RESOLUTION

of the European Parliament containing the comments accompanying the decision on the discharge to the Director of the European Environment Agency in respect of the implementation of its budget for the financial year 2002

THE EUROPEAN PARLIAMENT,

— having regard to the Court of Auditors' report on the financial statements of the European Environment Agency for the financial year 2002, together with the Agency's replies [1] (C5-0635/2003),

— having regard to the Council's recommendation of 9 March 2004 (C5-0140/2004),

— 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 1641/2003 of 22 July 2003 amending 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 Rule 93a 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 Consumer Policy (A5-0212/2004),

A. whereas the European Court of Auditors (ECA) stated in its abovementioned report that it had obtained reasonable assurances that the accounts for the financial year ended 31 December 2002 are reliable and that the underlying transactions, taken as a whole, are legal and regular,

B. whereas on 6 November 2003 Parliament gave discharge to the Director of the European Environment Agency in respect of the implementation of its budget for the 2001 financial year and at the same time Parliament in its resolution [5], *inter alia*:

— welcomed the Agency's efforts to improve the planning of its operational activities aimed at reducing the level of carry-overs and took the view that the carry-overs, mainly due to the contractual relation of the Agency with the Topic Centres, constituted a 'systemic' problem that called for stricter control of the implementation of contracts by such Centres; called also for the development of a harmonised approach among agencies, based on best practice, when dealing with such problems of a 'systemic' nature,

— invited the Agency to implement appropriate measures for improving its system of filing and archiving with a view to complying with the requirement of having in its files all necessary supporting documentation,

— expected the Agency to intensify its efforts in the area of interinstitutional cooperation on matters such as tendering procedures,

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[1] OJ C 319, 30.12.2003, p. 15.

[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 333, 20.12.2003, p. 71.

1. Notes the following figures for the accounts of the European Environment Agency for the financial years 2002 and 2001;

Revenue and expenditure account for the financial years 2002 and 2001

(1 000 euro)

	2002	2001
Revenue		
Own revenue		
Commission subsidies	18 749	18 342
Miscellaneous revenue	1 136	1 493
Financial revenue	198	369
Total revenue (a)	**20 083**	**20 204**
Expenditure		
Staff — Title I of the budget		
Payments	9 714	8 126
Appropriations carried over	1 018	735
Administration — Title II of the budget		
Payments	2 054	1 423
Appropriations carried over	247	521
Operating activities — Title III of the budget		
Payments	6 493	3 738
Appropriations carried over	5 611	6 856
Total expenditure (b)	**25 137**	**21 399**
Outturn for the financial year (a − b) [1]	**− 5 054**	**− 1 195**
Balance carried over from the previous financial year	− 3 274	− 3 117
Appropriations carried over and cancelled	888	939
Sums for re-use from the previous financial year not used	8	86
Amounts refunded to the Commission		
Exchange-rate differences	4	13
Balance for the financial year	**− 7 428**	**− 3 274**

[1] Calculated 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).

NB: Any discrepancies in totals are due to the effects of rounding.
Source: The Agency's data.

Implementation of the budget - Audit and control

2. Notes the Agency's reply to the questionnaire concerning carry-overs and in particular its position concerning the multi-annual nature of several of its projects; invites the Agency therefore to explain further its analysis of the options offered by the new Financial Regulation, in particular the use of differentiated appropriations in the case of agreements with the European Topic Centres with a view to reducing carry-overs and better complying with the annuality principle;

3. Welcomes the establishment by the Agency of an internal audit capability but stresses the importance of cooperation with the Commission's Internal Audit Service;

4. Reiterates its call to the Agency to implement rapidly the measures needed to support the decentralised filing and archiving system with a view enabling the financial departments to better monitor the Agency's activities and programmes;

Legality and regularity of the underlying transactions

5. Is deeply concerned by the repeated criticism voiced by the ECA as regards the deficiencies in the documents supplied in support of requests for payments; expects the Agency to take swift action to remedy this problem and to report to Parliament's competent committee once the filing, archiving and mail registration system is up and running;

6. Notes the Agency's undertaking given in the replies to the questionnaire that no further grant agreements with international bodies will be established in future and that they will be restricted to the specific context of the EEA Regulation and the new Financial Regulation;

7. Notes also the Agency's clarification as regards facilities offered to the Royal Awards Foundation and in particular that the latter has paid, since 1 January 2003, the cost of the office which it occupies at the Agency's premises; notes also the Agency's intention to cease hosting the Foundation; expects nonetheless the Agency to take stock of the ECA's observations so as to avoid similar criticism being voiced again in the future;

Horizontal points on the agencies and the Commission

Implementing the new Financial Regulation - Internal audit and control

8. Reiterates the position taken in its resolutions [1] accompanying the discharge given to the Agencies for 2001 as regards the implementation of the new Financial Regulation; invites the Commission and the Agencies to continue their cooperation, in particular in the areas of accounting, internal audit, management and control procedures, so as to ensure that a coherent harmonised framework for the functioning of the Agencies is established;

9. Recalls that it expressed concern in the discharge resolution for 2001 concerning the lack of controls on the agencies carried out by the internal audit service of the Commission (IAS); expresses grave concern that such controls do not seem to have been carried out this year; asks the Commission and the IAS to explain the reasons for this and to provide data about the number of staff available to the Internal Auditor to carry out controls in the agencies; expects the Commission to indicate how it can guarantee that sufficient and correct controls are carried out in the satellite bodies, in particular the IAS.

10. Stresses that it is essential that the agencies be required to submit to the investigative powers of OLAF under the same conditions as the institutions [2]; invites the ECA to provide information, in time for adoption of the discharge resolution, on whether the Community bodies which acceded to the Interinstitutional Agreement of 25 May 1999 [3] on internal investigations by OLAF did so in the same terms as those laid down in the annex to this Agreement;

Financial Management

11. Notes that in some of the Agencies' replies to the questionnaire concerning the way in which the recurrent problem of substantial carry-overs might be addressed, mention is made of the possibilities offered by the new Financial Regulation, which provides for the use of 'differentiated appropriations'; invites the Agencies to better explain their analysis and to indicate in particular which of their activities of a multiannual nature might be financed by such appropriations;

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(1) OJ L 148, 16.6.2003, p. 83 and OJ L 333, 20.12.2003, p. 53 (point 18).

(2) Texts adopted, 13.1.2004, P5_TA(2004) 0015.

(3) OJ L 136, 31.5.1999, p. 15.

12. Invites the Commission to present its position on such a solution and, should it consider that this solution is not feasible, to outline alternatives allowing for a substantial reduction in carry-overs;

Review of the agencies

13. Stresses that, prior to any decision to set up an agency, the Commission must make a rigorous analysis of the need for and added value of the functions that the agency will perform, with an eye to the principles of subsidiarity, budgetary rigour and procedural simplification;

14. Calls on the Commission to make a general study of activities currently carried out by various Community bodies that might overlap or serve the same goals, and to propose appropriate solutions, including the possible mergers of agencies;

15. Is concerned by the fact that there is an imbalance between administrative and operational expenditure in many agencies, with administrative expenditure exceeding expenditure for operational purposes; calls therefore on the Commission and the agencies to set targets and a timetable to reduce the level of administrative expenditure as a proportion of total expenditure; notes that many agencies see opportunities in this regard, as listed in the questionnaire;

16. With reference to the replies to the questionnaire on interinstitutional cooperation, encourages the agencies to improve cooperation between themselves in order to meet their needs in specific areas (for example, software development) and reduce costs, rather than adopt solutions which were initially designed for the purposes of the Commission but which often prove to be too cumbersome and complicated for the agencies' specific needs;

17. Encourages the Agencies to organise and develop a close working relationship with the competent parliamentary committees; invites its standing committees with competence in the areas of activity of each of the Agencies to coordinate their action with the Committees of Budgets and Budgetary Control, with a view to ensuring efficient monitoring of the activity of the agencies;

New sources of financing

18. Welcomes the responses and ideas that emerged from the questionnaire concerning the possibilities of other sources of financing; notes that many current sources and proposals concern the letting of buildings and facilities and the sale of publications and information; realises that for reasons of independence, among other things, not all agencies are to accept additional financial sources; stresses the economies of scale and financial benefits of the participation of non-EU countries in the activities of certain Agencies; calls on the Commission and the Agencies to come forward with constructive proposals with regard to further development of new sources of additional financing, which would increase the level of self-financing;

19. Welcomes the financial contributions of some Member States and regions to the agencies located on their area; considers it important for Council and the Commission to demand such contributions, especially when new agencies are set up;

Harmonised operating framework

20. Recalls its position [1] that the multitude of different forms in the existing agencies' structures was thought to be 'neither transparent nor comprehensible, and, even bearing in mind the differences in tasks, not justified'; invites the Commission to conduct a review of all the existing agencies with a view to proposing, where appropriate, amendments to their basic instruments [2] so as to adapt them

[1] P5_TA(2004) 0015 (paragraphs 13 and 14).

[2] P5_TA(2004) 0015 (paragraph 24).

to the models that the future regulatory framework should encompass; instructs its competent committees to follow up this comprehensive review exercise, which should be conducted as soon as possible, and to take into consideration the horizontal issues mentioned in this discharge resolution;

21. Invites the Commission to present appropriate proposals, aimed at creating such a harmonised framework for the agencies, prior to or at least in parallel with the presentation of the legislative proposals for the new agencies; insists that an interinstitutional agreement spelling out common guidelines is a pre-condition for creating the harmonised framework;

Staff policy

22. Notes that, as a result of the new Financial Regulation, the organigrams of the agencies are established by the budgetary authority; stresses the importance of this change for the agency discharge procedure in the years to come as regards checking application of the Staff Regulation in matters of recruitment, promotion policy, vacancy rates and recruitment policy;

23. Notes that, in response to a questionnaire tabled in the course of the budgetary procedure for 2004, it was established that, on average, it took considerably fewer years to obtain promotion at several agencies than is the policy in the Commission, that vacancy rates were considerably higher compared to other institutions and that several of the requested new posts were not proposed at the lowest grade; considers that staff policy should form an important part of a review of the existing agencies;

24. Considers that the staff policy of the agencies should comply with the Financial Regulation, the Staff Regulations and the best practice generally followed by the Institutions; considers that the Commission has been requested to give, before the 2005 budgetary procedure, guidelines concerning staff policy, notably the rate of vacant posts, the rate of promotions, the level of recruitment and the standard career profile;

25. Recalls the principle that the agencies should as far as possible employ staff on temporary contracts, in order to maintain flexibility and efficiency;

26. Is concerned about the serious anomalies detected in connection with the selection procedures of the European Monitoring Centre for Drugs and Drug Addiction, including: imprecise notice, incomplete selection committee minutes, criteria for assessing candidates not defined in advance [1]; is very concerned that this might not be an isolated case but that Agencies in general might have difficulty in managing these rather complex procedures in a fair and transparent manner;

27. Is of the opinion that selection procedures organised by agencies should meet the same standards as those organised by the European Personnel Selection Office (EPSO) and that they should not be perceived as a backdoor for easy entry into the European civil service;

28. Invites the Commission to make proposals in order to ensure that the Agencies benefit from appropriate support from the EPSO when organising selection procedures and that there is a mechanism in place to validate the outcome of such procedures externally before recruitment takes place.

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[1] See paragraph 13 of the *Court of Auditors' specific report for 2002* (p. 64).