



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 25 September 2008

13538/08

FIN 344

"I/A" ITEM NOTE

from : Budget Committee
to : Permanent Representatives Committee/Council
Subject : Special Report No. 5/2008 "The European Union's agencies: Getting results"
- Draft Council conclusions

1. On 10 July 2008, the Council received Special Report No. 5/2008 "The European Union's agencies: Getting results".¹
2. The Permanent Representatives Committee instructed the Budget Committee to examine it and draw the relevant conclusions.²

On 25 September 2008, the Budget Committee reached agreement on the draft Council conclusions annexed hereto, on the basis of a proposal presented by the Presidency.

3. It is suggested that the Permanent Representatives Committee advise the Council to adopt the draft Council conclusions in the Annex as an "A" item on the agenda of a forthcoming meeting.

¹ doc. 11888/08 FIN 284.

² doc. 11889/08 FIN 285.

Draft Council Conclusions
on Special Report No 5/2008 - "The European Union's agencies: Getting results"

THE COUNCIL:

1. NOTES WITH GREAT INTEREST the Court's special report¹ on the "European Union's agencies: Getting results" concerning decentralised agencies set up by the European Communities, while taking note of the methodology used by the Court for auditing the decentralised agencies.
2. UNDERLINES the importance of the principles of budget discipline and sound financial management to be applied to the financial management of decentralised agencies; NOTES WITH CONCERN the general findings of the Court that the audited decentralised agencies do not plan their activities adequately nor, for most of them, have at their disposal sound tools for monitoring their activities, and that the reporting of the activities and the evaluation of the results need to be improved; CALLS on the agencies concerned to remedy to this situation.
3. CONSIDERS that the full implementation of the Court's recommendation, including the improvement of the schedule of the relevant data's delivery, would help the budgetary authority to fix the amount of the subsidies coming from the Community Budget in order to remove the practice of year end surpluses, leading to earmarked revenue. Subsidies have to be based on accurate and objectively justified data concerning on the one hand, the budget implementation and the results of the previous years and, on the other hand, rigorous estimates presented in the work programmes.

¹ Doc 11888/08 FIN 284.

4. CALLS on decentralised agencies to produce, for those which still have not done it, a strategy document in the form of a multi-annual work programme with clear objectives and performance indicators of the outcomes and the impact that they aim to achieve, having in mind that those indicators are required by the Framework Financial Regulation for the decentralised agencies. RECALLS the importance of using more systematically *ex ante* evaluations when prioritising the objectives and phases of planning in the strategy document.
5. ASKS the decentralised agencies to include in their annual planning and their draft estimate for revenue and expenditure SMART (Specific, Measurable, Achievable, Relevant and Timed) activity indicators relating to the volume and the timetables of the inputs and the outputs, taking due account of the control of the risk involved in the activities. Furthermore, STRESSES the importance of continuing to introduce as far as possible the activity based budgeting/activity based management (ABB/ABM) system in order to make the objectives result-oriented and to allocate human and financial resources by objectives.
6. CALLS on the decentralised agencies to set up management control instruments linked to their work programmes and to their budgets, including all allocated resources, in order to develop the reports into genuine instruments of governance, having in mind that the proportionality for the implementation of mechanisms and controls, which could support monitoring, has to be taken into account in order not to increase administrative expenditure of the agencies and of the European Union.
7. While acknowledging that all the decentralised agencies submit the required reports to their supervisory and discharge authorities, ASKS them to ensure proper reporting of the activities and of the evaluation of the results in such a way that progress made towards achieving the objectives set in the multi-annual programmes is assessed by using the performance indicators of these programmes. STRESSES that frequency of the periodic overall evaluations is to be linked to the rhythm of the multi-annual programmes and *ex ante* evaluations in order to enable the use of the performance indicators as benchmarks in the *ex post* evaluations.

8. CALLS on the decentralised agencies to include in their annual activity reports a state of play on the implementation of the recommended measures.
9. UNDERLINES the importance for the Member States to take an active supervisory role in the decentralised agencies' governing bodies in order to improve good governance and sound financial management and to ensure the economic, efficient and effective implementation of European policies. This should also apply to the Commission when represented in those governing bodies.
10. ASKS the Commission to exercise, with due respect of the autonomy of the decentralised agencies, more effective supervision and monitoring on agencies in order to ensure in particular more transparency as regards staffing levels and recruitment, better planning of budgetary and financial management as well as an effective and efficient control and accountability framework.
11. INVITES the Commission, while acknowledging the considerable efforts already made, to continue providing assistance to the agencies in the most appropriate form; UNDERLINES in that context that particular attention should be paid to dissemination of best practices, proper application of procedures for awarding contracts and appropriate training for the members of agencies' governing bodies; WELCOMES the commitment of the Commission in its communication "European agencies - The way forward"¹ to undertake a review of its internal systems governing its relations with agencies, as well as the methodology for conducting impact assessment of agencies.

¹ Doc. 7972/08 INST 26 JUR 145 - COM (2008) 135 final.

12. RECALLS its statement of 17 July 2008¹ in which it welcomed the commitment of the Commission as announced in its above-mentioned communication to launch a thorough evaluation of the regulatory agencies, by the end of 2009; EXPECTS once again that this evaluation will provide to the budgetary authority adequate tools and means to assess, in the context of the allocation of the Community contribution during the annual budgetary procedure, the comparability of performance targets, administrative and operational expenditure, evolution of the staff (types and vacancy rate) and impact of the size of the agency.

13. INVITES the Court to keep the Council updated in the context of its audit reports on the progress made by the decentralised agencies and to extend its audits to cover executive agencies.

¹ Doc. 11950/08 BUDGET 23.