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21 April 2004

B5-0219/2004 }
B5-0220/2004 }
B5-0222/2004 }
B5-0223/2004 }
B5-0225/2004 } RC1

JOINT MOTION FOR A RESOLUTION

pursuant to Rule 37(4) of the Rules of Procedure, by

- María Antonia Avilés Perea on behalf of the PPE-DE Group
- Helmut Kuhne on behalf of the PSE Group
- Jan Mulder and Ole Sørensen on behalf of the ELDR Group
- Bart Staes on behalf of the Verts/ALE Group
- Freddy Blak and Jonas Sjøstedt on behalf of the GUE/NGL Group
- Mogens N.J. Camre on behalf of the UEN Group
- Jens-Peter Bonde on behalf of the EDD Group
- Gianfranco Dell'Alba

replacing the motions by the following groups:

- Verts/ALE (B5-0219/2004),
- ELDR (B5-0220/2004),
- GUE/NGL (B5-0222/2004),
- PSE (B5-0223/2004),
- PPE-DE (B5-0225/2004),

on Eurostat

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PE 344.766}
PE 344.767}
PE 344.769}
PE 344.770}
PE 344.772} RC1

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European Parliament resolution on Eurostat

The European Parliament,

- having regard to its report on the activities of OLAF (Bösch report) of 4 December 2003, its resolution of 29 January 2004 on the action taken by the Commission on the observations contained in the resolution accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year (Commission) (C5-0004/2004) and its report on granting discharge to the Commission in respect of 2002 (Bayona report) of 21 April 2004,
 - having regard to the Commission's report on the follow-up to 2001 discharges (COM(2003) 651 - C5-0536/2003),
 - having regard to Article 276 of the EC Treaty,
 - having regard to Article 147 of the Financial Regulation,
 - having regard to Rule 37(4) of its Rules of Procedure,
- A. whereas it highlighted a number of concerns regarding financial management at Eurostat in its April 2003 discharge resolution on the financial year 2001,
- B. whereas, as a result of Parliament's insistence and several press reports in the spring of 2003, the Commission launched an internal investigation into Eurostat, the results of which were communicated to Parliament on 8 July, together with a number of emergency measures, including the suspension of contracts and senior management pending further examination,
- C. whereas three parallel investigations were launched by an internal Commission task force, the Internal Audit Service and OLAF, whose findings were submitted to Parliament at the end of October 2003,
- D. whereas Mr Prodi announced an action plan to Parliament in December 2003 in the context of the annual debate on the Commission's legislative programme, which was further detailed by Commissioner Solbes in February 2004,
- E. whereas OLAF has so far concluded a number of investigations into specific aspects of the Eurostat case and forwarded some files to public prosecutors in Luxembourg and France, whilst several matters still remain under examination,
1. Recalls the conclusions and recommendations contained in the Casaca report of 29 January 2004 dealing principally with the follow-up to the Eurostat affair, and in particular with the positive role of whistleblowers in raising concerns, the existence of internal audit reports detailing irregular financial practices and the poor communication and treatment of such information within and across Commission departments resulting in the problem's remaining unaddressed for several years;

2. Regrets the inadequate response so far received to the oral question (O-0067/03) submitted last October and to the 2001 discharge follow-up report; demands that the Commission make a full and complete written evaluation by 31 July 2004 of the circumstances of the Eurostat scandal including all OLAF reports, and in particular the slow response of Commissioners to the warning signals and the poor flow of information within the Commission;
3. Recognises the quality and thoroughness of the work of the Commission's Internal Audit Service as well as Eurostat's IAC; finds, however, the extremely long delays and the resistance and hesitation of the Commission in forwarding these vital reports to Parliament unacceptable; calls on the Commission to consider the full publication of these documents, or at least anonymised versions;
4. Notes that the Financial Regulation was violated at Eurostat between 1999 and 2003 and that the management of Eurostat neither responded to the reports of the internal audit units by taking decisive action nor informed those in positions of responsibility within Eurostat unambiguously about abuses which had occurred; stresses that although some rule changes may be desirable, the problem was not the lack of good rules but the poor application of existing rules;
5. Welcomes in principle the Eurostat action plan for 2004 and the Commission proposal for a new OLAF Regulation (10 January 2004);
6. Stresses that the case has highlighted serious problems in the working methods of both the Commission and OLAF; considers that the Eurostat affair has highlighted serious shortcomings in the Commission's internal control management system and that the Commission's failure to come up with a convincing response undermines the credibility of the system as a whole;

Commission

7. Notes that the reports so far received about the Eurostat affair have revealed that:
 - there was no effective political response to public announcements by OLAF about investigations into Eurostat (July 2002) by either the Commissioner responsible for Eurostat or the Commissioner responsible for budgetary control issues;
 - no-one had any oversight of all the pieces of evidence as these slowly gathered;
 - the Secretary-General did not pass on any of the information, albeit very vague, from OLAF to anyone with political responsibility;
 - Commissioners' Private Offices ignored or dismissed the information that did reach them;
8. Recognises that the problems originated prior to 1999, but maintains that action to identify and remedy the situation was not taken swiftly enough by the present Commission;
9. Considers that, despite the Commission's efforts to improve relations between Commissioners and departments, the Eurostat affair has made it clear that there was

inadequate transparency and communication between Eurostat's management and the Commission's cross-sector departments and between Eurostat and the Commissioner responsible;

10. Believes that these facts demonstrate that insufficient consideration seems to have been given to the systems and methods by which the Commissioners themselves would be able to assume their political responsibilities in the fight against fraud and mismanagement;
11. Reminds the Commissioners that they are responsible for the wrongdoings of officials in their departments ('Committee of Independent Experts', 1999 and the Code of Conduct for Commissioners, 1999); considers that Commissioners cannot be relieved of their responsibility because they did not receive enough information;
12. Regrets the absence of proposals for structural change in the relations between Commissioners and Directors-General, and considers it vital to clarify the leading role of Commissioners as well as their political responsibility; notes that the proposals of the Commission progress report on the actions adopted under the March 2000 White Paper on administrative reform do not go far enough in this regard;
13. Points in particular to the issues of political responsibility that this raises in matters of financial and managerial governance and the weaknesses of the control environment in some departments; calls on the Commission to make proposals for amending the Code of Conduct of Commissioners and structural changes in their relations with Directorates-General so as to make the political responsibility of Commissioners for their departments a meaningful concept; considers it essential that the President of the Commission has the measures at his/her disposal to ensure that the discipline of the Code can be applied;
14. Calls for one member of the College to take responsibility, as done in the past, for coordinating the fight against fraud and mismanagement with specific responsibility inter alia for:
 - liaising with the Internal Audit Service;
 - the scrutiny, review and oversight of the follow-up of all internal audit reports prepared by the audit capabilities of the directorates-general, and for evaluation reports on the management of programmes;
 - the Audit Progress Committee;
 - relations with OLAF;
 - relations with the European Court of Auditors;
 - liaison with other Commissioners in their work on budgetary control issues;
15. Believes that each individual Commissioner is accountable for the services under his responsibility and must ensure that their objectives have been achieved on a basis of full

respect of the principles of sound financial management; insists that all Commissioners prioritise the fight against fraud and mismanagement within the Directorates-General for which they have responsibility; intends to take into consideration the commitment of candidate Commissioners to this fight during the hearings on the new Commissioners;

16. Calls therefore for one adviser in all Commissioners' Private Offices to be given specific responsibility, in addition to other tasks, for advising his/her Commissioner on issues relating to budgetary control within the DGs for which that Commissioner has responsibility and liaising with the office of the member of the College responsible for budgetary control matters;
17. Reiterates its belief that Commissioners must have a more direct and proactive role in overseeing the work of their departments and taking responsibility for the failings as much as for the successes; intends therefore to hold the future Commission to account for its omissions as well as its actions;

Internal procedures

18. Recalls that the administrative reform has been one of the main objectives of the present Commission, that the White Paper 'Reforming the Commission' was adopted on 1 March 2000, and that the Commission has committed itself to an ambitious programme for strengthening independence, accountability, efficiency, transparency and the highest standards of responsibility; notes that:
 - many very necessary and important steps in the right direction have been taken; and
 - there are still potential barriers to reform which have to be addressed;
19. Recalls that the reform places a strong emphasis on decentralisation of financial controls; believes that this in turn points up the urgent need to develop more suitable and accountable forms of central management supervision of the control systems operating in individual departments;
20. Takes the view that the Eurostat case has pointed up the need to review the relations between these different actors and between the individual Commissioners and the College of Commissioners, as well as the functioning of the accountability chain, in order to ensure progress not only in the area of financial management but also in the governance structure of the Commission;
21. Calls for the annual activity reports drawn up by the Directors-General to reflect their responsibilities as authorising officers, as provided for by the Financial Regulation; calls for the summary report to include all the key aspects of the various annual activity reports/statements of assurance;
22. Maintains, with reference to the channels used for disseminating requests from Commissioners and the replies issued by departments, that such replies (when relating to topics deemed sensitive) should always be forwarded by the Director-General to the relevant Commissioner himself and not just to his head of office;

23. Deplores the former practice of Eurostat and OPOCE of creating 'financial envelopes'; calls on the Commission to act swiftly and investigate the possibility of other Commission departments' having been engaged in similar practices and to take appropriate action to uncover the truth about the real extent of the system and the final use of the funds in these 'financial envelopes';

Progress at Eurostat

24. Takes note of the actions taken so far to remedy the situation in this Commission department; welcomes in particular:

- the thorough revision of all existing contracts with and subsidies to outside bodies and the cancellation of all automatic contract renewals;
- the complete revision of existing relations between Eurostat and national statistical offices, including grants that were not properly analysed over several years;
- the drastic reduction in the number of publications;
- the internalisation policy, meaning that statistical work will again be executed in-house, as recommended by the IAC-Eurostat reports and demanded in Parliament's above-mentioned 2001 discharge resolution;
- the free publication of statistics via its internet site;
- improved training in financial management;

25. Takes the view that an independent administrative and management audit of the new Eurostat structure should be carried out once OLAF's investigations are complete, and specifically a follow-up report should be drawn up during the present Commission's term of office, analysing whether previous IAS and IAC-Eurostat recommendations were complied with;

26. Considers that, in the case of Eurostat, there was an excessive dependency on external agencies; welcomes, in this regard, the commitment to carry out internally the bulk of Eurostat's tasks and to review the nature of all contracts with external consultants linked to Eurostat;

27. Urges the Commission, in addition, to address the situation of the small sub-contracting firms unintentionally caught up in the affair;

Financial Regulation

28. Calls on the Commission to address, either by a revision of the implementing provisions or by specific legislative/procedural measures, any weaknesses identified in the new Financial Regulation which may expose the Community budget to the risk of fraud; recommends that any such measure be considered in conjunction with the anticipated revision of the OLAF Regulation;

OLAF

29. Underlines the importance of a fully-functioning and independent anti-fraud body for handling complex and sensitive investigations; reiterates its position that OLAF must have institutional independence from the Commission and be accompanied by a body providing proper legal oversight of its operations and ensuring confidentiality and protection of those under investigation;
30. Stresses that the Commission Secretary-General should be required to directly inform the Commissioner responsible for the DG concerned of any internal investigations of which he may be aware through OLAF, even if the information provided is concise; the Commissioner must undertake not to disclose outside the College of Commissioners any confidential information which might be entrusted to him or her;

Interinstitutional bodies

31. Considers, as the case of OPOCE proves, that it is particularly difficult to identify clear political responsibility in interinstitutional bodies; calls therefore on the Institutions to re-examine the legal provisions governing existing interinstitutional bodies without however calling into question the principle of interinstitutional cooperation;

Future action

32. Admits that the Eurostat affair represents a serious set-back for public appreciation of the Commission's administrative reform process; recognises, nevertheless, that almost all of the specific actions from the March 2000 White Paper have been approved; urges the Commission to ensure full and thorough implementation throughout its services, agencies and satellite bodies so that similar circumstances to those at Eurostat can never be repeated;
33. Intends to assess thoroughly all the reports on the Eurostat investigation, promised by OLAF and requested repeatedly by Parliament, most recently in its resolution of 17 December 2003 when it called for OLAF 'to submit its final reports to Parliament as soon as possible, and by 15 January at the latest'; underlines that so far these have not been received; reaffirms its intention to continue to monitor and scrutinise future developments in the ongoing Eurostat investigations and potential legal actions, with a view to proposing further reforms as required;
34. Instructs its President to forward this resolution to the Commission, the Council and the Court of Auditors.