response thereto, the annual budgetary procedure, the annual and sectoral reports of the internal auditor, the Audit Panel, the Court of Auditors, the Financial Irregularities Panel, reports by OLAF (the European Anti-Fraud Office) and the activity reports of the Directors-General, with the concomitant risk of overlap and repetition;
38. Queries whether the degree of scrutiny and the complexity of the control apparatus currently in place is wholly proportionate in the light of the Court of Auditors' conclusion that overall risk is low in the field of administrative expenditure ⁽¹⁾;
39. Believes that a process of consolidation and tidying-up of control procedures may be appropriate in due course; asks its Secretary-General to submit a report on possible ways of synthesising all the various inputs on control matters so as to enable clear conclusions to be drawn;
40. Calls upon the Secretary-General to ensure implementation of an integral approach to risk management and risk analysis and thus ensure sound financial and administrative management;

Political groups (review of accounts and procedures — budget heading 3701)

41. Recalls that paragraph 2.7.3 of the rules ⁽²⁾ governing budget heading 3701 requires the Bureau and the Committee on Budgetary Control to deal with the audited annual accounts of the political groups in accordance with the powers conferred upon them by the Rules of Procedure;
42. Reiterates that the political groups are independently responsible for the management and use of their quota of Parliament's budget and that the remit of the institution's Internal Audit Service does not extend to the conditions under which use is made of the appropriations against the 3701 budget heading (approximately 3 % of Parliament's total budget);
43. Notes the difficulties that Parliament has been experiencing in applying some of the new provisions of the Financial Regulation to an essentially administrative budget and that these difficulties are equally reflected at the level of the political groups; recognises, however, that efforts have been made to bring the 3701 rules as closely into line with the requirements of the Financial Regulation as possible;
44. Notes that the political groups and the Administration have established a working group to examine the specific status of the political groups' budgets with respect to the provisions of the Financial Regulation and Implementing Rules; encourages them to use this as a regular forum for contact, where appropriate, with the Administration in keeping abreast of financial and accounting reforms;
45. Welcomes the decision by political groups to publish their internal financial rules on Parliament's website and urges early implementation; calls on the Bureau to find an appropriate solution enabling the reports and accounts of the non-attached Members to be made available for scrutiny in a transparent manner, broadly comparable with the procedure now followed by the political groups;

⁽¹⁾ ECA report 2003, paragraph 9.6.

⁽²⁾ Bureau decision of 30.6.2003.

46. Records that in 2003 the appropriations entered on budget heading 3701 were allocated pursuant to the Bureau's decision of 10 February 2003 as follows:

(in EUR)

Total available	37 948 000					
Non-attached Members	1 224 035					
Amount available for groups	36 723 965					

Group	Number of Members	Total allocated 1.1.2003	Carried over from 2002	Expenditure in 2003	Utilisation rate %	Carried forward to 2004
PPE	232	13 966 693	4 775 841	16 245 714	116,32	2 726 654
PSE	175	10 666 548	4 573 736	12 540 087	117,56	3 154 599
ELDR	54	3 348 157	1 079 435	3 354 625	100,19	1 088 560
Verts/ALE	45	2 881 352	952 607	2 945 673	102,23	980 067
GUE/NGL	50	3 234 999	1 081 653	3 583 515	110,77	1 093 911
UEN	22	1 443 719	383 067	1 459 137	101,07	369 109
EDD	17	1 182 497	465 517	1 225 090	103,60	533 015
TOTAL	595	36 723 965	13 311 856	41 353 841	112,61	9 945 915

47. Notes the Secretary-General's proposal firstly to develop standard templates for the engagement letter to the groups' external auditors and secondly for the letter from the group chairman accompanying each group's accounts to include additional information which could take the form of a standardised annual activity report relating to the execution of the group's budget in the financial year under review ⁽¹⁾; invites the Bureau to take these suggestions into account when next it revises the 3701 rules;

Members' allowances

48. Recalls that pending the adoption of a common statute for Members of the European Parliament, all Members receive:
- a basic salary paid by their national parliaments or governments at the same level as national parliamentarians and subject to the tax rules of the country in question,
 - allowances paid directly by the European Parliament, on the basis of rules approved by the Quaestors and Bureau, to cover the costs incurred in the performance of parliamentary duties;
49. Draws attention to the increased discrepancy between salaries since enlargement and the urgent need to find a solution that establishes fair treatment for all MEPs and respects their national laws and provisions;
50. Supports in this respect the initiative undertaken by the current Presidency of the European Union to reach agreement on the Members' Statute introducing a single remuneration for Members of the European Parliament;
51. Takes note of the intent of Parliament's Bureau to pursue contacts with the Council with a view to agreeing the terms of a common statute for Members; urges all sides to bring closure to this matter at the earliest opportunity, in order to end speculation and uncertainty surrounding parliamentary remunerations;

⁽¹⁾ Secretary-General's reply to paragraph 42 of Parliament's Resolution of 21 April 2004.

52. Regrets that little progress has been made since its last discharge report on reviewing and reforming the system of Members' allowances; recalls an earlier decision of the Bureau on 28 May 2003 partly addressing the matter but linked to adoption of a common Statute for Members; believes that, even in the absence of a common statute, it should be possible to devise a system that is clear, transparent and fair;
53. Takes the view that Members who voluntarily repay to the Administration allowances or parts thereof corresponding to a surplus over actual costs incurred, or only want the actual costs of, for example, travel to be paid out to them, should do so on the basis of provisions clearly laid down in the Rules on Members' expenses and allowances;

General expenditure allowance

54. Requests the Quaestors to review the general rules for reimbursement of allowances to see if changes are required to be able to maximise the use of new IT capabilities;

Secretarial assistance allowance

55. Notes that on 13 December 2004 the Bureau adopted amendments to the rules⁽¹⁾ governing the secretarial allowance intended *inter alia* to ensure greater consistency between the rules and the requirements of the Financial Regulation;
56. Points out that Article 79 of the Financial Regulation and Articles 98 and 104 of the Implementing Rules⁽²⁾ on the validation of expenditure require the authorising officer to verify a creditor's entitlement on the basis of supporting documents; reminds the Administration of the need to insist on the submission of invoices or fee-statements as a condition for making payments under service contracts (Article 14(6) of the Rules on Members' expenses and allowances);
57. Calls on the Bureau to propose arrangements, incorporating the results of the work of the parliamentary working party, which make Members' use of the secretarial assistance allowance more transparent; stresses, however, that the fundamentals of contractual freedom must be taken into consideration in the process;
58. Regrets that the Bureau's decision of 13 December 2004 changes the content of Article 14(5) and (7)(d) of the Rules governing the payment of expenses and allowances to Members (as established by the Bureau's decision of 9 February 2004) in such a way that the provisions concerning the contractual and social security obligations of assistants and persons working under service contracts once again show a lack of clarity; calls upon the Bureau to revise the text adopted on 13 December 2004;

Travel allowance

59. Recalls that on 28 May 2003 the Bureau adopted an outline of a set of new rules governing the payment of expenses and allowances to Members providing for the reimbursement of travel expenses on the basis of actual costs but conditional on the entry into force of a Statute for Members;
60. Recalls that on certain routes actual costs are sometimes higher than the ceilings established by the Administration, owing to a lack of competitive airlines on these routes, and insists that actual costs must be reimbursed in these circumstances;

Voluntary pension scheme

61. Notes that according to the latest revised actuarial valuation dated 31 December 2003 the fund's future liabilities at that date exceeded its current assets by EUR 41 795 982 and that the actuarial funding level at the end of 2003 was 76,4 %⁽³⁾;

⁽¹⁾ Articles 14 to 16 of the Rules governing Members' expenses and allowances (PE 113.116).

⁽²⁾ Commission Regulation (EC, Euratom) No 2342/2002 (OJ L 357, 31.12.2002, p. 1).

⁽³⁾ Source: ASBL Pension Fund — annual report and accounts 2003.

62. Recalls the view of the Court of Auditors that there should be clear rules established in the scheme to define the liabilities and responsibilities of the European Parliament and of the Members of the scheme if a future actuarial valuation were to indicate a deficit ⁽¹⁾; believes it necessary to clarify precisely the nature of Parliament's liability vis-à-vis future financial obligations linked to the pension fund; believes, furthermore, that Members' contributions to the Fund should be deducted from a personal source rather than the parliamentary allowance system;
63. Notes the reply of the Administration that proposals will be submitted to the Bureau with a view to defining the respective powers and responsibilities of Parliament and the not-for-profit association incorporated under Luxembourg law and managed by an elected Executive Committee ⁽²⁾;
64. Notes further that on the basis of the results of the actuarial valuation to be carried out at the start of 2005, the level of financing required for the Fund will be known; is however of the opinion that, as soon as the Statute for Members is approved, a new and separate pension instrument, equal for all Members, should be set up and that from that date all contributions from Parliament's budget to a voluntary pension fund should stop;
65. Expresses concern at the view taken by the Court of Auditors that if the present scheme is to continue, a sufficient legal basis (other than a Bureau decision) has to be created as soon as possible, and that Parliament's financial contribution to the voluntary pension scheme should be based on an act of secondary legislation adopted in conformity with Article 190(5) of the Treaty ⁽³⁾;

Procurement

66. Recalls that the Financial Regulation and implementing rules which entered into force on 1 January 2003 modified the procedures for planning, publishing and attributing procurement contracts, as well as abolishing the CCAM (Advisory Committee on purchasing and contracts) consultation of which was obligatory for contracts above EUR 50 000;
67. Notes that instead of the CCAM, Parliament's authorising officers may on an optional basis consult the Inter-service group on public contracts (GIMP) for advice; notes further that to replace the annual CCAM report on contract activity, the Secretary-General has, in response to earlier discharge resolutions, produced a report based on data supplied by the authorising officers containing the following information on contracts concluded in 2003:

Type of contract	Number	Percentage	Amount in EUR	Percentage
Services	118	53 %	304 647 212	65 %
Supplies	57	25 %	11 810 813	2 %
Works	41	18 %	21 502 447	5 %
Buildings	8	4 %	131 531 314	28 %
TOTAL	224	100 %	469 491 786	100 %

Type of procedure	Number	Percentage	Amount in EUR	Percentage	Average amount in EUR
Open	70	32 %	312 467 812	92 %	4 463 826
Restricted	78	36 %	5 856 513	2 %	75 084
Negotiated	68	32 %	19 636 147	6 %	288 767
TOTAL	216	100 %	337 960 472	100 %	1 564 632

⁽¹⁾ ECA report 2002, paragraph 9.20, and opinion No 5/99, paragraph 22.

⁽²⁾ ECA report 2003, table 9.3.

⁽³⁾ ECA report 2002, paragraphs 9.17 and 9.18.

68. Welcomes the finding that a significant proportion of contracts in 2003 were concluded following an open invitation to tender;
69. Notes that the Internal Auditor is carrying out an institution-wide audit of the procurement process, for which the final report is expected to be issued in the first half of 2005; instructs its Secretary-General to inform the Committee on Budgetary Control of the content of the report in the appropriate manner, once the internal consultation process has been completed;
70. Encourages the Administration in its efforts to set up a contracts database pursuant to Article 95 of the Financial Regulation which, according to the Secretary-General's report ⁽¹⁾, is expected to be operational at the end of 2005;
71. Notes with satisfaction that for contracts above EUR 50 000 the number and value of negotiated procedures in 2003 fell substantially by comparison with the corresponding figures for 2002;
72. Notes the Administration's concerns in the following fields:
 - threshold of EUR 1 050 for competitive tendering (low-value contracts) entailing an undue management burden,
 - e-procurement (exchange of information concerning calls for tender by electronic means) by the deadline set by Directive 2004/18/EC of the European Parliament and of the Council ⁽²⁾, having regard to the need to guarantee the security, confidentiality and integrity of electronic data;
73. Expects its competent committees to take these matters into account by proposing amendments, where necessary, in the context of the forthcoming reviews of the Financial Regulation, its implementing rules and Parliament's internal rules on the implementation of its budget;

Buildings

74. Notes that the long-running dispute between Parliament and the French authorities over the final purchase price of the Strasbourg LOW building was resolved at the end of 2003 and that purchase was completed in 2004;
75. Recalls that the absence of a single working place results in significant extra costs for Parliament's budget; points out that the cost of siting the European Parliament in three countries is put at more than EUR 200 million per year;

The case relating to the Members' cash office

76. 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 ⁽³⁾; notes that the Disciplinary Board first met on 17 March 2003 and has now concluded its work, and instructs its Secretary-General to keep the competent committee informed of all further developments;

Environment

77. Expresses its satisfaction that a comprehensive review of Parliament's internal environmental policy, conducted by a consultancy specialising in environmental management (EMAS), will shortly be submitted to the Bureau with the ultimate objective of putting in place an environmental management system within the Institution ⁽⁴⁾, instructs its Secretary-General, once the consultancy's report has been discussed in the Bureau, to publish it on Parliament's website;

⁽¹⁾ Secretary-General's report on contracts concluded in 2003.

⁽²⁾ OJ L 134, 30.4.2004, p. 114.

⁽³⁾ Source: question 40, questionnaire PE 338.137.

⁽⁴⁾ Secretary-General's reply to paragraph 69 of Parliament's Resolution of 21 April 2004.

78. Notes that many official documents are still being distributed to Members in the form of multiple paper copies despite their availability online; calls on the College of Quaestors to find an ecological balance in providing documents in hard-copy form;
79. Calls for a system of electronic signature to be introduced, whereby a Member's signature can be applied to documents such as amendments and parliamentary questions without having to have recourse to transmission of documents on paper;
80. Urges the Bureau to take all necessary measures to speed up the recruitment of linguistic staff in order to ensure the right of all Members to express themselves in their mother tongue by providing interpretation to and from their respective languages;
81. Recalls that in his decision of 23 January 2004 on complaint No 260/2003, the European Ombudsman made a finding of maladministration against the European Parliament for failing to take adequate measures to promote compliance with its internal rules on smoking;
82. Notes that although the Bureau on 13 July 2004 adopted revised rules on smoking they have not been fully implemented and enforced with the result that Parliament runs the risk of a further finding against it by the European Ombudsman; calls on the Bureau to take urgent action to reduce the level of smoke on its premises and to protect the health of all users of its buildings;
83. Stresses that it is the legal duty of all employers to provide their employees with a safe and healthy working environment; notes that the exception in the Bureau's rules ⁽¹⁾ allowing smoking in offices results in an unacceptable level of indoor pollution due to tobacco smoke in buildings and corridors containing offices, with a concomitant risk to the health of those buildings' occupants; notes that the Institution's buildings in the three places of work are subject to national health and safety provisions; urges the College of Quaestors to designate a clearly defined and well ventilated smoking area so as to limit nuisance for non-smokers;
84. Instructs its Secretary-General to conduct a survey of staff attitudes in all three working places in order to ascertain whether a majority of Parliament's employees would wish to introduce a ban on smoking in all areas of buildings occupied by Parliament employees' offices in advance of the 2007 deadline;
85. Takes note of the information on the feasibility of equipping Parliament's chambers and committee meeting rooms with wireless technology for its computers and other related devices provided by the Secretary-General ⁽²⁾; notes the warning in the Secretary-General's note as to the potential health risks if the level of electromagnetic radiation generated by wireless transmissions exceeds specified limits; requests a further report on the health aspects of wireless technology by 1 July 2005;
86. Welcomes the information that an additional internet access will be possible in all Members' offices beginning in April and May 2005, which would make great improvements to the problem of access through Mac computers; stresses however that more should be done to enable users of other known systems to log into the Parliament Intranet;
87. Calls for a thorough security analysis at regular intervals of the European Parliament's computer systems, networks, connections, hardware and software, to ensure that Parliament's 'e-environment' is secure.

⁽¹⁾ Bureau decision of 13.7.2004.

⁽²⁾ Source: letter of 21.8.2003 in response to paragraph 22 of Parliament's budget resolution of 14 May 2003.

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge for implementing the general budget of the European Union for the financial year 2003, Section II — Council**

(2005/532/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0016/2005),
 - having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to the Council's Internal Audit Report for 2003,
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0066/2005),
1. Grants the Secretary-General of the Council discharge in respect of the implementation of the budget for the 2003 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 European Economic and Social Committee, the Committee of the Regions and the Ombudsman and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.⁽²⁾ OJ C 293, 30.11.2004, p. 1.⁽³⁾ OJ C 294, 30.11.2004, p. 99.⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section II — Council**

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0016/2005),
 - having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to the Council's Internal Audit Report for 2003,
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0066/2005),
1. Welcomes the introduction in the Court of Auditors' Annual Report for 2003 of a separate section for the Council; notes the Council's summary of internal audits carried out in 2003; welcomes the enhanced exchange of information between the Council and Parliament through the informal dialogue that has taken place between the two institutions as part of the discharge procedure; finds that these elements have helped to increase transparency with regard to discharge of the Council's budget;
 2. Notes the Council's intention to provide the documentation and adopt the outstanding actions needed to comply with the requirements of the new Financial Regulation, as specified in the Court of Auditors' Annual Report, by the end of 2004 and asks the Council to submit to the European Parliament a list of problems occurring with implementation of the Financial Regulation;
 3. Notes the Court's observation that the Council's legal services were contracted without any tendering procedure, although their value exceeded the threshold above which a tendering procedure was required; notes that the Council fully accepts this observation and has initiated a tendering procedure in order to establish a framework contract for the type of legal services mentioned; stresses the importance of respecting the rules on procurement set out in the Financial Regulation;
 4. Asks the Council to make available to the discharge authority, as all other institutions have done including the European Parliament, the annual activity report referred to in Article 60(7) of the Financial Regulation of 25 June 2002;

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 293, 30.11.2004, p. 1.

⁽³⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

5. Finds that greater clarity with regard to spending on and the management of the Common Foreign and Security Policy (CFSP) within the Council would enhance transparency; urges the Council separately to identify CFSP preparatory costs within its budget, as recommended by the Court of Auditors in its Special Report No 13/2001; stresses the need for clarification of the Commission's role in the implementation of CFSP, as recommended by the Court of Auditors in its Special Report No 13/2001; recommends that clear operational principles and arrangements with regard to the Commission's role in implementation of the CFSP be included in the new Interinstitutional Agreement on the budget;
6. Regrets that due to time constraints it is not able to give the Council's discharge recommendation the attention it deserves, and invites the Commission to forward, and the Council to adopt, the following proposal for modification of Article 145(1) of the Financial Regulation:

‘The European Parliament, upon a recommendation from the Council acting by a qualified majority, shall, before 30 June of year $n + 2$ give a discharge to the Commission in respect of the implementation of the budget for year n ’.

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge for implementing the general budget of the European Union for the financial year 2003, Section IV — Court of Justice**

(2005/533/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0017/2005),
 - having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0066/2005),
1. Grants the Registrar of the Court of Justice discharge in respect of the implementation of the budget for the 2003 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 European Economic and Social Committee, the Committee of the Regions and the Ombudsman and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.⁽²⁾ OJ C 293, 30.11.2004, p. 1.⁽³⁾ OJ C 294, 30.11.2004, p. 99.⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section IV — Court of Justice**

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
- having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0017/2005),
- having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
- 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 ⁽³⁾,
- having regard to Articles 272(10), 275 and 276 of the EC Treaty,
- 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
- having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
- having regard to Rule 71 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A6-0066/2005),

The European Court of Auditors' Annual Report

1. Notes that the European Court of Justice (ECJ) administered a budget of EUR 150 599 614, of which 99,34 % (EUR 149 598 960,09) had been committed and 93,32 % (EUR 146 842 346,23) spent by 31 December 2003;
2. Welcomes the fact that the Court of Auditors, for the first time, has evaluated the control environment of all institutions individually and has published their observations in a separate part;
3. Notes that some of the most important requirements (minimum control standards, charters for financial actors, scope of the internal auditor's mission) of the Financial Regulation were not fully implemented in 2003;
4. Recognises in this context that the ECJ nevertheless adopted its new internal financial rules in January 2003 and that it preferred to draft detailed provisions and charters once some experience was gained with the operation of the new system; the documents required by the Court of Auditors were adopted in March 2004;
5. Is concerned about the ECJ's statement that '(...) there was available to the institution for the application of the new provisions only an extremely limited number of persons with a thorough knowledge of financial systems and backgrounds';

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 293, 30.11.2004, p. 1.

⁽³⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

6. Is also concerned that the internal auditor could not carry out his work programme in 2003 owing to a lack of staff; welcomes the ECJ's readiness to forward a copy of the internal auditor's 2004 work programme; calls on the ECJ to remedy this staff shortage without delay and within the assigned budgetary means; considers that an internal audit capability constitutes a natural and obligatory component of any sound administration;
7. Notes that, following the observations made by the Court of Auditors, the verification and audit functions in the ECJ have been separated;
8. Notes that the ECJ negotiated the purchase of site licences for the use of software by restricted procedure without prior publication of a notice, thereby infringing legal provisions currently in force; the ECJ has admitted its mistake;

Follow-up to the 2002 discharge procedure

9. Remains alarmed about the growing backlog of cases in 2003, although initial indicative figures for 2004 show, with regard to the ECJ, a slight improvement ⁽¹⁾:

European Court of Justice:

	2000	2001	2002	2003	2004
Cases completed	526	434	513	494	665
New cases	503	504	477	561	531
Cases pending	873	943	907	974	840

The main areas concerned were: environment and consumers, agriculture, approximation of laws, social policy and taxation; cases lasted on average two years;

Court of First Instance

	2000	2001	2002	2003	2004
Cases completed	344	340	331	339	361
New cases	398	345	411	466	536
Cases pending	786	792	872	999	1 174

The main areas concerned were: actions for annulment, staff cases and intellectual property; cases lasted on average a year and a half;

welcomes the following improvements:

- smaller chambers delivered judgments,
- fewer opinions presented by the Advocates General,
- creation of a Civil Service Tribunal (26 % of the cases before the Court of First Instance),
- simplification of the reports for the hearing drawn up by the Judge-Rapporteurs;

expects the ECJ to set performance targets and to establish action plans to achieve them, with a view to reducing the time span needed to bring pending cases to a conclusion in the years to come;

⁽¹⁾ Figures taken from the 2003 Annual Report; the figures for 2004 are preliminary and were supplied by the ECJ's administration.

10. Will make this issue one of the focal points in the 2004 discharge procedure;
11. Welcomes the measures taken by the ECJ with regard to the use of official cars for Members, as outlined in its administrative decision of 31 March 2004; recognises that the new provisions are transparent and represent an improvement of the situation; notes that, with a view to reducing the administrative burden, the Court also defrays the cost for 15 000 km, in addition to journeys authorised by travel order, and that the professional use of the car is recorded in the driver's log;
12. Notes that Article 6 of the abovementioned decision provides that, where the Members use their official cars for journeys other than those referred to in Article 5 (i.e. journeys undertaken in the performance of official duties covered by a travel order, or based on a standard rate of 15 000 km/year), they are responsible for any related expenditure (tolls, fuel costs and any additional rental charge resulting from mileage in excess of the overall figure of 45 000 km per year stipulated in the framework contract); is of the opinion that the private use of an official car represents an undisclosed benefit-in-kind, which Parliament considers to be inappropriate;

Annual activity report of the authorising officer and annual report of the internal auditor

13. Notes the reply of the ECJ Registrar, according to which he is unable to forward the report under Article 86(4) or the internal auditor's report as no internal audit report was finalised ⁽¹⁾; will therefore pay special attention to these two documents in the 2004 discharge procedure;
14. Notes that the 2003 annual activity report of the authorising officer was only submitted in July 2004 and does not contain a Statement of Assurance; is of the opinion that the annual activity report should be ready in time for the Court of Auditors' audit containing a signed statement of assurance as a visible sign of financial responsibility;

Other remarks

15. Congratulates the ECJ on the comprehensive preparatory work undertaken in 2003 to prepare for enlargement, as shown in the report of the working group; will follow up the measures taken in its 2004 discharge report;
16. Asks the ECJ to evaluate the implications of the new Financial Regulation for its administrative and judicial work in time for its review in 2005/2006, which should be forwarded to the European Parliament for its consideration;
17. Notes that the ECJ agreed, during the discussion on 19 January 2005, to answer a number of additional questions in writing in time for the answers to be considered during the 2003 discharge procedure.

⁽¹⁾ Answer to question 3.

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge for implementing the general budget of the European Union for the financial year 2003, Section V — Court of Auditors**

(2005/534/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0018/2005),
 - having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0066/2005),
1. Grants the Court of Auditors discharge in respect of the implementation of the budget for the 2003 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 European Economic and Social Committee, the Committee of the Regions and the Ombudsman and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.⁽²⁾ OJ C 293, 30.11.2004, p. 1.⁽³⁾ OJ C 294, 30.11.2004, p. 99.⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section V — Court of Auditors**

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
- having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0018/2005),
- having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
- 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 ⁽³⁾,
- having regard to Articles 272(10), 275 and 276 of the EC Treaty,
- 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
- having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
- having regard to Rule 71 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A6-0066/2005),

The European Court of Auditors' Annual Report

1. Notes that the European Court of Auditors (ECA) administered a budget of EUR 77 076 689 of which 96,83 % (EUR 74 634 579,94) had been committed and 89,58 % (EUR 69 045 709,53) spent by 31 December 2003;
2. Welcomes the fact that the ECA, for the first time, has evaluated the control environment of all institutions individually and has published their observations in a separate part;
3. Notes that the ECA has drawn up charters describing in detail the tasks, rights and obligations of the financial actors, and that minimum control standards were adopted in December 2003;
4. Takes note of the findings of the external KPMG audit concerning the ECA: 'In our opinion the (...) accounting data and financial statements give a true and fair view, in accordance with the Financial Regulation, the implementing rules, generally accepted accounting principles and the European Court of Auditors' Internal Rules, of the assets and financial position of the Court of Auditors on 31 December 2003, and of the economic result and the revenue and expenditure for the financial year then ended';
5. Asks to receive a copy of the evaluation report on the Court's construction policy when it has been finalised;

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 293, 30.11.2004, p. 1.

⁽³⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

Follow-up to the 2002 discharge procedure

6. Recalls that the 2002 discharge report also contained observations with regard to the Statement of Assurance and the audit system; these observations will be followed up in the 2003 Commission discharge report;
7. Points out that the investigations into Eurostat by the European Anti-Fraud Office (OLAF) have not been finalised at this stage; insists that the ECA schedule a comprehensive audit of the control and supervisory systems in place, once OLAF has completed its investigations;
8. Reiterates its recommendation in paragraphs 21 and 22 of its resolution of 21 April 2004 ⁽¹⁾ on the discharge for 2002 to the effect that, following the expansion of the Court, each of its 25 Members should take on special audit responsibility for at least one Commission directorate-general, in order to identify at an early stage, and prevent, the occurrence of undesirable developments such as in the case of Eurostat;
9. Welcomes the fact that, according to the 2005 work plan, the ECA will audit the European system of accounts inventories, the GNI and the quality of the GNI;
10. Welcomes the fact that the Court has examined the new statute for Members of the European Economic and Social Committee; notes that the provisions in the statute itself do not have direct financial implications; is reassured that the Court will take up the issue in the 2004 audit exercise;
11. Notes that the European Economic and Social Committee adopted detailed arrangements and procedures for the inventory in October 2003; calls therefore on the Court to audit the inventory when preparing the 2004 Annual Report;
12. Welcomes the fact that the ECA has forwarded its decisions of 16 December 2004 on the arrangements for cooperation (concerning members, staff and access to audit information) with OLAF; regrets that these decisions were taken rather belatedly;
13. Welcomes the measures taken by the ECA with regard to the use of official cars for Members, as outlined in its administrative decision of 15 June 2004; recognises that the new provisions are transparent and represent an improvement of the situation; notes that, with a view to reducing the administrative burden, the Court also defrays the cost for 15 000 km, in addition to journeys authorised by travel order, and that the professional use of the car is recorded in the driver's log;
14. Notes that Article 5 of the abovementioned decision stipulates: 'Where the Members or the Secretary-General use their official cars for journeys other than those referred to in Article 4 (i.e. journeys undertaken in the performance of official duties covered by a travel order, or based on a standard rate of 15 000 km/year), they shall be responsible for any related expenditure (tolls, fuel costs and any additional rental charge resulting from mileage in excess of the overall figure of 45 000 kilometres per year stipulated in the framework contract)'; is of the opinion that the private use of an official car represents an undisclosed benefit-in-kind, which Parliament considers to be inappropriate;

Annual activity report of the authorising officer and annual report of the internal auditor

15. Acknowledges that the ECA has sent a one-page report (pursuant to Article 86(4) of the Financial Regulation) to the Committee on Budgetary Control; expects such a report to provide a clear picture of the current control environment, for which the improvements should be introduced in the following year;
16. Calls for the authorising officer's annual report to contain a signed Statement of Assurance;

⁽¹⁾ OJ L 330, 4.11.2004, p. 144.

17. Wishes to receive a copy of the internal auditor's annual report; is aware that the ECA considers this to be an internal document; points out, however, that the internal auditor's report usually enables the discharge authority to obtain a clear picture of the control environment and the improvements scheduled for the following year; emphasises that most other institutions trust the Committee on Budgetary Control to handle this document responsibly;
18. Notes that the ECA has introduced a computerised audit support system designed to facilitate and improve the planning and standardisation of the audit process, quality control at all stages of this process, documentation, presentation of results and drawing up of reports, work at remote locations and the provision of management information;
19. Notes that, in 2003, only 50 % of the money available for exchange of civil servants and experts was used because the applicable financial provisions changed; 2003 could therefore be considered as a transition year;
20. Is of the opinion that there could be a need to analyse whether the current structure and functioning of the 'top heavy' European Court of Auditors should be reformed; recalls that at the moment the Court of Auditors has 736 employees, of whom 325 are professional auditors (A and B grades), with 275 (A and B grades) working in the audit groups and 50 (A grades) in Members' cabinets;
21. Welcomes the fact that the Court has forwarded the September 2003 report on its buildings' policy to the Committee on Budgetary Control; wishes to be kept informed of progress made in the context of the 2004 discharge procedure;

Other remarks

22. Congratulates the ECA on the network constructed with audit institutions in Member States and applicant countries (in preparation for enlargement); asks the ECA to report back to Parliament's competent committee, in time for the 2004 discharge procedure, on the progress achieved:
 - in arriving at a better system of burden sharing between the ECA and national audit institutions, in particular with regard to access to national audit files, and
 - in streamlining audit approaches, in particular with regard to national statements of assurance and audit systems with a view to enhanced compatibility, and
 - in improving the efficiency of controls by thoroughly reviewing the quantity and quality of the controls envisaged;
 23. Welcomes the ECA's readiness to supply written answers to the questions in time for the 2003 discharge;
 24. Calls on the ECA to provide the Chairman of the Committee on Budgetary Control and the rapporteur on the Commission discharge with advance copies, confidential if necessary, of the annual report; in addition, wishes to know at an early stage what special reports to expect in the course of the year with a view to giving them proper consideration;
 25. Asks the ECA to evaluate the implications of the new Financial Regulation for its administrative work in time for its review in 2005/2006;
 26. Invites the Court of Auditors to include in its annual activity report information concerning its ability to meet production targets, the unit costs, significant areas of development and other relevant factors as regards the institution's performance; notes that such a performance report would also be an excellent way of publishing information on the modernisation of the statement of assurance and other developments in the Court's audit approach.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VI — European Economic and Social Committee**

(2005/535/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0019/2005),
 - having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0066/2005),
1. Grants the Secretary-General of the European Economic and Social Committee discharge in respect of the implementation of the budget for the 2003 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 European Economic and Social Committee, the Committee of the Regions and the Ombudsman and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.⁽²⁾ OJ C 293, 30.11.2004, p. 1.⁽³⁾ OJ C 294, 30.11.2004, p. 99.⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VI — European Economic and Social Committee**

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
- having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0019/2005),
- having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
- 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 ⁽³⁾,
- having regard to Articles 272(10), 275 and 276 of the EC Treaty,
- 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
- having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
- having regard to Rule 71 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A6-0066/2005),

The European Court of Auditors' Annual Report

1. Notes that the European Economic and Social Committee (EESC) administered a budget of EUR 81 166 960, of which 98,12 % (EUR 79 642 494) had been committed and 92,77 % (EUR 73 889 949,11) spent by 31 December 2003;
2. Welcomes the fact that the Court of Auditors, for the first time, has evaluated the control environment of all institutions individually and has published their observations in a separate part;
3. Notes that a number of provisions enabling the supervisory and control environment to function properly were not in place before 2004;
4. Notes the explanation given by the EESC that '(...) priority had to be given to setting up the basic components of the regulatory framework (e.g. the EESC's internal financial rules) and to the nomination of financial actors'; records that the internal financial rules were adopted on 8 January 2003;
5. Notes that in the area of procurement several requirements of the Financial Regulation were not complied with in 2003; calls on the Court of Auditors to verify announced improvements in its 2004 audit report;
6. Welcomes the fact that a new personnel management and payroll system was put in place in early 2004;
7. Welcomes the fact that the EESC, albeit belatedly, abolished the imprest account for the payment of members' allowances in early 2004;

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 293, 30.11.2004, p. 1.

⁽³⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

8. Reminds the EESC that it gave a public assurance during last year's discharge procedure that '(...) there have been no further irregularities whatever with regard to the settlement of travel expenses' ⁽¹⁾; criticises the EESC therefore for the fact that the Court has found proof that in three cases the travel allowance paid to members was twice the amount provided for in the committee's own rules; notes that the EESC, in the meantime, has clarified the travel reimbursement rules; calls on the European Court of Auditors to follow up its findings in its 2004 discharge report;
9. Notes that the European Anti-Fraud Office (OLAF) has completed an investigation into allegations concerning the possible misuse of the committee's travel reimbursement scheme by a member; OLAF has found evidence of 'double reimbursement' and, therefore, forwarded its findings to the Belgian public prosecutor; throughout the investigation the EESC fully cooperated with OLAF; OLAF did not question the EESC's financial management system;

Follow-up to the 2002 discharge procedure

10. Notes, with regard to the Belliard building, that an internal auditor's report '(...) did not reveal any acts of fraud (...). It also recognised the value of the building project for the Committees and the correct price level at which the building was acquired' ⁽²⁾; the audit did however identify some weaknesses in the management of specific works;
11. Welcomes the EESC's readiness to report back on the follow-up given to the internal auditor's recommendations; in addition the EESC will forward to Parliament's competent committee the 9th progress report on the Belliard building;

Annual activity report of the authorising officer and annual report of the internal auditor

12. Welcomes the fact that the EESC forwarded the authorising officer's annual report, which was accompanied by a signed statement of assurance;
13. Welcomes the fact that the EESC has forwarded a synopsis of the internal auditor's annual report to the Committee on Budgetary Control; notes in this context that the internal auditor has:
 - established a check-list for implementation of the provisions of the Financial Regulation,
 - recommended the reinforcement of the nomination procedure for financial actors,
 - recommended the establishment of quarterly spending plans,
 - recommended the establishment of complete financial and contractual files,
 - recommended the publication on the intranet of the complete financial and legal framework to simplify financial management,
 - established specific recommendations for sectors with budgetary activities including action plans for 2004;
14. Will follow up these recommendations in its 2004 discharge report;

Other remarks

15. Calls on the EESC to further improve its public profile as a body representing civil society; calls on the EESC to use benchmarking with a view to achieving measurable progress;
16. Congratulates the EESC on the comprehensive preparatory work undertaken in 2003 to prepare for enlargement; will follow up the measures taken in its 2004 discharge report;
17. Asks the EESC to evaluate the implications of the new Financial Regulation for its administrative and political work in time for its review in 2005/2006 and to report its findings to the European Parliament.

⁽¹⁾ Texts adopted, 21.4.2004, P5_TA(2004) 0342.

⁽²⁾ Reply to written question No 3.

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VII — Committee of the Regions**

(2005/536/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0020/2005),
 - having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0066/2005),
1. Grants the Secretary-General of the Committee of the Regions discharge in respect of the implementation of the budget for the 2003 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 European Economic and Social Committee, the Committee of the Regions and the Ombudsman and to have them published in the *Official Journal of the European Union* (L series).

The President
Josep BORRELL FONTELLES

The Secretary-General
Julian PRIESTLEY

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 293, 30.11.2004, p. 1.

⁽³⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VII — Committee of the Regions**

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
- having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0020/2005),
- having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
- 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 ⁽³⁾,
- having regard to Articles 272(10), 275 and 276 of the EC Treaty,
- 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
- having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
- having regard to Rule 71 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A6-0066/2005),

The European Court of Auditors' Annual Report

1. Notes that the Committee of the Regions (CoR) administered a budget of EUR 38 999 436, of which 97,29 % (EUR 37 942 172,12) had been committed and 86,58 % (EUR 32 851 597) spent by 31 December 2003;
2. Welcomes the fact that the Court of Auditors, for the first time, has evaluated the control environment of all institutions individually and has published their observations in a separate part;
3. Notes that the CoR did not comply with a number of rules concerning the supervisory system and controls:
 - no charter for accountants was adopted,
 - no minimum control standards were adopted,
 - no risk analysis was performed in order to introduce the most appropriate control procedures,
 - the follow-up of entitlements of officials and other staff to the various allowances and benefits under the Staff Regulations was inadequate;

notes, however, that the CoR's internal financial rules were adopted on 29 January 2003 and the charter of accountants in May 2004;

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 293, 30.11.2004, p. 1.

⁽³⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

4. Acknowledges that some delays in implementing the financial regulation can be explained by the fact that the CoR's financial service assisted the European Anti-Fraud Office (OLAF) in an internal investigation in 2003;
5. Points out that the CoR only gained financial and budgetary autonomy under the Amsterdam Treaty in the year 2000;
6. Recognises that the CoR adopted some control standards in 2003; stresses however that a comprehensive document outlining the system of minimum control standards is still missing; asks to receive a copy of the document when it has been adopted;
7. Calls on the CoR to systematically verify the entitlements of officials;
8. Notes that the CoR has published contracts awarded on its website;

Follow-up to the 2002 discharge procedure

9. Points to the following observations in the 2001 discharge: '(...) there is evidence of systemic incompetence and disregard for the essential rules of tendering procedures and financial management, including elements of fraud and fake offers' ⁽¹⁾;
10. Notes that the new Secretary-General initiated an administrative inquiry following the results of an OLAF investigation, although its results were not communicated to the Committee on Budgetary Control in time for the 2002 discharge; '(...) in his report the Secretary-General concluded that the enquiry had identified individual failings and lack of professionalism as well as (...) administrative weaknesses. However (...), none of these individual failings could be regarded (...) as serious enough to justify the opening of disciplinary procedures against any of the officials concerned' ⁽²⁾; takes note that none of the officials who were the subject of the administrative inquiry has been promoted since the completion of the report;
11. Notes that the former Secretary-General was initially granted unpaid leave and subsequently early retirement with effect from September 2004, against the express wish of the European Parliament;
12. Emphasises again its support for the Internal Auditor, who drew the attention of the Committee on Budgetary Control to irregularities which occurred in the CoR, and also its confidence in his personal and professional integrity; is satisfied that this view is shared by the CoR, as recorded in a letter from the CoR President to the Internal Auditor of 26 November 2003: 'I am therefore pleased to learn that the acting Secretary-General has assured his predisposition to assist you to carry out your functions professionally and appropriately as Internal Auditor with the full support and cooperation of both CoR members and staff.'; in addition, the CoR Secretary-General stressed in a written communication to the rapporteur '(...) the positive role that (the Internal Auditor) has played by highlighting certain weaknesses in the CoR's administration. This was the starting point for the process of administrative reform that the CoR commenced in the last months of 2003 in order to remedy the weaknesses identified, in particular in the area of financial management.';
13. Acknowledges that the CoR, under the new Secretary-General, has made strenuous efforts to bring its administration up to speed, by initiating an administrative overhaul, and that Parliament has been kept informed about progress achieved on a regular basis; recognises with satisfaction the undertakings given so far;

Annual activity report of the authorising officer and annual report of the internal auditor

14. Points out that the CoR has spent EUR 117 693 on five external studies; welcomes the additional information on the use of the studies for committee work;
15. Notices that it has received neither the CoR report pursuant to Article 86(4) of the Financial Regulation, nor the Internal Auditor's annual report; notes that the position of internal auditor was not occupied during the latter half of 2004 and was eventually advertised in a vacancy notice on two occasions; asks to be informed about the outcome of this recruitment procedure;

⁽¹⁾ OJ L 57, 25.2.2004, p. 8.

⁽²⁾ Letter from the CoR President to the Chairman and Rapporteur of the Committee on Budgetary Control of 6 May 2004.

Other remarks

16. Welcomes the fact that the CoR regularly evaluates the impact of its political work; asks to also receive the annual impact reports in the context of the discharge procedures;
 17. Remains concerned about the system of political control in the CoR; asks the CoR:
 - to look into the possibility of formally setting up a Conference of (Group) Presidents, as the political steering committee,
 - to evaluate the effectiveness of the Bureau (of more than 50 members),
 - to continue working towards greater effectiveness of the Commission for Financial and Administrative Affairs, noting that the streamlined format represents a significant improvement on the original format, and to report back to Parliament's competent committee in time for the 2004 discharge procedure;
 18. Congratulates the CoR on the comprehensive preparatory work undertaken in 2003 to prepare for enlargement; will follow up the measures taken in its 2004 discharge report;
 19. Asks the CoR to evaluate the implications of the new Financial Regulation for its administrative and political work in time for its review in 2005/2006 and to report its findings to the European Parliament.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VIII — Ombudsman**

(2005/537/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
 - having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0021/2005),
 - having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0066/2005),
1. Grants the Ombudsman discharge in respect of the implementation of the budget for the 2003 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 European Economic and Social Committee, the Committee of the Regions and the Ombudsman and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.⁽²⁾ OJ C 293, 30.11.2004, p. 1.⁽³⁾ OJ C 294, 30.11.2004, p. 99.⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments which form part of the decision on the discharge for implementing the general budget of the European Union for the financial year 2003, Section VIII — Ombudsman**

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2003 ⁽¹⁾,
- having regard to the revenue and expenditure account and balance sheet for the 2003 financial year (C6-0021/2005),
- having regard to the Annual Report of the European Court of Auditors concerning the financial year 2003, together with the institutions' replies ⁽²⁾,
- 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 ⁽³⁾,
- having regard to Articles 272(10), 275 and 276 of the EC Treaty,
- 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 ⁽⁴⁾, in particular Articles 50, 86(4), 145, 146 and 147 thereof,
- having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
- having regard to Rule 71 of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A6-0066/2005),

The European Court of Auditors' Annual Report

1. Notes that the Ombudsman administered a budget of EUR 4 438 653,00, of which 91,29 % (EUR 4 052 488) was committed and 87,65 % (EUR 3 551 999,59) spent;
2. Notes the Ombudsman's explanation that the lower level of budget execution in 2003 was caused by the transition period following the retirement of the former Ombudsman and the election of the new Ombudsman;
3. Notes that the Court of Auditors did not make any observations with regard to the execution of the budget; asks, therefore, how the Court intends to evaluate the budget execution of the Ombudsman in future;
4. Notes, however, that the European Parliament gave a favourable opinion on the work of the European Ombudsman on the basis of his annual report ⁽⁶⁾; records that 75 % of the complaints received fell outside the Ombudsman's mandate, and that the Ombudsman only dealt with 363 enquiries although the overall caseload amounted to 2 611 cases;

Follow-up to the 2002 discharge procedure

5. Welcomes the comprehensive information supplied to the Committee on Budgetary Control by the Ombudsman in his letter of 13 December 2004;
6. Notes the documents relating to the Framework Agreement between the European Parliament and the Ombudsman on administrative and financial assistance; notes furthermore that Parliament performs the financial initiation function concerning Title I, relating to personnel;

⁽¹⁾ OJ L 54, 28.2.2003, p. 1.

⁽²⁾ OJ C 293, 30.11.2004, p. 1.

⁽³⁾ OJ C 294, 30.11.2004, p. 99.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

⁽⁶⁾ Texts Adopted, 18.11.2004, P6_TA(2004) 0065.

7. Recalls that the Ombudsman was looking into a low-cost way of travelling regularly to Frankfurt and Zurich airports; notes that the European Parliament and the Ombudsman have agreed that Parliament will lease a supplementary official car, to be placed at the Ombudsman's disposal, in return for the payment of monthly charges; wishes to be informed about the final solution;

Annual activity report of the authorising officer and annual report of the internal auditor

8. Welcomes the fact that the Ombudsman has willingly provided the authorising officer's and the internal auditor's annual reports, including a statement of assurance;
9. Notes that the Ombudsman's office developed software for a case management system on the basis of a system used by a Belgian Ombudsman;
10. Observes that the implementation of the Financial Regulation has placed an enormous strain on the Ombudsman's administration; congratulates the Ombudsman on the swift transposition of its provisions and asks the Ombudsman to submit to the European Parliament a list of problems occurring with implementation of the Financial Regulation;
11. Asks the Ombudsman to report, in time for the 2004 discharge procedure, about the progress made in training financial actors with the help of vocational training courses;
12. Welcomes the clear structure of the internal auditor's annual report No 4/2002, which states: 'The initial findings did not reveal any areas of significant risk to budgetary implementation to the EO (European Ombudsman) ...' ⁽¹⁾; in addition, action plans have been set up, which will allow further strengthening of the control environment.

⁽¹⁾ Internal Auditor's report No 4/2002, p. 5.

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2003**

(2005/538/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Agency for Reconstruction for the financial year 2003, together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6864/2005 — C6-0076/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1646/2003 of 18 June 2003 amending Regulation (EC) No 2667/2000 on the European Agency for Reconstruction ⁽³⁾ and in particular Article 8 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs (A6-0074/2005),
1. Gives discharge to the Director of the European Agency for Reconstruction, in respect of the implementation of its budget for the financial year 2003;
 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 and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 41, 17.2.2005, p. 35.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 16.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Agency for Reconstruction for the financial year 2003, together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's Recommendation of 8 March 2005 (6864/2005 — C6-0076/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1646/2003 of 18 June 2003 amending Regulation (EC) No 2667/2000 on the European Agency for Reconstruction and in particular Article 8 thereof ⁽³⁾,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and in particular Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Foreign Affairs (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned report, that the Agency's accounts do not present a true and fair view of the Agency's actual economic and financial situation.
- B. Whereas the ECA expressed certain reserves with regard to the funds entrusted to external bodies (both national and international), that Court also stated however that the transactions underlying the Agency's annual accounts were legal and regular.
- C. Whereas the ECA had certain reserves as to the validity of some of the supporting documents.
- D. Whereas the ECA expressed certain reserves concerning the procurement procedure.
- E. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the Agency in respect of the implementation of its budget for the 2002 financial year, on the basis of the report of the ECA, and in so doing Parliament in its resolution *inter alia*:
- invited the Agency to give rapidly a positive follow-up to the Court's and the Parliament's suggestion to introduce a reliable general accounting tool in all its centres abandoning the use of spreadsheets for its general accounts,
 - expected the Agency, promptly to respond to the ECA invitation to clarify the status of funds made available to specialised bodies for the financing of loan programmes in specific fields and to adopt the appropriate solutions as regards the way in which these funds should be recorded in the Agency's financial statements,
 - invited the Commission's Internal Audit Service to look into this matter to identify potential systemic failures and make the necessary recommendations for remedying such problems,

⁽¹⁾ OJ C 41, 17.2.2005, p. 35.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 16.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 1.

1. Notes the following figures for the accounts of the European Agency for Reconstruction (EAR) for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002
Revenue		
Commission grants	275 280	462 804
Financial revenue	3 955	5 978
Miscellaneous revenue	1 517	495
Counterpart funds	379	497
Contributions from third parties	28 034	500
Total revenue (a)	309 164	470 274
Expenditure		
<i>Staff — Title I of the budget</i>		
Payments	17 027	17 771
Appropriations carried over	306	206
<i>Administration — Title II of the budget</i>		
Payments	5 261	6 211
Appropriations carried over	1 215	2 037
<i>Operating activities — Title III of the budget</i>		
Payments	69 565	138 512
Appropriations carried over	265 352	293 106
Total expenditure (b)	358 725	457 844
Outturn for the financial year (a – b) ⁽¹⁾	– 49 560	12 430
Balance carried over from the previous financial year	– 112 908	– 73 127
Payments on the Commission's behalf	– 5 231	– 25 407
Payments to be made on the Commission's behalf	– 515	0
Cancellations of appropriations carried over from previous financial years	30 649	5 463
N –1 appropriations carried over which lapse (Titles I and II)	146	135
Complement: 2001 appropriations carried over	0	– 32 423
Financial revenue to be repaid	– 3 955	0
Counterpart fund adjustments	400	0
Exchange rate differences	23	22
Balance for the financial year	– 140 951	– 112 908

⁽¹⁾ Calculated according to the principles laid down in Article 15 of Council Regulation (EC, Euratom) No 1150/2000 (OJ L 130, 31.5.2000, p. 1).NB: Any discrepancies in totals are due to the effects of rounding.

Source: This table summarises the data from the revenue and expenditure account included in the final financial statements of the Agency for the financial year 2003.

2. Notes that in 2003 the total portfolio overseen by the EAR was EUR 1 900 million of which 81 % was contracted and 67,5 % disbursed for assistance programmes across its four operational centres (Belgrade, Podgorica, Pristina and Skopje), and that the EAR's total budget for 2003 was EUR 358,6 million, the bulk of which was for assistance programmes, and that out of the EUR 327,8 million of new EC credits received by the EAR in 2003, EUR 62,3 million was for Kosovo, EUR 200 million for Serbia, EUR 12 million for Montenegro and EUR 33,5 million for the Former Yugoslav Republic of Macedonia;

Implementation of the budget

3. Notes the ECA observation on the practice in the Agency's budget, as adopted by the Governing Board, which does not observe the principle of differentiated appropriations, which results in an accounting out-turn for the financial year that bears no relation to the economic reality, and in a cumulative deficit as of 31 December 2003, i.e. EUR 140,95 million, which is largely artificial;
4. Notes in the answers of the Agency, that it has now taken steps to clarify the financial presentation of its operation, which results in a consolidated revenue and expenditure account for the whole period 2004, therefore expects that the problem will be solved for the discharge procedure 2004;
5. Encourages the Commission and the ECA to reinforce their cooperation with the EAR in this field in order to guarantee its budget implementation efficiency;

Financial statements

6. Notes the ECA's repeated observations on the weaknesses of the Agency's accounting system, in particular the keeping of the general accounts on a single entry basis;
7. Welcomes the answer by the Agency, which says it has now fully overcome the weaknesses mentioned by the Court and is now using double entry general accounting system along with the budgetary tool SI2;
8. Invites the Commission to undertake all means necessary to allow all Agencies to share as quickly as possible the Commission's new accounting system as introduced on 1 January 2005;
9. Expresses its surprise that the ECA has still not received clarification as to the status of funds made available to specialised bodies for the financing of loan programmes in specific fields and invites the Agency to adopt the appropriate solutions as regards the way in which these funds should be recorded in the Agency's financial statements;
10. Understands from the Agency that only a minor balance of these funds is still remaining and was almost fully expended at the end of 2004; invites the EAR Director to give a full report to the competent committee on the implementation and efficiency of such loan programmes on the earliest occasion;
11. Notes that the Agency has in the meantime reinforced its accounting staff and instruments and hopes that the improvements undertaken in 2004 will put an end to the repetition of negative remarks by the ECA on this issue;
12. Is pleased to note that the average time taken by the EAR to make payments for assistance programmes in 2003 was 9 days;
13. Notes the specific conditions under which the Agency is operating and expresses its recognition for the achievements of the Agency in the fulfilment of its mandate; calls on the Commission to give the necessary support to the EAR to ensure its full adaptation to the procedures and requirements of the new position of the Agency within the Commission (following enlargement);
14. Notes that since 2003 major changes in the tender system have been undertaken, which should guarantee the transparent treatment of each tender;
15. Welcomes in this respect the immediate action taken by the Director of the Agency when discovering irregularities in the conclusion of one of the major infrastructure contracts, including the automatic suspension of the person responsible and the transmission of the dossier to OLAF; encourages both the Director and the Commission, as well as the ECA, to go on with this procedure of immediate action and to enhance the required risk analysis in particular as regards sectors with a high risk profile;

16. Notes that OLAF found strong evidence that the successful firm received assistance from the Agency employee suspended in connection with the infrastructure contract in question in preparing the documents relating to its bid ⁽¹⁾; points out that, under the rules governing calls for tenders, even the attempt by a tenderer to obtain confidential information concerning a call for tenders procedure entails his exclusion from the procedure;
17. Fails to understand why, according to information supplied by the Commission (Questions for written answers to Commissioners Michel and Ferrero-Waldner of 3 December 2004) the OLAF final report on this case could not be submitted to members of the Agency's Governing Board; expects this situation to be remedied forthwith so that the Agency's supreme decision-taking body can form a complete picture of events;
18. Urges the EAR Director in future to apply Article 103 of the Financial Regulation consistently and to suspend the execution of contracts where serious errors or irregularities or fraud have occurred in the award procedure;
19. Calls on the EAR Director, the Commissioner responsible, the ECA and the OLAF Director to inform the European Parliament as soon as possible of such actions and findings;
20. Notes the report of the Commission's Internal Audit Service on the activities of the EAR, in line with the request in the European Parliament's 2002 discharge of the Agency;

Legality and regularity of the underlying transactions

21. Notes the ECA's call for a reduction in the number of authorising officers (56 by the end of 2003) and recognises the efforts by the Agency, which limited this number by February 2004 to only 20 delegations and subdelegations, which should allow a proper financial implementation while ensuring an efficient implementation of the actions planned at local level;
22. Welcomes the participation of the Agency's Director in the hearing in the context of the discharge procedure 2003 which led to a number of clarifications on the level of its achievements in the implementation of its mandate; expects that the Agency will undertake all the necessary actions to achieve fully sound financial management;
23. Recognises the fact that the presence of the EAR's Director before the Committee on Budgetary Control, and on a later occasion before the Committee on Foreign Affairs, has been helpful in clarifying certain issues and providing explanations for certain situations which had been of genuine concern to the European Parliament, in particular, the question of the allocation of tasks between the Commission's 'deconcentrated' delegations in the region and the EAR's operational centres;

General points addressed to the Commission and the Agencies

24. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an interinstitutional agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
25. Notes the Commission's position ⁽²⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽³⁾;

⁽¹⁾ OLAF fifth activity report for the year ending June 2004 (case study, p. 34).

⁽²⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽³⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

26. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
- (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
27. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
28. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
29. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
- (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
30. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
31. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

32. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
33. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);

34. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
35. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions⁽¹⁾ are introduced in their respective staff policies;
36. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
37. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
38. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;
39. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
40. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
41. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

42. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

43. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 44. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 45. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Director of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2003**

(2005/539/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Centre for the Development of Vocational Training for the 2003 financial year together with the Centre's replies ⁽¹⁾,
 - having regard to the Council's Recommendation of 8 March 2005 (6858/2005 — C6-0075/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1655/2003 of 18 June 2003 amending Regulation (EEC) No 337/75 establishing a European Centre for the Development of Vocational Training and repealing Regulation (EEC) No 1416/76 ⁽³⁾, and in particular Article 12a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
1. Gives discharge to the Director of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2003;
 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 Centre for the Development of Vocational Training, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 53.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 41.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Director of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Centre for the Development of Vocational Training for the 2003 financial year together with the Centre's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6858/2005 — C6-0075/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1655/2003 of 18 June 2003 amending Regulation (EEC) No 337/75 establishing a European Centre for the Development of Vocational Training and repealing Regulation (EEC) No 1416/76 ⁽³⁾, and in particular Article 12a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the European Centre for the Development of Vocational Training (the Centre) in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
- invited the Centre to continue the cooperation already under way with the European Training Foundation (ETF),
 - encouraged the Centre to continue its efforts with a view to setting-up an internal audit capability and complying with the internal control standards,

⁽¹⁾ OJ C 324, 30.12.2004, p. 53.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 41.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 34.

1. Notes the following figures for the accounts of the European Centre for the Development of Vocational Training for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002
Revenue		
Commission subsidies	14 500	12 135
Revenue from previous financial years	0	25
Miscellaneous revenue	3	3
Assigned revenue (Phare and third countries)	792	333
Financial revenue	0	50
Total revenue (a)	15 295	12 546
Budgetary expenditure for the financial year		
<i>Staff — Title I of the budget</i>		
Payments	7 554	7 570
Appropriations carried over	443	298
<i>Administration — Title II of the budget</i>		
Payments	778	767
Appropriations carried over	358	345
<i>Operating activities — Title III of the budget (except for assigned revenue)</i>		
Payments	2 381	2 491
Appropriations carried over	3 138	2 189
<i>Assigned revenue (Phare and third countries)</i>		
Payments	546	0
Appropriations carried over	246	187
Total expenditure (b)	15 444	13 847
Outturn for the financial year (a – b)	– 149	– 1 301
Balance carried over from the previous financial year	– 545	532
Appropriations carried over and cancelled	399	215
Sums for reuse from the previous financial year not used	10	8
Refunds to the Commission	– 716	0
Exchange rate differences	8	1
Balance for the financial year	– 993	– 545

Source: information supplied by the Centre. This table summarises the data provided by the Centre in its own accounts.

2. Notes the ECA's observation with regard to the handling by the Centre of restricted procedures in awarding contracts as well as the Centre's reply; expects the Centre to make further efforts to better present the results of such procedures in a transparent way abiding by the relevant rules;
3. Notes the Court's observation as regards the non-completion by the Centre of the announced changes to its financial organisation; invites the Centre to finalise and implement these changes in the course of 2005; expects the Centre to inform Parliament's competent committee upon completion of the adaptation process;

4. Welcomes the cooperation between the Centre and the European Training Foundation in preparing the accession countries for their participation in the Centre's activities following enlargement; takes the view that such complementary action should continue and be reinforced where appropriate;
5. Expects the Centre from now on to include in its general budget subsidies and contributions from third countries in line with the ECA's observation;
6. Expects the Centre to enhance transparency in its procedure for personnel recruitment, mainly by clarifying *ex ante* the criteria for the lists;
7. Welcomes the inclusion of equality in the Centre's staff policy and encourages it to follow up and evaluate such policies regularly to ensure their implementation;
8. Regrets that top management positions are male dominated, urges the Centre to improve the balance;
9. Welcomes the Centre's strategy for information and communication, especially its focus on openness and accessibility for citizens.

General points addressed to the Commission and the Agencies

10. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
11. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
12. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
13. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
14. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;

⁽¹⁾ As set out in Annex 1 of the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007 to 2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

15. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
16. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
17. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

18. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
19. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
20. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
21. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions ⁽¹⁾ are introduced in their respective staff policies;
22. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
23. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

24. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;
25. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
26. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
27. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors General of the Commission;
28. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

29. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 30. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 31. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Director of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2003**

(2005/540/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the 2003 financial year together with the Foundation's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6854/2005 — C6-0074/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1649/2003 of 18 June 2003 amending Regulation (EEC) No 1365/75 on the creation of a European Foundation for the Improvement of Living and Working Conditions and repealing Regulation (EEC) No 1417/76 ⁽³⁾, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
1. Gives discharge to the Director of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2003;
 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 Foundation for the Improvement of Living and Working Conditions, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 75.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 25.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Director of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the 2003 financial year together with the Foundation's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6854/2005 — C6-0074/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1649/2003 of 18 June 2003 amending Regulation (EEC) No 1365/75 on the creation of a European Foundation for the Improvement of Living and Working Conditions and repealing Regulation (EEC) No 1417/76 ⁽³⁾, and in particular Article 16 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the European Foundation for the Improvement of Living and Working Conditions (the Foundation) in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
- invited the Foundation to improve the transparency of its tendering procedures,
 - welcomed efforts made by the Foundation with a view to reducing carry-overs of appropriations and encouraged it to share with other agencies the positive outcome of its efforts so as to help disseminate best practice with regard to reducing carry-overs,

⁽¹⁾ OJ C 324, 30.12.2004, p. 75.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 25.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 53.

1. Notes the following figures for the accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002
Revenue		
Commission subsidies	17 090	16 500
Miscellaneous revenue	47	62
Financial revenue	35	57
Total revenue (a)	17 172	16 619
Expenditure		
<i>Staff — Title I of the budget</i>		
Payments	8 927	9 111
Appropriations carried over	109	216
<i>Administration — Title II of the budget</i>		
Payments	968	938
Appropriations carried over	224	683
<i>Operating activities — Title III of the budget</i>		
Payments	3 733	3 290
Appropriations carried over	2 817	3 105
Total expenditure (b)	16 778	17 343
Outturn for the financial year (a – b)	394	– 724
Balance carried over from the previous financial year	– 1 836	– 1 209
Appropriations carried over and cancelled	118	81
Sums from the previous financial year for re-use that were not used	19	13
PHARE revenue collected	639	0
PHARE revenue to be collected	361	0
PHARE expenditure	– 1 000	0
Exchange rate differences	9	3
Balance for the financial year	– 1 296	– 1 836

Source: The Foundation's data. This table summarises the data provided by the Foundation in its accounts.

2. Expects the Foundation from now on, in line with the ECA's observation, to record correctly in its budget extra-budgetary subsidies or allocations it receives;
3. Invites the Foundation to continue developing synergies with other Agencies and in particular with the European Agency for Safety and Health at Work as well as with Eurostat so as to avoid overlaps and to build on complementary aspects within common thematic responsibilities; expects such synergy to be strengthened through the exchange of information on best practice in order to enhance results;
4. Welcomes the Foundation's equality policy and mainstreaming of activities and encourages it to follow up and evaluate such policies regularly to ensure their implementation;
5. Welcomes the Foundation's commitment to disseminating its findings to citizens and the measures it has taken to develop and strengthen the Agency's strategy for information and communication;

General points addressed to the Commission and the Agencies

6. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
7. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
8. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
9. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
10. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
11. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

12. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
13. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

14. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
15. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
16. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
17. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions⁽¹⁾ are introduced in their respective staff policies;
18. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
19. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and action-s/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
20. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

21. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
22. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
23. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
24. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

25. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 26. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 27. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Executive Director of the European Environment Agency in respect of the implementation of its budget for the financial year 2003**

(2005/541/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Environment Agency for the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's Recommendation of 8 March 2005 (6852/2005 — C6-0073/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Regulation (EC) No 1641/2003 of the European Parliament and of the Council of 22 July 2003 amending Council Regulation (EEC) No 1210/90 on the establishment of the European Environment Agency and the European Environment Information and Observation Network ⁽³⁾ and in particular article 13 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0074/2005),
1. Gives discharge to the Executive Director of the European Environment Agency, in respect of the implementation of its budget for the financial year 2003;
 2. Records its comments in the accompanying resolution;
 3. Instructs its President to forward this decision and the accompanying resolution to the Executive Director of the European Environment Agency, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 23.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 1.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Executive Director of the European Environment Agency in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Environment Agency for the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6852/2005 — C6-0073/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Regulation (EC) No 1641/2003 of the European Parliament and of the Council of 22 July 2003 amending Council Regulation (EEC) No 1210/90 on the establishment of the European Environment Agency and the European Environment Information and Observation Network ⁽³⁾ and in particular article 13 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the European Environment Agency (the Agency) in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
- welcomed the establishment by the Agency of an internal audit capability,
 - invited the Agency to present its analysis on the possibility of using differentiated appropriations in the financing of agreements with the European Topic Centres as a means of reducing carry-overs,
 - invited the Agency to correct rapidly the situation with regard to its filing and archiving system and to remedy deficiencies that the ECA had repeatedly criticised as far as documents in support of payments were concerned,

⁽¹⁾ OJ C 324, 30.12.2004, p. 23.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 1.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 14.

1. Notes the following figures for the accounts of the European Environment Agency (EEA) for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002
Revenue		
Community subsidies	21 380	18 749
Other subsidies	8 423	1 136
Other revenue	89	198
Total revenue (a)	29 891	20 083
Expenditure		
<i>Staff — Title I of the budget</i>		
Payments	11 123	9 714
Appropriations carried over	315	1 018
<i>Administration — Title II of the budget</i>		
Payments	2 447	2 054
Appropriations carried over	395	247
<i>Operating activities — Title III of the budget</i>		
Payments	5 997	6 493
Appropriations carried over	7 008	5 611
Total expenditure (b)	27 284	25 136
Outturn for the financial year (a – b)	2 607	– 5 053
Balance carried over from the previous financial year	– 7 427	– 3 275
Appropriations carried over and cancelled	617	889
Sums for re-use from the previous financial year not used	36	8
Exchange rate differences	– 4	4
Adjustments	– 18	0
Balance for the financial year	– 4 190	– 7 427

NB: The totals may include differences due to rounding.

Source: Information supplied by the Agency. These tables summarise the data provided by the Agency in its own accounts.

2. Notes the ECA's observation relating to the non-systematic issuing of recovery orders by the Agency when claims are established, and the Agency's reply to that observation, expects the Agency from now on to abide strictly by the rules provided for in the Financial Regulation in this respect;
3. Welcomes the measures taken by the Agency to strengthen its capability in the handling of financial operations including its preparation in view of applying accrual-based accounting; expects to be fully informed of the results obtained by the Agency on the occasion of the presentation of the Director's annual activity report for the financial year 2004;
4. Welcomes the Agency's equality policy and mainstreaming of activities and encourages it to follow up and evaluate such policies regularly to ensure their implementation;
5. Regrets that the Agency's breakdown of the staff by gender, category, nationality and grade did not permit the European Parliament to evaluate the balance between women and men within and between category and grade; demands that this be made available in the future as it is a vital tool for the evaluation of equality plans and gender balance within an organisation;
6. Considers the EEA as a source of important environmental information for all EU institutions and policy-making; notes with satisfaction that the Agency has been able to transform some complicated technical data into user-friendly information and communicate its conclusions to the public;

7. Welcomes the EEA's strategy for communication with citizens and encourages the Agency to develop and evaluate it continuously;
8. Underlines the fact that the impact of environment programmes is often hampered by the lack of assessment of environmental impacts of other Community legislation and programmes; believes that the EEA could provide support for policy-making by further developing its work in the field of environmental impact assessment;

General points addressed to the Commission and the Agencies

9. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
10. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
11. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
12. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
13. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
14. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

- (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
15. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
16. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

17. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
18. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
19. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
20. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions⁽¹⁾ are introduced in their respective staff policies;
21. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
22. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and action-s/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
23. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

24. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
25. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
26. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
27. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

28. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 29. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 30. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Director of the European Agency for Safety and Health at Work in respect of the implementation of its budget for the financial year 2003**

(2005/542/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health for the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's Recommendation of 8 March 2005 (6851/2005 — C6-0069/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1654/2003 of 18 June 2003 amending Regulation (EC) No 2062/94 establishing a European Agency for Safety and Health at Work ⁽³⁾ and in particular article 14 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
1. Gives discharge to the Director of the European Agency for Safety and Health at Work, in respect of the implementation of its budget for the financial year 2003;
 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 Safety and Health at Work, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 1.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 38.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Director of the European Agency for Safety and Health at Work in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Agency for Safety and Health for the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6851/2005 — C6-0069/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1654/2003 of 18 June 2003 amending Regulation (EC) No 2062/94 establishing a European Agency for Safety and Health at Work ⁽³⁾ and in particular article 14 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the European Agency for Safety and Health at Work (the Agency) in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
- insisted on the need for the Agency to improve the programming of its activities so as to reduce the large amount of carry-overs of appropriations,
 - invited the Agency to use experience gained in managing the 2002 SME Funding Scheme so as to ensure greater rigour and better value for money in subsequent schemes,

⁽¹⁾ OJ C 324, 30.12.2004, p. 1.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 38.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 8.

1. Notes the following figures for the accounts of the European Agency for Safety and Health at Work for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002
Revenue		
Community subsidies	11 641	12 324
Other subsidies	66	252
Other revenue	157	81
Phare revenue	824	0
Total revenue (a)	12 688	12 657
Expenditure		
<i>Staff — Title I of the budget</i>		
Payments	3 245	3 024
Appropriations carried over	87	136
<i>Administration — Title II of the budget</i>		
Payments	1 146	1 140
Appropriations carried over	186	247
<i>Operating activities — Title III of the budget</i>		
Payments	2 559	2 030
Appropriations carried over	5 859	5 623
<i>Phare expenditure</i>		
Payments	548	0
Appropriations carried over	502	0
Total expenditure (b)	14 131	12 199
Outturn for the financial year (c = a - b) ⁽¹⁾	- 1 443	458
Balance carried over from the previous financial year	- 1 108	- 2 185
Appropriations carried over from the previous financial year and cancelled	766	609
Sums to be re-used carried over from the previous financial year and not used	1	0
Payments against commitment cancelled in 2002	- 191	0
Exchange rate differences	4	4
Adjustment entries	- 16	7
Outturn for the financial year before economic adjustment (d)	- 1 987	- 1 108
Budget revenue to be recovered	850	0
Other revenue to be recovered	3	0
Acquisitions of fixed assets	207	0
Depreciation ⁽²⁾	- 186	0
Miscellaneous expenditure	- 1	0
Economic adjustments (e)	873	0
Balance for the financial year (d + e) ⁽³⁾	- 1 113	- 1 108

⁽¹⁾ Calculation according to the principles of Article 15 of Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000 (OJ L 130, 31.5.2000. p. 8.

⁽²⁾ In 2003 the Agency depreciated its fixed assets for the first time.

⁽³⁾ The negative balance is due to the fact that carry-overs are still being treated as expenditure, without any economic adjustment. A rough estimate of the adjustment to be applied suggests that the actual balance for the financial year is of the order of a EUR 1 million.

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

Source: The Agency's data, the tables present, in summary form, the data provided by the Agency in its own accounts.

2. Records with satisfaction the efforts made by the Agency which resulted in a significant reduction of carry-overs of its operating appropriations; shares the Court's view that the carry-over rate for those appropriations is still high; expects the Agency to deploy greater efforts so as to reduce further carry-overs;
3. Calls on the Agency in this respect to put in place a plan to reduce carry-overs, providing for yearly reduction targets compatible with the implementation cycle of its work programme;
4. Invites the Agency to clearly indicate which among its operational activities could be best served through financing by differentiated appropriations;
5. Reiterates its call to the Agency to apply a tighter programming and improve monitoring of its operational activities; invites the Agency to continue its efforts with a view to defining better focused and more realistic objectives, in operational terms, as was suggested in the Commission's evaluation of the Agency in 2003;
6. Notes the Agency's explanation as regards its efforts to carry out its work programme in cooperation with a reduced number of topic centres; invites the Agency to present in its Annual Activity Report for 2004 an analysis of lessons learnt through its work with the topic centres, referred to in the provisions of the Agency's founding regulation, explaining the advantages and shortcomings of this model of cooperation; furthermore, invites the Agency to highlight in its report the added value of the results so far obtained; encourages the Agency to further strengthen monitoring and control of costs declared by topic centres and to ask for a certification of their work by an external auditor as the ECA has suggested;
7. Regrets the absence of an equality plan and expects the Agency to develop a plan shortly in order to become an equal opportunities employer; expects the Agency not only to consider equality issues at the stage of recruitment but also to work proactively and on a long-term basis to promote gender equality;
8. Welcomes the Agency's commitment to communicate information on its activities to citizens and the hopes to see further measures to develop and strengthen the Agency's strategy for information and communication;

General points addressed to the Commission and the Agencies

9. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an inter-institutional agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
10. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
11. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

- (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
- 12. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
- 13. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
- 14. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
- 15. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this Agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
- 16. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

- 17. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
- 18. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
- 19. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;

20. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions ⁽¹⁾ are introduced in their respective staff policies;
21. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
22. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
23. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;
24. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
25. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
26. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
27. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

General points addressed to the ECA and the Agencies

28. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 29. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 30. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Executive Director of the European Agency for the Evaluation of Medicinal Products in respect of the implementation of its budget for the financial year 2003**

(2005/543/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Agency for the Evaluation of Medicinal Products concerning the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6860/2005 — C6-0070/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1647/2003 of 18 June 2003 amending Regulation (EEC) No 2309/93 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Agency for the Evaluation of Medicinal products ⁽³⁾, and in particular Article 57a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0074/2005),
1. Gives discharge to the Executive Director of the European Agency for the Evaluation of Medicinal Products, in respect of the implementation of its budget for the financial year 2003;
 2. Records its comments in the accompanying resolution;
 3. Instructs its President to forward this decision and the accompanying resolution to the Executive Director of the European Agency for the Evaluation of Medicinal Products, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 30.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 19.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Executive Director of the European Agency for the Evaluation of Medicinal Products in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Agency for the Evaluation of Medicinal Products concerning the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6860/2005 — C6-0070/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1647/2003 of 18 June 2003 amending Regulation (EEC) No 2309/93 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Agency for the Evaluation of Medicinal products ⁽³⁾, and in particular Article 57a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the European Agency for the Evaluation of Medicinal Products (the Agency) in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
- welcomed the agreement reached by the Agency and the Commission on the payment of the Community subsidy in instalments, while stressing that the situation with regard to carry-overs should be improved,
 - considered as pragmatic the solution found with regard to the revenue side of the accounts whereby the positive balance out-turn was entered as earmarked revenue for the following financial year,
 - noted the Agency's efforts to improve internal control procedures and welcomed its decision to set up an internal audit service,

⁽¹⁾ OJ C 324, 30.12.2004, p. 30.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 19.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 20.

1. Notes the following figures for the accounts of the European Agency for the Evaluation of Medicinal Products (EMA) for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002 ⁽¹⁾
Revenue		
Fees relating to marketing authorisations	58 657	38 372
Commission subsidy including subsidies received from the EEA	19 786	14 846
Community subsidy for orphan medicines	2 814	2 407
Contributions for Community programmes	1 208	9
Administrative revenue	2 153	1 688
Sundry revenue	848	54
Total (a)	85 466	57 376
Expenditure ⁽²⁾		
Staff expenditure	29 663	26 216
Administrative expenditure	10 905	10 718
Operating expenditure	32 838	21 467
Depreciation	2 364	0
Total (b)	75 770	58 401
Result (c = a - b)	9 696	- 1 025
Other factors		
Appropriations carried over from the previous financial year and cancelled (d)	823	1 377
Exchange rate differences and other adjustments (e)	413	- 352
Balance for the financial year (c + d + e)	10 932	0

⁽¹⁾ The data for the financial year 2002 have not been reprocessed according to the accounting principles followed for the financial year 2003 (see paragraph 8 of the report).

⁽²⁾ The portion of the appropriations carried over which is to be regarded as expenditure for the financial year has been evaluated on an overall basis rather than on the basis of examining individual transactions.

Source: The Agency's data. This table summarises the data provided by the Agency in its own accounts.

2. Notes the Agency's efforts in 2004 aimed at strengthening its inventory system and the fact that all its assets are now entered in the new management system in compliance with the Commission's harmonised accounting plan;
3. Invites the Agency to take further steps aimed at strengthening its internal control system;
4. Expects the Agency to build on measures already taken in order to respond to the ECA's observation as regards the application of negotiated procedures in procurement;
5. Notes the clarifications provided by the Agency on the measures it introduced for the purpose of remedying problems identified by the Court with regard to the way selection procedures for staff recruitment were applied; invites the Agency to continue its efforts so that necessary transparency is consolidated;

6. Welcomes efforts made by the Agency with a view to providing health care to professionals and the general public with useful and meaningful information on medical products and their best use as well as on the results of its work in general; expects to be fully informed on the development of reliable and comprehensive communication strategy by the Agency;
7. Notes that the European-wide pharmacovigilance reporting system (EudraVigilance database) is still not fully operational; calls on the Agency and the national authorities involved to finalise the work without further delay;
8. Welcomes the Agency's equal opportunities commitment but regrets the absence of an equality plan and expects the Agency to develop a plan shortly in order to become an equal opportunities employer; expects the Agency not only to consider equality issues at the stage of recruitment but also to work proactively and on a long-term basis to promote gender equality; encourages it to follow up and evaluate such measures regularly to ensure their implementation;
9. Notes that EMEA is the only Agency with more women than men in grade A;
10. Welcomes the Agency's commitment to transparency and measures taken to improve its strategy for information and communication to patients and health professionals;

General points addressed to the Commission and the Agencies

11. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
12. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
13. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

14. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
15. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
16. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
17. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
18. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

19. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
20. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
21. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;

22. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions ⁽¹⁾ are introduced in their respective staff policies;
23. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
24. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
25. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;
26. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
27. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
28. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

29. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

30. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 31. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 32. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Director of the Translation Centre for the bodies of the European Union in respect of the implementation of its budget for the financial year 2003**

(2005/544/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the Translation Centre for the bodies of the European Union for the 2003 financial year together with the Centre's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6859/2005 — C6-0068/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1645/2003 of 18 June 2003 amending Regulation (EC) No 2965/94 setting up a Translation Centre for the bodies of the European Union ⁽³⁾ and in particular Article 14 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
1. Gives discharge to the Director of the Translation Centre for the bodies of the European Union in respect of the implementation of its budget for the financial year 2003;
 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 Translation Centre for the Bodies of the European Union, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 46.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 13.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Director of the Translation Centre for the bodies of the European Union in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the Translation Centre for the bodies of the European Union for the 2003 financial year together with the Centre's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6859/2005 — C6-0068/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1645/2003 of 18 June 2003 amending Regulation (EC) No 2965/94 setting up a Translation Centre for the Bodies of the European Union ⁽³⁾ and in particular Article 14 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the Translation Centre for the bodies of the European Union (the Centre) in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
- welcomed the results obtained by the Centre on the reduction of carry-overs,
 - noted the Centre's efforts with a view to implementing a sound accounting solution concerning the presentation in its accounts of the positive balance of a financial year as revenue for the following financial year,
 - approved the Centre's efforts to find a satisfactory solution to the question of its premises,

⁽¹⁾ OJ C 324, 30.12.2004, p. 46.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 13.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 27.

1. Notes the following figures for the accounts of the Translation Centre for the bodies of the European Union for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002
Operating revenue		
Invoicing for the financial year	22 075	18 113
Miscellaneous revenue	223	291
Total (a)	22 298	18 404
Operating expenditure		
Current expenses	18 255	18 446
Total (b)	18 255	18 446
Operating result (c = a - b)	4 043	- 42
Financial income		
Bank interest	387	495
Exchange rate gain	1	2
Total (d)	388	497
Financial charges		
Bank charges	10	0
Total (e)	10	0
Financial result (f = d - e)	378	497
Result for ordinary activities (g = c + f)	4 421	455
Exceptional income (h)	19	0
Exceptional expenses (i)	9	0
Exceptional result (j = h - i)	10	0
Result for the financial year (g + j)	4 431	455

Source: Data compiled by the Centre.

2. Invites the Centre and the Commission to make further efforts with a view to reaching a satisfactory solution on the question of pension contributions in respect of the Centre's staff;
3. Invites the Centre and the Commission to keep Parliament informed of the outcome of its attempts to find a solution to the question of pension contributions for the Centre's employees;
4. Welcomes the signing in 2004 of a Memorandum of Understanding by the Centre and the Luxembourg authorities resolving the problem of the costs related to the Centre's use of the New Hemicycle Building; expects full information on this issue to be provided in the Annual Activity Report of the Director for 2004;
5. Notes the concern expressed by the Centre as to the calendar as set out in Regulation (EC, Euratom) No 2343/2002 in accordance with which the ECA is to make its observations on the provisional accounts of the Agencies (Article 83(1) thereof) by 15 June and the Directors are to send the final accounts to the Commission's accounting officer (Article 83(3)) by 1 July together with the opinion of the Management Board; is aware of the difficulty that this entails, namely that of obtaining the opinion of the Agency's Management Board between these two dates;

6. Notes and regrets the absence of an equality plan and expects the Agency to develop a plan shortly in order to become an equal opportunities employer; expects the Agency not only to consider equality issues at the stage of recruitment but also to work proactively and on a long-term basis to promote gender equality;
7. Welcomes the Centre's commitment to communicating information on its activities to citizens and hopes to see further measures to develop and strengthen the Agency's strategy for information and communication;
8. Notes, after exchanging information with the Centre, that the price per page set in the 2003 budget, and invoiced by the Centre is EUR 77,50, which includes all the costs of the Centre (staff, buildings, IT, equipment, freelance translations, provisions for pensions and social conditions), as well as in-house linguistic quality-checking, formatting and updating, and all the necessary administrative costs of outsourcing; calls on the Commission to evaluate the performance and added value of the different translation services together with the cost-benefit ratio;
9. Notes that for reasons of security, confidentiality, speed and special qualifications in-house translation is necessary; notes also that where the required quality criteria are met, the Centre does work in partnership with external translators, and that in 2003, 40 % of its total production was outsourced;

General points addressed to the Commission and the Agencies

10. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
11. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
12. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

13. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
14. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
15. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
16. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
17. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

18. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
19. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
20. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;

21. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions ⁽¹⁾ are introduced in their respective staff policies;
22. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
23. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
24. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;
25. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
26. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
27. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

28. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

29. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 30. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 31. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Administrative Director of Eurojust in respect of the implementation of its budget for the financial year 2003**

(2005/545/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of Eurojust for the 2003 financial year together with Eurojust's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6856/2005 — C6-0063/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Decision 2003/659/JHA of 18 June 2003 amending Decision 2002/187/JHA setting up Eurojust with a view to reinforcing the fight against serious crime ⁽³⁾ and in particular Article 36 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0074/2005),
1. Gives discharge to the Administrative Director of Eurojust in respect of the implementation of its budget for the financial year 2003;
 2. Records its comments in the accompanying resolution;
 3. Instructs its President to forward this decision and the accompanying resolution to the Administrative Director of Eurojust, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 61.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 44.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Administrative Director of Eurojust in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of Eurojust for the 2003 financial year together with Eurojust's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6856/2005 — C6-0063/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Decision 2003/659/JHA of 18 June 2003 amending Decision 2002/187/JHA setting up Eurojust with a view to reinforcing the fight against serious crime ⁽³⁾ and in particular Article 36 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of Eurojust in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
- recognised that problems related to budget implementation were due to the fact that Eurojust was in its start-up phase and expected that these problems would be resolved as of the 2004 financial year,
 - welcomed Eurojust's willingness to draw on the experience of the existing institutions, to comply with the new rules on accounting, internal audit and control and to participate in interinstitutional cooperation,

⁽¹⁾ OJ C 324, 30.12.2004, p. 61.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 44.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 40.

1. Notes the following figures for the accounts of Eurojust for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002
Operating revenue		
Community subsidies	7 125	1 478
Miscellaneous revenue	12	0
Total (a)	7 137	1 478
Operating expenditure		
Purchases of goods and services	3 228	378
Staff costs	2 112	256
Depreciation	211	29
Total (b)	5 551	663
Outturn for the financial year (a – b)	1 586	815

Source: Eurojust data.

2. Notes the progress made by Eurojust in solving problems related to adoption of and compliance with the new Financial Regulation; also notes that the experience gained was used to overcome weaknesses in the control of budgetary transactions;
3. Expects Eurojust to report on further progress in this area in the Director's Annual Activity Report for the financial year 2004;
4. Notes the explanations provided by the Director as regards the way Eurojust treats the requests for information it receives;
5. Expects Eurojust to implement a strict application of the rules on data protection to protect citizens rights;
6. Regrets the absence of an equality plan and expects the Agency to develop a plan shortly in order to become an equal opportunities employer; expects the Agency not only to consider equality issues at the stage of recruitment but also to work proactively and on a long-term basis to promote gender equality;
7. Requests, in light of the serious difficulties in ensuring appropriate funding for the growing number of independent agencies, that the Dutch authorities as hosts of this prestigious institution considerably increase the logistical support for Eurojust;

General points addressed to the Commission and the Agencies

8. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;

9. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
10. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
11. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
12. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
13. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
14. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
15. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

General points addressed to the Agencies

16. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
17. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
18. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
19. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions⁽¹⁾ are introduced in their respective staff policies;
20. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
21. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
22. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;
23. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

24. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
25. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
26. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

27. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 28. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 29. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Director of the European Training Foundation in respect of the implementation of its budget for the financial year 2003**

(2005/546/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Training Foundation for the 2003 financial year together with the Foundation's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6853/2005 — C6-0072/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1648/2003 of 18 June 2003 amending Regulation (EEC) No 1360/90 establishing a European Training Foundation ⁽³⁾ and in particular Article 11 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
1. Gives discharge to the Director of the European Training Foundation in respect of the implementation of its budget for the financial year 2003;
 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 Training Foundation, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President
Josep BORRELL FONTELLES

The Secretary-General
Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 68.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 22.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Director of the European Training Foundation in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Training Foundation for the 2003 financial year together with the Foundation's replies ⁽¹⁾,
- having regard to the Council's recommendation of 8 March 2005 (6853/2005 — C6-0072/2005),
- 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1648/2003 of 18 June 2003 amending Regulation (EEC) No 1360/90 establishing a European Training Foundation ⁽³⁾ and in particular Article 11 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
- having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
- having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the European Training Foundation (the Foundation) in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
 - noted progress made by the Foundation in reducing carry-overs and invited it to consider the possibility of using differentiated appropriations so as to further reduce carry-overs,
 - noted the Foundation's efforts to comply with internal control standards,
 - welcomed the solution found as regards the payment by the Commission of the Community subsidy in instalments so as to avoid the re-emergence of cash-flow problems,
 - called for an appropriate solution to be found in cooperation with the Commission as regards the presentation in the Foundation's accounts of Community funds related to external programmes and managed by the Foundation,

⁽¹⁾ OJ C 324, 30.12.2004, p. 68.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 22.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 46.

1. Notes the following figures for the accounts of the European Training Foundation for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002 ⁽¹⁾

(in EUR 1 000)

	2003	2002
Revenue		
Community subsidies	18 100	13 179
Other donors	523	—
Miscellaneous revenue	17	23
Financial revenue	—	140
Total revenue (a)	18 640	13 342
Expenditure		
<i>Staff — Title I of the budget</i>		
Payments	10 771	10 153
Appropriations carried over	329	215
<i>Administration — Title II of the budget</i>		
Payments	1 076	805
Appropriations carried over	310	559
<i>Operating activities — Title III of the budget</i>		
Payments	3 396	2 307
Appropriations carried over	1 087	2 591
<i>Earmarked revenues</i>		
Payments	237	—
Appropriations carried over	286	—
Total expenditure (b)	17 492	16 631
Outturn for the financial year (a – b)	1 148	– 3 289
Balance carried over from the previous financial year	– 2 155	4 055
Appropriations carried over and cancelled	375	424
Reimbursements to the Commission	– 703	– 3 352
Exchange rate differences	17	6
Balance for the financial year	– 1 318	– 2 155

⁽¹⁾ The revenue and expenditure account and balance sheet only take account of the Foundation's specific activities: they do not include programmes managed on behalf of the Commission.

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

2. Notes that the ECA repeated its observation as regards the correct presentation in the Foundation's accounts of Community funds relating to Community's external programmes that the Foundation managed (Tempus programme); also notes the Foundation's reply to the Court's observation; expects to be fully informed by the Foundation as to the solution to be applied, in agreement with the Commission, concerning the way in which such funds are reflected in the Foundation's accounts for 2004 on the occasion of the presentation of the relevant Annual Activity Report;

3. Notes also the Court's finding that due to payment delays of the Community subsidy by the Commission the temporary cash flow problem had to be remedied by an urgent transfer from Tempus funds; reiterates its call on the Foundation and the Commission to take all necessary steps so that such problems do not happen again;
4. Notes the Foundation's efforts to remedy problems related to procedures for selecting candidates; expects it to continue its efforts so that the necessary transparency is consolidated;
5. Welcomes the results of the cooperation between the Foundation and the European Centre for the Development of Vocational Training (Cedefop); expects such cooperation to be strengthened and further developed through the sharing of information and with a view to enhancing the dissemination of good practice;
6. Regrets the absence of an equality plan and expects the Foundation to develop a plan shortly in order to become an equal opportunities employer; expects the Foundation not only to consider equality issues at the stage of recruitment but also to work proactively and on a long-term basis to promote gender equality;
7. Welcomes the Foundation's communication strategy commitment to informing the general public through debates and other means of communication;

General points addressed to the Commission and the Agencies

8. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
9. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
10. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

11. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
12. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
13. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
14. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
15. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

16. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
17. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
18. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;

19. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions⁽¹⁾ are introduced in their respective staff policies;
20. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
21. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
22. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;
23. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
24. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
25. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

26. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

27. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 28. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 29. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Director of the European Monitoring Centre for Drugs and Drug Addiction in respect of the implementation of its budget for the financial year 2003**

(2005/547/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the 2003 financial year together with the Monitoring Centre's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6862/2005 — C6-0071/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1651/2003 of 18 June 2003 amending Regulation (EEC) No 302/93 on the establishment of a European Monitoring Centre for Drugs and Drug Addiction ⁽³⁾ and in particular Article 11a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0074/2005),
1. Gives discharge to the Director of the European Monitoring Centre for Drugs and Drug Addiction in respect of the implementation of its budget for the financial year 2003;
 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 Monitoring Centre for Drugs and Drug Addiction, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 83.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 30.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Director of the European Monitoring Centre for Drugs and Drug Addiction in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the 2003 financial year together with the Monitoring Centre's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6862/2005 — C6-0071/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1651/2003 of 18 June 2003 amending Regulation (EEC) No 302/93 on the establishment of a European Monitoring Centre for Drugs and Drug Addiction ⁽³⁾ and in particular Article 11a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the European Monitoring Centre for Drugs and Drug Addiction (the Centre) in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
- encouraged the Centre in its efforts aimed at further reducing carry-overs,
 - noted the Centre's undertaking that it would respect in future the segregation of duties between accounting officer and authorising officer as required by the Financial Regulation,
 - invited the Centre to correct shortcomings detected by the ECA in personnel management and in particular in the way selection procedures were carried out;

⁽¹⁾ OJ C 324, 30.12.2004, p. 83.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 30.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 59.

1. Notes the following figures for the accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002
Revenue		
Commission subsidies	9 300	9 000
Subsidies from Norway	421	413
Phare subsidies	334	735
Other revenue	67	133
Total revenue (a)	10 122	10 280
Expenditure		
<i>Staff — Title I of the budget</i>		
Payments	5 240	4 951
Appropriations carried over	88	80
<i>Administration — Title II of the budget</i>		
Payments	558	632
Appropriations carried over	272	509
<i>Operating expenditure — Title III of the budget</i>		
Payments	2 281	2 525
Appropriations carried over	1 679	1 001
Total expenditure (b)	10 117	9 698
Outturn for the financial year (a – b)	5	582
Balance carried over from the previous financial year	1 626	639
Appropriations carried over and cancelled	221	392
Sums for reuse from the previous financial year not used	21	9
Refunds to the Commission	- 1 584	—
Exchange rate differences	6	3
Balance for the financial year	295	1 626

NB: The totals may include differences due to rounding.

Source: Data from the Monitoring Centre.

2. Invites the Centre to step up efforts with a view to remedying rapidly all shortcomings related to the organisation of its inventory, including the physical stock control, proper documentation and adequate IT support;
3. Notes the ECA's concern over the various problems detected with regard to the management of contracts concluded with the national focal points; expects the Centre to monitor better the implementation of such contracts;
4. Welcomes the Centre's decision to conclude an evaluation of the quality of work delivered by national Centres in the preceding year prior to making any advance payment for the following financial year; expects the Centre, in this connection, to indicate those among its activities that could be financed by differentiated appropriations;
5. Notes the Centre's efforts to develop a proactive attitude as regards information provided to the general public and to third countries which express an interest in its work;

6. Welcomes the measures taken to promote equal opportunity policy and encourages the Centre to follow up and evaluate such measures regularly to ensure their implementation;
7. Welcomes the Centre's communication strategy and commitment to informing the general public;

General points addressed to the Commission and the Agencies

8. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
9. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
10. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
11. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
12. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
13. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013' 2007-2013, (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

- (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
14. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
15. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

16. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
17. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
18. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
19. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions⁽¹⁾ are introduced in their respective staff policies;
20. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
21. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
22. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

23. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
24. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
25. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
26. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

27. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 28. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 29. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Director of the European Monitoring Centre on Racism and Xenophobia in respect of the implementation of its budget for the financial year 2003**

(2005/548/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre on Racism and Xenophobia for the 2003 financial year together with the Monitoring Centre's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6861/2005 — C6-0067/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1652/2003 of 18 June 2003 amending Regulation (EC) No 1035/97 establishing a European Monitoring Centre on Racism and Xenophobia ⁽³⁾ and in particular Article 12a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0074/2005),
1. Gives discharge to the Director of the European Monitoring Centre on Racism and Xenophobia in respect of the implementation of its budget for the financial year 2003;
 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 Monitoring Centre on Racism and Xenophobia, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 91.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 33.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Director of the European Monitoring Centre on Racism and Xenophobia in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Monitoring Centre on Racism and Xenophobia for the 2003 financial year together with the Centre's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6861/2005 — C6-0067/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Council Regulation (EC) No 1652/2003 of 18 June 2003 amending Regulation (EC) No 1035/97 establishing a European Monitoring Centre on Racism and Xenophobia ⁽³⁾ and in particular Article 12a thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on Civil Liberties, Justice and Home Affairs (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas on 21 April 2004 the European Parliament gave discharge ⁽⁵⁾ to the Director of the European Monitoring Centre on Racism and Xenophobia (the Centre) in respect of the implementation of its budget for the 2002 financial year and in the resolution accompanying the discharge decision, the European Parliament, *inter alia*:
- invited the Centre to further reduce carry-overs and to monitor revenue by issuing in a timely fashion the necessary recovery orders,
 - expressed concern over cash-flow problems that emerged as a result of delays in the payment by the Commission of the Community subsidy and invited the Commission and the Centre to improve coordination so as to avoid a similar situation occurring again,
 - invited the Centre to make further efforts to enhance its internal control and ensure compliance with the Financial Regulation, to improve contract management and to reinforce monitoring and evaluation of the quality of the work delivered by the national focal points of the RAXEN network;

⁽¹⁾ OJ C 324, 30.12.2004, p. 91.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 33.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

⁽⁵⁾ OJ L 330, 4.11.2004, p. 66.

1. Notes the following figures for the accounts of the European Monitoring Centre on Racism and Xenophobia (EUMC) for the financial years 2003 and 2002:

Revenue and expenditure account for the financial years 2003 and 2002

(in EUR 1 000)

	2003	2002
Revenue		
Community subsidies	7 318	4 320
Other revenue	374	
Financial revenue	21	43
Phare revenue	676	
Total revenue (a)	8 389	4 363
Expenditure		
<i>Staff — Title I of the budget</i>		
Payments	2 618	2 416
Appropriations carried over	64	187
<i>Administration — Title II of the budget</i>		
Payments	412	377
Appropriations carried over	51	60
<i>Operating activities — Title III of the budget</i>		
Payments	1 678	1 686
Appropriations carried over	1 162	1 234
<i>Phare expenditure</i>		
Payments	377	
Appropriations carried over	694	
Total expenditure (b)	7 055	5 960
Outturn for the financial year (a – b)	1 334	– 1 597
Balance carried over from the previous financial year	– 1 579	– 8
Appropriations carried over, cancelled	301	52
Appropriations for re-use from the previous financial year, not used	38	151
Exchange rate differences	5	2
Amounts refunded to the Commission		– 179
Balance for the financial year	98	– 1 579

NB: Totals may include differences due to rounding.

Source: Data supplied by the Centre. These tables summarise the data supplied by the Centre in its own accounts.

2. Welcomes the Centre's results in reducing carry-overs of operating appropriations; invites the Centre to continue its efforts further to reduce carry-overs; expects the Centre to indicate which among its activities could be financed by differentiated appropriations thus allowing for a further reduction in carry-overs;
3. Expects the Centre, in line with the ECA's observation, correctly to present in its general budget any Community subsidies it received and managed in relation to external programmes (Phare subsidies) as well as other sources of income in order to present a truly general budget;
4. Calls on the Centre to comply with the ECA's recommendation to set up an efficient system for managing and monitoring revenue to be collected which should allow the timely issue of recovery orders;
5. Expects the Centre to improve contract management in order to comply with the provisions of the Financial Regulation; invites the Centre, from now on, to closely monitor contract implementation so as to ensure better control of the quality of work delivered;

6. Welcomes the solution given to the general request to make public the 2003 report on racism, and encourages the Centre to improve the preparatory works for this kind of report for the future;
7. Notes and regrets the absence of an equality plan and expects the Agency to develop a plan shortly in order to become an equal opportunities employer; expects the Agency not only to consider equality issues at the stage of recruitment but also to work proactively and on a long-term basis to promote gender equality;
8. Welcomes the plan for a diversity audit and welcomes the fact that the Centre has integrated staff from minorities at all levels; expects the Centre to clearly improve the proportion of women employed in higher positions;
9. Welcomes the Centre's communication strategy but hopes to see further measures to develop and strengthen this strategy especially in the context of information and communication to the citizens where EUMC must be seen as having a particularly important role to play in awareness raising and combating racism and xenophobia;

General points addressed to the Commission and the Agencies

10. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
11. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
12. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
13. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
14. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

15. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
16. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
17. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

18. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
19. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
20. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
21. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions⁽¹⁾ are introduced in their respective staff policies;
22. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
23. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

24. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;
25. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
26. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
27. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
28. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

29. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 30. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 31. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECAs final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Executive Director of the European Food Safety Authority in respect of the implementation of its budget for the financial year 2003**

(2005/549/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the 2003 financial year together with the Authority's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6857/2005 — C6-0066/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Regulation (EC) No 1642/2003 of the European Parliament and of the Council of 22 July 2003 amending Regulation (EC) No 178/2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety ⁽³⁾ and in particular Article 44 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0074/2005),
1. Gives discharge to the Executive Director of the European Food Safety Authority in respect of the implementation of its budget for the financial year 2003;
 2. Records its comments in the accompanying resolution;
 3. Instructs its President to forward this decision and the accompanying resolution to the Executive Director of the European Food Safety Authority, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 39.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 4.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Executive Director of the European Food Safety Authority in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Food Safety Authority for the 2003 financial year together with the Authority's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6857/2005 — C6-0066/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Regulation (EC) No 1642/2003 of the European Parliament and of the Council of 22 July 2003 amending Regulation (EC) No 178/2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety ⁽³⁾ and in particular Article 44 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control and the opinion of the Committee on the Environment, Public Health and Food Safety (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas the European Parliament, in accordance with Article 185 of the Financial Regulation, exercises for the first time its competence to give discharge to the Authority's Director in respect of the implementation of the Authority's budget for the financial year 2003.
- C. Whereas in inaugurating this relationship with the Authority, Parliament is satisfied that its competent committee received information from the Authority as requested and looks forward to establishing a relation of close cooperation between its competent committees and the Authority.
- D. Whereas increasing consumers' trust in food in general is one of the main objectives of the Authority;

⁽¹⁾ OJ C 324, 30.12.2004, p. 39.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 4.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

1. Notes the following figures for the accounts of European Food Safety Authority (EFSA) for the financial year 2003:

Revenue and expenditure account for the financial year 2003

(in EUR 1 000)

	2003
Revenue	
Commission subsidies	10 284
Other revenue	33
Total revenue (a)	10 317
Expenditure	
<i>Staff — Title I of the budget</i>	
Payments	3 567
Appropriations carried over	149
<i>Administration — Title II of the budget</i>	
Payments	1 092
Appropriations carried over	1 189
<i>Operating expenditure — Title III of the budget</i>	
Payments	1 278
Appropriations carried over	2 895
Total expenditure (b)	10 171
Outturn for the financial year (a – b)	146
Exchange rate difference	0
Balance for the financial year	146

NB: The totals may include differences due to rounding.

Source: information supplied by the Authority.

2. Notes the observations of the ECA in relation to problems encountered as regards compliance with the Financial Regulation (for example, on the lack of segregation of duties between financial actors or on delays in systems' validation for supplying accounting information); also notes the ECA's findings with regard to deficiencies in the application of the rules concerning the determination of remuneration and entitlements of recruited staff;
3. Notes the Authority's replies indicating the measures taken in order to comply with the Court's observations;
4. Takes the view that such deficiencies largely related to the fact that the Authority was in its start-up phase; invites the Authority to take further remedial action, where appropriate, so as to fully comply with the Court's observations;
5. Regrets the absence of an equality plan and expects the Authority to develop a plan shortly in order to become an equal opportunities employer; expects the Authority not only to consider equality issues at the stage of recruitment but also to work proactively and on a long-term basis to promote gender equality;
6. Expects EFSA to apply the same philosophy concerning the sharing of results of animal testing as is proposed in REACH, in order to avoid animal suffering;

7. Expects the Authority to interpret the wording 'overriding public interest' as set out in Articles 1(a), 4(2) and 4(3) of Regulation (EC) No 1049/2001 of the European Parliament and of the Council ⁽¹⁾ on public access to documents in the broadest possible way when dealing with requests for information to make sure that consumers have all information possible to make their choices as consumers;
8. Welcomes the Authority's commitment to communicate to key target groups but hopes to see further measures taken to develop and strengthen its strategies, especially those concerning information and communication to the citizens;
9. Expects the Authority to fully report on progress made in the Annual Activity Report for the financial year 2004;

General points addressed to the Commission and the Agencies

10. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
11. Notes the Commission's position ⁽²⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽³⁾;
12. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
13. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
14. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;

⁽¹⁾ OJ L 145, 31.5.2001, p. 43.

⁽²⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, Policy challenges and Budgetary means of the Enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽³⁾ See Annex to the Commission's report on the follow-up to 2002 discharges (COM(2004) 0648, p. 108).

15. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;
16. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
17. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

18. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
19. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
20. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
21. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions⁽¹⁾ are introduced in their respective staff policies;
22. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
23. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

24. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;
25. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
26. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
27. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
28. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

29. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 30. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 31. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Executive Director of the European Maritime Safety Agency in respect of the implementation of its budget for the financial year 2003**

(2005/550/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Maritime Safety Agency for the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6855/2005 — C6-0065/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Regulation (EC) No 1644/2003 of the European Parliament and of the Council of 22 July 2003 amending Regulation (EC) No 1406/2002 establishing a European Maritime Safety Agency ⁽³⁾ and in particular Article 19 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
1. Gives discharge to the Executive Director of the European Maritime Safety Agency in respect of the implementation of its budget for the financial year 2003;
 2. Records its comments in the accompanying resolution;
 3. Instructs its President to forward this decision and the accompanying resolution to the Executive Director of the European Maritime Safety Agency, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 16.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 10.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Executive Director of the European Maritime Safety Agency in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Maritime Safety Agency for the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6855/2005 — C6-0065/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Regulation (EC) No 1644/2003 of the European Parliament and of the Council of 22 July 2003 amending Regulation (EC) No 1406/2002 establishing a European Maritime Safety Agency ⁽³⁾ and in particular Article 19 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas the European Parliament, in accordance with Article 185 of the Financial Regulation, exercises for the first time its competence to give discharge to the Agency's Director in respect of the implementation of the Agency's budget for the financial year 2003.
- C. Whereas in inaugurating this relationship with the Agency, Parliament is satisfied that its competent committee received information from the Agency as requested and looks forward to establishing a relation of close cooperation between its competent committees and the Agency,

⁽¹⁾ OJ C 324, 30.12.2004, p. 16.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 10.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

1. Notes the following figures for the accounts of European Maritime Safety Agency for the financial year 2003:

Revenue and expenditure account for the financial year 2003

(in EUR 1 000)

	2003
Revenue	
Commission subsidies	2 630
Other revenue	2
Total revenue (a)	2 632
Expenditure	
<i>Staff — Title I of the budget</i>	
Payments	647
Appropriations carried over	66
<i>Administration — Title II of the budget</i>	
Payments	238
Appropriations carried over	315
<i>Operating expenditure — Title III of the budget</i>	
Payments	13
Appropriations carried over	155
Total expenditure (b)	1 434
Outturn for the financial year (a – b)	1 198

NB: Totals may include differences due to rounding.
Source: Data from the Agency.

2. Notes the observations of the ECA in relation to problems encountered as regards compliance with the Financial Regulation (for example, on the lack of segregation of duties between financial actors or on delays in systems' validation for supplying accounting information); also notes the ECA's findings with regard to deficiencies in the application of the rules concerning the determination of remuneration and entitlements of recruited staff;
3. Notes the Agency's replies indicating the measures taken in order to comply with the Court's observations;
4. Takes the view that such deficiencies largely related to the fact that the Agency was in its start-up phase; invites the Agency to take further remedial action, where appropriate, so as to fully comply with the Court's observations;
5. Regrets the absence of an equality plan and expects the Agency to develop a plan shortly in order to become an equal opportunities employer; expects the Agency not only to consider equality issues at the stage of recruitment but also to work proactively and on a long-term basis to promote gender equality;
6. Notes the starting situation of the Agency and the difficulties encountered by the Director in strictly enforcing the principle of gender mainstreaming in staff recruitment; asks the Agency to elaborate and implement before the end of 2005 a positive action plan similar to that applied within the European Institutions and to make a special effort as regards information and communication in order to encourage women to apply for the jobs in the Agency;
7. Regrets the absence of a communication strategy but expresses understanding since the Agency was in its start-up phase;
8. Expects the Agency to fully report on progress made in the Annual Activity Report for the financial year 2004;

General points addressed to the Commission and the Agencies

9. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
10. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
11. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
12. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
13. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
14. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

15. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
16. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

17. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
18. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
19. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
20. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions ⁽¹⁾ are introduced in their respective staff policies;
21. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
22. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
23. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

24. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
25. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
26. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
27. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

28. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 29. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 30. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on the discharge to the Executive Director of the European Aviation Safety Agency in respect of the implementation of its budget for the financial year 2003**

(2005/551/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6863/2005 — C6-0064/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Regulation (EC) No 1643/2003 of the European Parliament and of the Council of 22 July 2003 amending Regulation (EC) No 1592/2002 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency ⁽³⁾ and in particular Article 49 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
1. Gives discharge to the Executive Director of the European Aviation Safety Agency in respect of the implementation of its budget for the financial year 2003;
 2. Records its comments in the accompanying resolution;
 3. Instructs its President to forward this decision and the accompanying resolution to the Executive Director of the European Aviation Safety Agency, the Council, the Commission and the Court of Auditors, and to have them published in the *Official Journal of the European Union* (L series).

The President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

⁽¹⁾ OJ C 324, 30.12.2004, p. 9.⁽²⁾ OJ L 248, 16.9.2002, p. 1.⁽³⁾ OJ L 245, 29.9.2003, p. 7.⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments accompanying the decision on the discharge to the Executive Director of the European Aviation Safety Agency in respect of the implementation of its budget for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the Court of Auditors' report on the annual accounts of the European Aviation Safety Agency for the 2003 financial year together with the Agency's replies ⁽¹⁾,
 - having regard to the Council's recommendation of 8 March 2005 (6863/2005 — C6-0064/2005),
 - 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 ⁽²⁾ and in particular Article 185 thereof, and to Regulation (EC) No 1643/2003 of the European Parliament and of the Council of 22 July 2003 amending Regulation (EC) No 1592/2002 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency ⁽³⁾ and in particular Article 49 thereof,
 - having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾ and, in particular, Article 94 thereof,
 - having regard to Rules 70 and 71 of and Annex V to its Rules of Procedure,
 - having regard to the Report of the Committee on Budgetary Control (A6-0074/2005),
- A. Whereas the European Court of Auditors (ECA) stated, in its abovementioned specific report, that it obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions, taken as a whole, were legal and regular.
- B. Whereas the European Parliament, in accordance with Article 185 of the Financial Regulation, exercises for the first time its competence to give discharge to the Agency's Director in respect of the implementation of the Agency's budget for the financial year 2003.
- C. Whereas in inaugurating this relationship with the Agency, Parliament is satisfied that its competent committee received information from the Agency as requested and looks forward to establishing a relation of close cooperation between its competent committees and the Agency,

⁽¹⁾ OJ C 324, 30.12.2004, p. 9.

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

⁽³⁾ OJ L 245, 29.9.2003, p. 7.

⁽⁴⁾ OJ L 357, 31.12.2002, p. 72.

1. Notes the following figures for the accounts of European Aviation Safety Agency for the financial year 2003:

Revenue and expenditure account for the financial year 2003

(in EUR 1 000)

	2003
Revenue	
Commission subsidies	3 725
Total revenue (a)	3 725
Expenditure	
<i>Staff — Title I of the budget</i>	
Payments	680
Appropriations carried over	27
<i>Administration — Title II of the budget</i>	
Payments	153
Appropriations carried over	396
<i>Operating expenditure — Title III of the budget</i>	
Payments	197
Appropriations carried over	2 486
Total expenditure (b)	3 939
Outturn for the financial year (a – b)	– 214

Source: Data from the Agency.

2. Notes the observations of the ECA in relation to problems encountered as regards compliance with the Financial Regulation (for example, on the lack of segregation of duties between financial actors or on delays in systems' validation for supplying accounting information); also notes the ECA's findings with regard to deficiencies in the application of the rules concerning the determination of remuneration or of entitlements of recruited staff;
3. Notes the Agency's replies indicating the measures taken in order to comply with the Court's observations;
4. Takes the view that such deficiencies largely related to the fact that the Agency was in its start-up phase; invites the Agency to take further remedial action, where appropriate, so as to fully comply with the Court's observations;
5. Regrets the absence of an equality plan and expects the Agency to develop a plan shortly in order to become an equal opportunities employer; expects the Agency not only to consider equality issues at the stage of recruitment but also to work proactively and on a long-term basis to promote gender equality;
6. Notes the starting situation of the Agency and the difficulties encountered by the Director in strictly enforcing the principle of gender mainstreaming in staff recruitment; asks the Agency to elaborate and implement before the end of 2005 a positive action plan similar to that applied within the European Institutions and to make a special effort as regards information and communication in order to encourage women to apply for the jobs in the Agency;
7. Welcomes the Agency's plans for improving its communication strategy to the citizens and hopes to see further measures in this direction during the year to come;
8. Expects the Agency to fully report on progress made in the Annual Activity Report for the financial year 2004;

General points addressed to the Commission and the Agencies

9. Recalls its position that while it supported the Commission's efforts to establish a limited number of models, at least for future 'regulatory' agencies, it took the view that the structure of current and future agencies merited in-depth consideration at interinstitutional level; also stresses that before the Commission defines the framework conditions for the use of regulatory agencies an Interinstitutional Agreement should spell out common guidelines; this should happen before setting up a harmonised framework for the structure of the agencies;
10. Notes the Commission's position ⁽¹⁾ with regard to delegating responsibility for the execution of tasks to bodies, including agencies, other than the Commission's core administration; takes the view that this does not answer Parliament's call for in-depth consideration at interinstitutional level of the structure of existing agencies; therefore invites the Commission to provide clarification on this point and on the future overall Interinstitutional Agreement related to the new arrangements to be set up within or in parallel with the Financial Perspective ⁽²⁾;
11. Invites the Commission to organise and perform in the medium term, e.g. on a standard three-year cycle, a cross-cutting analysis of the evaluations carried out on individual Agencies in order to:
 - (a) reach conclusions with regard to the coherence of Agency activity with EU policies in general and as regards the synergies existing or to be developed between the agencies and Commission departments and the avoidance of overlapping between them;
 - (b) make an assessment of the broader European added value of the Agencies' outputs in their respective area of activity and of the relevance, efficiency and effectiveness of the Agency model in implementing or contributing to EU policies;
 - (c) determine and enhance the impact of the Agencies' actions in terms of the proximity, accessibility and visibility of the EU to its citizens;
12. Expects such an overall analysis to be available by the end of 2005 so as to cover the three-year period from the time of the introduction of the new Financial Regulation and the consequent new framework in the Agencies' system;
13. Invites the Agencies to participate actively in such a process and to cooperate with the Commission, providing the necessary input on matters that they feel are of substance to their functioning, role, remit and needs, as well as on any matter which could help to improve the whole discharge procedure, with a view to contributing to the success of such a process and increasing the accountability and transparency of the Agencies; invites Agencies to present such input also to its competent committees;
14. Calls on the Commission, in parallel with this exercise, to present by the end of 2005 at the latest, proposals for changes to be made in the existing Agencies' Constituent Acts with a view, *inter alia*, to optimising its relationship with the Agencies; such proposals should aim at:
 - (a) increasing communication between the Commission and the Agencies;
 - (b) establishing or expanding cooperation in defining needs to be covered and objectives, outputs to be produced and the strategy to achieve them, and in setting standards for monitoring and evaluation;
 - (c) enhancing complementary action, better organising the necessary resources and their effective allocation to produce results, and devising a communication strategy for dissemination of those results;

⁽¹⁾ As set out in Annex 1 to the Communication from the Commission to the Council and the European Parliament 'Building our common future, policy challenges and budgetary means of the enlarged Union 2007-2013', (COM(2004) 0101, p. 38).

⁽²⁾ See Annex to the Commission's report on the follow-up to 2002 Discharges (COM(2004) 0648, p. 108).

15. Emphasises that, before any decision is taken to propose the creation of a new agency, the Commission must undertake a strict evaluation of the need and added value of the function of this agency, bearing in mind existing structures, the principles of subsidiarity, budgetary austerity and the simplification of procedures;
16. Expects the Commission to present swiftly the guidelines concerning staff policy of the Agencies that Parliament had requested the Commission to present before the end of the 2005 budgetary procedure;

General points addressed to the Agencies

17. Expects to receive from now on, from each of the Agencies, the report summarising information on the audits carried out by the Internal Auditor, the recommendations made and the action taken on these recommendations in accordance with Article 72(5) of Regulation (EC, Euratom) No 2343/2002;
18. Invites the Agencies to make further efforts to apply correctly the staff regulations and rules applicable to other civil servants with regard to their staff (recruitment procedures and relevant decisions taken, personal files, calculation of remuneration and other entitlements, promotions policy, percentage of vacant posts, quotas for respecting gender equality, etc.);
19. Notes that, in general, the respective percentage of male and female employees in the overall staff composition of the Agencies shows that an imbalance between men and women exists; regrets that men make up about one third of staff and are over-represented in high grade positions while women are generally over-represented in low grade positions; expects the Agencies to take immediate and effective measures to correct this situation;
20. Calls on the Agencies to ensure that all the relevant provisions of Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions⁽¹⁾ are introduced in their respective staff policies;
21. Expects the Agencies, in response to the relevant observations of the ECA, to comply fully with the budgetary principles as set out in the Financial Regulation, in particular those of unity and budgetary accuracy; calls on the Agencies that have not yet done so to fulfil the Financial Regulation's requirements on accounting matters and to strengthen further their procedures as regards internal management and control with the aim of increasing accountability, transparency and European added value;
22. Encourages the Agencies, especially those whose activities have points in common with the activities or missions of other Agencies, to strengthen their cooperation, thus opening up opportunities for developing synergies; invites them to formalise, where appropriate, such cooperation through specific agreements (joint declarations, memoranda of understanding, decisions on joint planning and actions/programmes presenting complementary characteristics) so as to ensure that there is no duplication of work, that each Agency's output is clearly identified and that the result of joint efforts maximises the added value and the impact of their work; expects to be informed regularly on this issue;
23. Calls on the Agencies to pay special attention to procedures for the award and management of contracts; invites them to take all appropriate measures as regards their administrative structures in order to strengthen their internal control procedures, channels and management; takes the view that such measures may include, where necessary or feasible, the setting-up of specialised units entrusted with the task of advising, on the basis of risk analysis, on how best to prepare contract award procedures, to ensure monitoring and to carry out follow-up, as required; on this matter, calls on the Commission and the ECA to strengthen cooperation with the Agencies;

⁽¹⁾ OJ L 269, 5.10.2002, p. 15.

24. Notes the difficulties to which some Directors, in particular of the 'newly created' Agencies, referred with regard to the Agencies' compliance with the calendar and deadlines for reporting as set in the Financial Regulation; invites the Agencies' Directors, in the perspective of the forthcoming review of the Financial Regulation to be held in 2005, to inform its Committees on Budgets and Budgetary Control of the difficulties encountered so far so that these may be considered in the framework of the review; expects the Directors to make specific proposals for alternative arrangements as to deadlines that may best suit their functioning requirements while respecting the reporting obligations of the Agencies as provided for in the Financial Regulation;
25. Notes the positive response by the Agencies' Directors to the call by Parliament's committee responsible for preparing discharge for the establishment of a more precise system of communication, in particular as regards the transmission by the Agencies to that committee of documents relating to the Agencies' reporting obligations; takes the view that better organisation of such communication will strengthen its cooperation with the Agencies and enhance democratic control;
26. Invites the Directors of the Agencies from now on to accompany their annual activity report, which is presented together with financial and management information, with a declaration of assurance concerning the legality and regularity of operations, similar to the declarations signed by the Directors-General of the Commission;
27. Invites the Agencies to develop a comprehensive strategy of communication addressing the need to make available, in the appropriate form, the results of their work to the general public beyond the presentation of such results to the Institutions, Member States' competent services, specialists, partners or specific beneficiaries; calls on the Agencies, in view of the development of such a strategy, to intensify their cooperation and exchange information on best practice aimed at achieving this goal; expects its competent committees to be duly informed by the Agencies, before the next discharge exercise, on the progress made in devising such a strategy in order to ensure the effective and timely monitoring of their activities;

General points addressed to the ECA and the Agencies

28. Welcomes the ECA's initiative to add a table to its specific reports on the Agencies presenting summary information on the competences, governance, resources available and products/output of the particular agency; takes the view that this enhances the clarity and transparency of the work of these Community bodies, while providing a useful basis for comparison, where appropriate, with a view to helping set up the harmonised framework for the Agencies that Parliament has called for;
 29. Invites the ECA and the Agencies to strengthen their cooperation in order to enhance the procedures and technical tools to improve the sound management of all the budgetary and finance issues, with the view to establishing a methodology that prepares the ground for a positive budget discharge from the start of the process; expects to be informed regularly of the progress made and the implementation of best practices;
 30. Calls on the ECA and the Agencies to enhance transparency in the *procédure contradictoire* prior to the ECA's final report, so as to avoid any contradiction or ambiguity which could jeopardise the credibility of the whole exercise; in this respect, invites the ECA and the Commission to propose a feasible way of updating information on the improvements made and/or the problems found, from the time when the ECA's preparatory report is first discussed until the time of the decision as to whether to grant discharge, in order to offer the most accurate picture of the situation of the Agencies.
-

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****concerning the discharge to the Commission for implementing the budget of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003**

(2005/552/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the report on the follow-up to 2002 discharges (COM(2004) 0648 — C6-0126/2004),
- having regard to the balance sheets and accounts of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003 (COM(2004) 0667 — C6-0165/2004),
- having regard to the Financial Management Report on the sixth, seventh, eighth and ninth European Development Funds for the year 2003 (SEC(2004) 1271),
- having regard to the Annual Report of the Court of Auditors on the activities of the sixth, seventh, eighth and ninth European Development Funds concerning the financial year 2003 together with the institutions' replies ⁽¹⁾,
- having regard to the Court of Auditors' Statement of Assurance on the European Development Funds ⁽²⁾,
- having regard to the Council's recommendations of 8 March 2005 (6865/2005 — C6-0078/2005, 6866/2005 — C6-0079/2005, 6867/2005 — C6-0080/2005, 6868/2005 — C6-0081/2005),
- 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 ⁽³⁾,
- having regard to Article 32 of the Internal Agreement of 18 September 2000 between the Representatives of the Governments of the Member States, meeting within the Council, on the Financing and Administration of Community aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies ⁽⁴⁾,
- 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 ⁽⁵⁾,
- having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the ninth European Development Fund ⁽⁶⁾,
- having regard to Rules 70, 71 (third indent) of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A6-0069/2005),

⁽¹⁾ OJ C 293, 30.11.2004, p. 315.⁽²⁾ OJ C 293, 30.11.2004, p. 327.⁽³⁾ OJ L 156, 29.5.1998, p. 108.⁽⁴⁾ OJ L 317, 15.12.2000, p. 355.⁽⁵⁾ OJ L 191, 7.7.1998, p. 53.⁽⁶⁾ OJ L 83, 1.4.2003, p. 1.

- 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 2003 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, *inter alia*, on the audit of a sample of transactions.
- C. Whereas the Court of Auditors, on the basis of the documentation examined, is of the opinion that the revenue entered in the accounts and the amounts allocated to the EDF's commitments and payments are, taken as a whole, legal and regular,
 1. Gives discharge to the Commission in respect of the implementation of the budget of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003;
 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 President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

DECISION OF THE EUROPEAN PARLIAMENT**of 12 April 2005****on closing the accounts of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003**

(2005/553/EC)

THE EUROPEAN PARLIAMENT,

- having regard to the report on the follow-up to 2002 discharges (COM(2004) 0648 — C6-0126/2004),
- having regard to the balance sheets and accounts of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003 (COM(2004) 0667 — C6-0165/2004),
- having regard to the financial management report on the sixth, seventh, eighth and ninth European Development Funds for the year 2003 (SEC(2004) 1271),
- having regard to the Annual Report of the Court of Auditors on the activities of the sixth, seventh, eighth and ninth European Development Funds concerning the financial year 2003 together with the institutions' replies ⁽¹⁾,
- having regard to the Court of Auditors' Statement of Assurance on the European Development Funds ⁽²⁾,
- having regard to the Council's recommendations of 8 March 2005 (6865/2005 — C6-0078/2005, 6866/2005 — C6-0079/2005, 6867/2005 — C6-0080/2005, 6868/2005 — C6-0081/2005),
- 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 ⁽³⁾,
- having regard to Article 32 of the Internal Agreement of 18 September 2000 between the Representatives of the Governments of the Member States, meeting within the Council, on the Financing and Administration of Community aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies ⁽⁴⁾,
- having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ⁽⁵⁾
- having regard to Article 119 of the Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund ⁽⁶⁾
- having regard to Rules 70, 71 (third indent) of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A6-0069/2005),

1. Notes that the financial situation of the sixth, seventh, eighth and ninth European Development Funds as at 31 December 2003 was as follows:

⁽¹⁾ OJ C 293, 30.11.2004, p. 315.

⁽²⁾ OJ C 293, 30.11.2004, p. 327.

⁽³⁾ OJ L 156, 29.5.1998, p. 108.

⁽⁴⁾ OJ L 317, 15.12.2000, p. 355.

⁽⁵⁾ OJ L 191, 7.7.1998, p. 53.

⁽⁶⁾ OJ L 83, 1.4.2003, p. 1.

Cumulative utilisation of EDF resources as at 31 December 2003

	Situation at end of 2002		Budgetary implementation during the financial year 2003							Situation at end of 2003					Implementa- tion rate % (3)
	Global amount	Implementation rate % (2)	sixth EDF	seventh EDF	eighth FED (4)	ninth FED (5)	Global amount (6)	sixth EDF	seventh EDF	eighth FED (4)	ninth FED (5)	Global amount (6)	Global amount (7)		
														32 840,4	
A — RESOURCES (1)															
B — UTILISATION															
1. Financial commitments	29 921,2	91,1	- 13,1	- 2,6	255,1	3 522,4	3 761,8	7 471,6	10 926,1	11 762,9	3 522,4	33 683,0	73,8		
2. Individual legal commitments	24 824,2	75,6	30,7	311,7	1 406,6	1 133,7	2 882,7	7 349,6	10 297,1	8 926,5	1 133,7	27 706,9	60,7		
3. Payments (2)	21 536,4	65,6	47,0	486,2	1 559,6	281,7	2 374,5	7 282,1	9 718,6	6 628,5	281,7	23 910,9	52,4		
C — Outstanding payments (B1-B3)	8 384,8	25,5						189,5	1 207,5	5 134,4	3 240,7	9 772,1	21,4		
D — Available balance (A-B1)	2 919,2	8,9						0,0	0,0	0,0	11 970,7	11 970,7	26,2		

(1) Initial allocations to the sixth, seventh, eighth and ninth EDFs, interest, sundry resources and transfers from previous EDFs.

(2) Including Siabex transfers (seventh EDF: EUR 104 million, eighth EDF: EUR 87 million, total EUR 191 million).

(3) As a percentage of resources.

(4) Including EUR 732,9 million in financial commitments, EUR 347,4 million in individual legal commitments and EUR 97,7 million in payments for advance implementation of the Coronou Agreement.

(5) NB: for ease of comparison with previous years, these figures include operations now managed autonomously by the EIB (allocation: EUR 2 245 million, financial commitments: EUR 366 million, individual legal commitments: EUR 140 million, payments: EUR 4 million).

Source: Court of Auditors, Annual report concerning the financial year 2003, p. 403.

2. Approves the closure of the accounts in respect of the implementation of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003;
3. Instructs its President to forward this decision to the Commission, the Council, 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 President

Josep BORRELL FONTELLES

The Secretary-General

Julian PRIESTLEY

RESOLUTION OF THE EUROPEAN PARLIAMENT**containing the comments which are an integral part of the decision on the discharge to the Commission for implementing the budget of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003**

THE EUROPEAN PARLIAMENT,

- having regard to the report on the follow-up to 2002 discharges (COM(2004) 0648 — C6-0126/2004),
- having regard to the balance sheets and accounts of the sixth, seventh, eighth and ninth European Development Funds for the financial year 2003 (COM(2004) 0667 — C6-0165/2004),
- having regard to the Annual Report of the Court of Auditors of the activities of the sixth, seventh, eighth and ninth European Development funds concerning 2003 together with the institutions' replies ⁽¹⁾,
- having regard to the Court of Auditors' Statement of Assurance on the European Development Funds ⁽²⁾,
- 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 ⁽³⁾,
- having regard to its resolution of 22 April 2004 on the Commission communication to the Council and the European Parliament on Building our common future; policy challenges and budgetary means of the enlarged Union 2007 to 2013 ⁽⁴⁾,
- having regard to the EuropeAid Cooperation Office's annual activity report 2003,
- having regard to the Annual Report 2004 from the Commission to the Council and the European Parliament on the European Community's development policy and external assistance (COM(2004) 0536),
- having regard to the Council's recommendations of 8 March 2005 (6865/2005 — C6-0078/2005, 6866/2005 — C6-0079/2005, 6867/2005 — C6-0080/2005, 6868/2005 — C6-0081/2005),
- 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 ⁽⁵⁾,
- having regard to Article 32 of the Internal Agreement of 18 September 2000 between the Representatives of the Governments of the Member States, meeting within the Council, on the Financing and Administration of Community aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000 and the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies ⁽⁶⁾,
- having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ⁽⁷⁾,
- having regard to Articles 119 and 120 of the Financial Regulation of 27 March 2003 applicable to the ninth European Development Fund ⁽⁸⁾,

⁽¹⁾ OJ C 293, 30.11.2004, p. 315.

⁽²⁾ OJ C 293, 30.11.2004, p. 327.

⁽³⁾ OJ C 277, 1.10.2001, p. 130.

⁽⁴⁾ Texts Adopted, P5_TA(2004) 0367.

⁽⁵⁾ OJ L 156, 29.5.1998, p. 108.

⁽⁶⁾ OJ L 317, 15.12.2000, p. 355.

⁽⁷⁾ OJ L 191, 7.7.1998, p. 53.

⁽⁸⁾ OJ L 83, 1.4.2003, p. 1.

- having regard to Rules 70, 71 (third indent) of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development (A6-0069/2005),
- A. Whereas Article 119 of the Financial Regulation of 27 March 2003 requires the Commission to take all appropriate steps to act on the observations accompanying the decision giving discharge and to report, at the request of the European Parliament, on the measures taken in the light of those observations and comments.
- B. Whereas the reform of the management of the EC's external assistance was launched in May 2000 ⁽¹⁾ and the reform of the EC's development policy in November 2000 ⁽²⁾.
- C. Whereas the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 (the Cotonou Agreement) ⁽³⁾, entered into force on 1 April 2003,
1. Takes the view that development policy is an essential component of the Union's external action, the aim of which is to eradicate poverty by bolstering social, educational and health-related infrastructure, increasing the production capacity of poor populations and granting support to the countries concerned to enable them to increase growth and local potential; stresses that the achievement of the Millennium Development Goals (MDGs) would be a major step towards reaching this objective; takes the view that the EDF is an important tool for carrying out this policy in the ACP countries and that it must be made more effective through a greater focus on actions aimed at poverty eradication and through faster implementation in tandem with greater transparency, greater accountability and compliance with the principles of sound financial management;
 2. Recognises the Commission's efforts to focus its development operations on the achievement of the MDGs including the identification of 10 key indicators; welcomes the use of these key indicators in the EDF mid-term reviews for assessing the progress towards poverty eradication; calls on the Commission to step up its efforts to that end and recommends that 35 % of European Union development cooperation spending be given over to achieving the MDGs;
 3. Recognises the problems of measuring the impact of Community assistance on the achievement of the MDGs in multi-donor environments; deplores the fact that the Commission has not made efforts to establish an appropriate mechanism to measure such an impact and thus confines itself to measuring the progress of the developing countries towards the MDGs; deplores the fact that the Commission's replies to the Development Committee's questionnaire are particularly vague as regards the implementation of the MDGs in the Commission's development actions;
 4. Welcomes the improvements made by the Commission in its reporting system and recognises the improved quality of the Annual Report 2004 on EC Development Policy and External Assistance (COM(2004) 0536 and SEC(2004) 1027);
 5. Decides to introduce an annual plenary debate on the Commission's Annual Report on EC Development Policy and External Assistance;
 6. Welcomes the fact that in 2003 out of a total financing for ACP countries (EDF and EU general budget) of EUR 4 079 million, 33 % (EUR 1 346 million) was committed for social infrastructure and services; deplores the fact that only EUR 62 million (1,5 %) was earmarked for basic education and EUR 212 million (5,2 %) for basic health; urges the Commission to increase funding for these sectors and calls for 20 % of European Union development cooperation spending to be earmarked for basic education and health in the developing countries;

⁽¹⁾ Communication to the Commission on the Reform of the Management of External Assistance, adopted by the Commission on 16 May 2000.

⁽²⁾ Statement by the Council and the Commission on the European Community's Development Policy, adopted by the General Affairs Council (Development) on 10 November 2000.

⁽³⁾ OJ L 317, 15.12.2000, p. 3.

Accounts

7. Notes that the balance sheets and accounts were forwarded late; notes that modernisation of the EDF accounts is scheduled to be ready within the deadlines set; looks forward to receiving the report of the Commission Accountant on the state of the Commission accounts, including the EDF accounts, as at 1 January 2005; asks to be kept informed of progress with modernisation of the new integrated IT system (ABAC-FED);
8. Notes that although EDF funds managed by the EIB are not audited by the Court of Auditors or controlled by Parliament as part of the discharge procedure, they are consolidated in the EDF accounts; considers that transparency would be enhanced if information on these funds were provided to the discharge authority which is responsible for signing off the EDF accounts;

Statement of Assurance

9. Notes that, with the exception of problems relating to the following ⁽¹⁾, the Court of Auditors is of the opinion that the accounts reliably reflect the revenue and expenditure relating to the sixth, seventh, eighth and ninth EDFs:
 - (a) amounts payable to the EDFs and not included in the balance sheet at 31 December 2003 (EUR 27,5 million),
 - (b) advances (EUR 400 million),
 - (c) Stabex funds,
 - (d) funds transferred to the EIB and not utilised (EUR 209 million);
10. Notes the Court's view that the Director-General of the EuropeAid Cooperation Office should have expressed a reservation in the Annual Activity Report and declaration concerning debts still to be established and the correct use of the Stabex funds as he did not have sufficient information available at the time to draw well-founded conclusions;
11. Notes that, with regard to the underlying transactions, the Court of Auditors is of the opinion that the revenue entered in the accounts, the EDF allocations and the commitments and the payments for the financial year are, taken as a whole, legal and regular; notes that the Court of Auditors has formed its opinion based on analysis of the supervisory systems and controls, audit of a number of transactions and analysis of the annual activity report and declaration of the Director-General of the EuropeAid Cooperation Office;
12. Urges the Commission to address the following weaknesses noted by the Court of Auditors concerning supervisory systems and controls:
 - (a) the effects of the implementation of internal control standards are limited because their implementation in delegations is tied to the devolution process, which was not due to be completed until the end of 2004;
 - (b) action plans need to be continued and implemented more fully, particularly at delegation level, in order to provide an effective future framework for supervisory systems and controls;
 - (c) the supervisory systems and controls covering contracts and payments, although generally well designed, require improved implementation;

Financial Management Report

13. Notes that the Financial Management Report was forwarded late; praises the quantity and quality of information contained in the Financial Management Report, including information specifically requested by Parliament in its 2002 discharge recommendation; asks the Commission to further enhance this report in future, in particular to allow comparison of the sums channelled into projects, budget support and non-programmable aid under the ninth EDF with those under earlier EDFs and to permit an overview of the EDFs administrative costs;

⁽¹⁾ Court of Auditors, Annual Report concerning the financial year 2003, p. 387.

Accountability

14. Notes that while the Commissioner for Development and Humanitarian Aid is responsible for EDF policy, the Commissioner for External Relations and European Neighbourhood Policy is responsible for all general policy and management matters concerning the functioning of EuropeAid, which implements the EDF; notes that the Commissioner for Development and Humanitarian Aid is empowered to take decisions related to the EDF and the specific budget lines for which he bears responsibility; remains to be convinced that this 'empowerment' will allow the Commissioner for Development and Humanitarian Aid to take full political responsibility for the implementation of the programmes financed by the EDF and the Development Policy area through EuropeAid when EuropeAid reports to the Commissioner for External Relations and European Neighbourhood Policy; remains concerned that the lack of clarity over responsibility may create ambiguities with regard to accountability for the EDF;

Implementation and the RAL

15. Welcomes the increases in budget implementation recorded in 2003; notes, nevertheless, that with the introduction of the ninth EDF and the rapid commitment of new funds the level of unspent resources (RAL — *reste à liquider*) rose by over EUR 1 000 million from EUR 8 385 million at the end of 2002 to EUR 9 410 million at the end of 2003; finds that this level is unacceptably high and urges the Commission to speed up disbursement of EDF aid;
16. Points out that, while desirable, more rapid implementation alone is not sufficient to conclude that the performance of the EDF has improved — better achievement of objectives is also required; notes the comparison between objectives and achievements included in the Financial Management Report but asks the Commission to make more effort to set quantifiable objectives as defined in the Financial Regulation;
17. Notes that a number of Member States did not pay their contributions in full in 2003 which, combined with a payment to the Global Health Fund, caused the Commission to run short of funds and defer payments; urges Member States to respect their legal obligations with regard to EDF contributions;

Budgetary support

18. Notes the increasing significance of budget support with EUR 390 million disbursed in 19 ACP countries in 2003; acknowledges that budget support can contribute effectively towards realising the objectives of reducing poverty and improving public financial management in recipient countries, in particular by giving them a greater sense of 'ownership'; underlines the importance of the 'variable tranche approach'; urges the Commission to improve its instruments to assess economic reforms and the quality of public financial management as conditions for the eligibility for budget support;
19. Understands that when budget support funds have been released to an ACP state they are spent and controlled according to national and not EDF control procedures; is aware that this necessitates a change in the Commission's follow-up procedures away from traditional controls and checks of transactions towards an assessment of the state of public finance management based on monitoring information and performance indicators;
20. Notes, however, that the Court again observes that the criteria for releasing budgetary support funds largely consist of macroeconomic indicators, which provide only part of the information about the management of public finances; recalls the request made in the 2002 discharge report for an assessment of the extent to which all three conditions set out in Article 61(2) of the Cotonou Agreement ⁽¹⁾ have been met; agrees with the Court that assessments should be formalised in terms of each of these criteria;

⁽¹⁾ Direct budgetary assistance in support of macroeconomic or sectoral reforms shall be granted where:

- (a) public expenditure management is sufficiently transparent, accountable and effective,
- (b) well defined macroeconomic or sectoral policies established by the country itself and agreed to by its main donors are in place, and
- (c) public procurement is open and transparent.

21. Notes that other donors are also increasing the use of budgetary support and that the Commission is cooperating with such donors, notably the World Bank, on the development of indicators to assess the performance of public finance management; notes the information provided by the Commission in response to the 2002 discharge request for a report on the state of play of work within the Public Expenditure and Financial Accountability Programme on the preparation of public finance management performance indicators; notes the Commission's assertion that a tentative framework was agreed in early 2004, that testing of the tool developed was planned to start by the end of 2004 and that a decision on finalisation of the analytical framework should be taken by June 2005; asks to be updated by 1 September 2005 on the Programme's work;

Supreme Audit Institutions

22. Recalls the importance attached by Parliament, the Council and the Court of Auditors to involving ACP States' Supreme Audit Institutions (SAIs) in EDF control ⁽¹⁾;
23. Notes the information provided by the Commission in its Financial Management Report on funds spent on projects involving SAIs in the 2003 financial year, as requested by Parliament in its 2002 discharge report;
24. Notes that the Commission is considering different modalities for supporting and promoting the role of the SAIs in the ACP States; asks for an assessment of the various options under consideration in time for the next discharge exercise;

Budgetisation

25. Considers that budgetisation of the EDF would remove many of the complications and difficulties of implementing successive EDFs, help speed up disbursement and eliminate the current democratic deficit; considers that this issue should be addressed in the framework of the discussion on the new Financial Perspectives;

Devolution of management of aid and support

26. Supports the Commission's devolution of resources and decision-making powers to the Delegations of the Commission; expects that this new organisational structure will contribute to even higher implementation levels for commitments and payments than those achieved by the Commission in 2003;
27. Understands, however, that as well as providing benefits the new structure carries risks; finds the Commission staff working paper 'Outline of Risks Linked to External Assistance' useful;
28. Notes the Commission's report on the Evaluation of the Devolution Process ⁽²⁾; is aware that the deconcentration exercise is nearing completion; seeks reassurance that appropriate controls are accompanying the devolution of resources and decision-making powers to delegations; asks for a report in time for the next discharge exercise outlining the state of play of the devolution process, describing the expected benefits with quantifiable indicators and setting out the benefits so far achieved, and detailing the control structures in place in delegations, including the state of implementation of the internal control standards;
29. Notes the Commission's assertion that it has sufficient staff, sufficiently well qualified and trained in financial management, in delegations; notes, nevertheless, that the Commission is at the bottom end of the range in terms of the ratio of staff managing EUR 10 million compared to the other main donors;
30. Notes the risks of the devolution process of the Commission delegations in ACP countries, such as difficulties in finding appropriate staff and the possibility of incoherent interpretation of rules between Commission delegations; underlines the need to improve the rules and to find a balance between reinforced control mechanisms and the need for reporting on one hand, and efficient and speedy decision-making locating the main decisions on projects in the delegations on the other;

⁽¹⁾ See points 21 to 24 in the Resolution 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 2002 (OJ L 330, 4.11.2004, p. 128).

⁽²⁾ SEC(2004) 0561, 6.5.2004.

Stabex Funds

31. Notes that the Commission made an inventory of Stabex funds in 2003 which indicated that around EUR 700 million remain to be committed in the local accounts of beneficiary countries; notes that although funds in these accounts have been transferred to the beneficiary countries and have formally left the EDF accounts, the Commission continues to share responsibility for these funds and retains control over their proper use; notes the Court's observation that a lack of appropriate monitoring does not allow the Commission to check the use of the funds; notes that the Commission intends to introduce better monitoring procedures by the end of 2004 to be fully operational by 2005; urges the Commission to work with the beneficiary countries to enhance monitoring and ensure that the outstanding funds are committed as rapidly as possible;

Evaluation

32. Welcomes the efforts made by the Commission in internal control allowing it to meet the majority of the standards; is concerned, however, about the Commission's inability to meet internal control standard 23 concerning evaluation because of capacity constraints; asks the Commission to report on how it intends to ensure that evaluation is properly carried out and followed up and to advise as to when it feels it will be able to meet the standard;

Deadlines

33. Invites the Commission to forward, and the Council to adopt, the following proposal for modification of the first sentence of Article 119(1) of the Financial Regulation:

'Before 30 June of year N +2 the European Parliament, upon a recommendation from the Council acting by a qualified majority, shall give a discharge to the Commission in respect of the financial implementation for year N of the EDF resources, which it manages in accordance with Article 1(2).'
