

ANNUAL REPORT ON THE ACTIVITIES
FUNDED BY THE SIXTH, SEVENTH,
EIGHTH AND NINTH EUROPEAN
DEVELOPMENT FUNDS (EDFS)

(2006/C 263/02)

TABLE OF CONTENTS

	<i>Paragraph</i>
Introduction	1-6
Chapter I — Implementation of the sixth, seventh, eighth and ninth EDFs	7-10
Chapter II — Statement of Assurance by the Court of Auditors on the EDFs	11-42
Statement of Assurance by the Court of Auditors on the sixth, seventh, eighth and ninth European Development Funds (EDFs) for the financial year 2005	I-III
Information in support of the Statement of Assurance	11-42
Scope and nature of the audit	11-14
Reliability of the accounts	15-17
Legality and regularity of the underlying transactions	18-42
Chapter III — Follow-up of previous observations	43-50
Microproject programmes financed by the EDF	43-50
The Discharge Authority's position	44
Follow-up by the Commission	45-49
Conclusion and recommendations	50

THE COURT'S OBSERVATIONS

THE COMMISSION'S REPLIES

INTRODUCTION

1. The European Development Funds (EDFs) are the result of international conventions or agreements ⁽¹⁾ between the Member States of the European Union and certain African, Caribbean and Pacific (ACP) States, and of Council Decisions on the association of overseas countries and territories (OCT).

2. The Commission has responsibility for and takes charge of the management of most of the expenditure of the EDFs, i.e. grants expenditure, in association with the ACP States. The remaining element of the EDF, i.e. the investment facility, is fully managed since 1 April 2003 by the EIB ⁽²⁾. This facility is not covered by the Court's Statement of Assurance or the European Parliament's discharge procedure ⁽³⁾ ⁽⁴⁾.

3. The financial allocation for each of the four EDFs being implemented in 2005, with the exception of the instruments now under the EIB's sole management, was mainly assigned to:

- (a) programmable aid ⁽⁵⁾ intended for the implementation of development projects (roughly half of the total allocations);
- (b) programmable aid ⁽⁵⁾ intended to provide budget support for the beneficiary States (almost a quarter of the total allocations);

⁽¹⁾ The Yaoundé I Convention dates back to 1964. The most recent agreement (Cotonou) dates from 23 June 2000 and was revised in Luxembourg on 25 June 2005.

⁽²⁾ Thus, under the ninth EDF, the initial allocation amounted to 13 800 million euro, of which the EIB is responsible for 2 200 million euro.

⁽³⁾ See Articles 96, 103 and 112 of the Financial Regulation of 27 March 2003 applicable to the ninth EDF (OJ L 83, 1.4.2003, p. 1). In its Opinion No 12/2002 on the proposal for this Regulation (OJ C 12, 17.1.2003), the Court stressed that these provisions reduce the scope of the European Parliament's powers of discharge.

⁽⁴⁾ In the case of the operations under EIB management, the Court performs this task as provided for in a tripartite agreement between the EIB, the Commission and the Court (Article 112 of the Financial Regulation of 27 March 2003 applicable to the ninth EDF referred to above).

⁽⁵⁾ Programmable aid is defined within the framework of national and regional indicative programmes (NIPs and RIPs) and of intra-ACP funded projects and programmes.

THE COURT'S OBSERVATIONS

THE COMMISSION'S REPLIES

- (c) non-programmable aid intended for specific fields of cooperation such as humanitarian and emergency assistance, support for export earnings (Stabex and Sysmin or, now, FLEX) or financial contributions, such as venture capital ⁽⁶⁾ and aid for debt relief (just over a quarter of the total allocations).

4. Once programming is complete, the EDFs' resources are mobilised in two stages. When a request is received from an ACP State, the Commission, as chief authorising officer, makes the financing decision (shown in the accounts as financial commitments) after receiving a favourable opinion from the EDF Committee ⁽⁷⁾ (composed of representatives of the Member States). Then, within the framework of financing agreements, the Commission and the ACP State lay down the rules for the implementation of these decisions by the national authorising officer ⁽⁸⁾ of the country concerned. The latter concludes contracts (shown in the accounts as individual legal commitments) and authorises payments, which will be checked and executed by the Commission in accordance with the procedures for implementing the EDF.

5. Budget support is not subject to this system of management. The Commission remains the sole authorising officer. Financing agreements constitute legal commitments and give rise to payments without the conclusion of individual legal commitments. Once the Commission has checked that the conditions of the Cotonou Agreement and the financing agreement have been met, it makes an initial transfer of funds to the budgets of the beneficiary countries. Once transferred, these funds merge with the budgets of the ACP States, where they are used and audited in accordance with the laws and procedures of the beneficiary States. The Commission and the other main international donors assess both the improvements made to the management of public finances in these countries and the results in terms of poverty reduction. Before disbursing further tranches, the Commission checks that the conditions laid down in the financing agreement have been met.

⁽⁶⁾ As regards the sixth, seventh and eighth EDFs, these operations continue to be implemented by the EIB under the Commission's responsibility.

⁽⁷⁾ For amounts below 8 million euro, the Committee's assent is, in principle, not necessary.

⁽⁸⁾ In general, the national authorising officer's powers are vested in the Finance Ministers of the ACP States.

THE COURT'S OBSERVATIONS

THE COMMISSION'S REPLIES

6. In 2000, the Commission decided to devolve from its Headquarters to its Delegations in ACP States a sizeable proportion of its functions and resources excluding approvals of financing proposals, decisions to make payments for budget support and the management of intra-ACP projects. By the end of 2005, all Delegations in ACP countries were responsible for directly managing some 80 % of EDF payments.

CHAPTER I — IMPLEMENTATION OF THE SIXTH, SEVENTH, EIGHTH AND NINTH EDFS

7. This chapter presents the results of the review carried out by the Court of the Commission's report on financial management of the EDFs to assess whether it fairly describes the achievement of objectives, the financial situation and the events that had a significant influence on the year's activities ⁽⁹⁾. This review included the verification of the accuracy of the financial data presented and the follow-up of observations made previously by the Court and recommendations made by the discharge authority.

8. Despite the Commission's commitment ⁽¹⁰⁾, the report on financial management for financial year 2005 was forwarded to the Court on 19 July 2006, after the 30 April deadline laid down in Article 102 of the Financial Regulation applicable to the ninth EDF.

9. The report on financial management presents an accurate description of the achievements of the objectives for the financial year, the financial situation (see **Tables 1 and 2** and **Charts I and II**) and the events that had a significant influence on the activities carried out in 2005, but could have given further explanations in relation to the following significant issues:

(a) the priorities which have been established as a result of resource constraints and the impact on the implementation of the EDFs (see section 4.6 of the report on financial management);

8. *The Commission attaches great importance to its commitment to reporting within the deadline set and acknowledges that it did not fulfil its commitment this year. Following the Court's observations in previous years, the Commission included information on Stabex accounts in the report. However, some national authorising officers did not produce the information in time which delayed the finalisation of the report. In the meantime, draft reports were submitted to the Court's services.*

9.

(a) *The Financial Management Report does refer in section 4.6 to the impact of resource constraints. Overall, the Commission met or exceeded the targets it set for its main priorities: global commitments and payments and raising quality by reviewing all new proposals in the Quality Support Group.*

⁽⁹⁾ Article 96(2) of the Financial Regulation of 27 March 2003 applicable to the ninth EDF.

⁽¹⁰⁾ Commission's reply to the Court's Annual Report concerning financial year 2004, paragraph 7.

Table 1 — Cumulative utilisation of EDF resources at 31 December 2005

	Situation at end of 2004		Budgetary implementation during the financial year 2005						Situation at end of 2005					Implementa- tion rate (%)
	Global amount	Implemen- tation rate (%)	6th EDF	7th EDF	8th EDF	9th EDF	Global amount	6th EDF	7th EDF	8th EDF	9th EDF	Global amount		
													10th EDF	
A — RESOURCES (1)	43 801,8		- 24,6	- 86,1	- 275,1	1 038,9	653,2	7 414,8	10 781,6	11 315,6	14 943,0	44 455,0		
B — UTILISATION														
1. Financial commitments	35 692,2	81,5 %	- 24,6	- 86,1	- 275,1	3 420,8	3 035,1	7 414,8	10 781,6	11 315,6	9 215,3	38 727,3	87,1 %	
2. Individual legal commitments	30 313,2	69,2 %	- 1,3	110,5	472,0	2 070,9	2 652,1	7 377,0	10 529,0	10 247,2	4 812,1	32 965,3	74,2 %	
3. Payments (2)	25 918,0	59,2 %	21,6	235,3	854,1	1 373,7	2 484,7	7 333,7	10 084,9	8 385,2	2 598,9	28 402,7	63,9 %	
C — Outstanding payments (B1-B3)	9 774,2	22,3 %						81,1	696,7	2 930,3	6 616,4	10 324,5	23,2 %	
D — Available balance (A-B1)	8 109,6	18,5 %						0,0	0,0	0,0	5 727,7	5 727,7	12,9 %	

(1) Initial allocations to the 6th, 7th, 8th and 9th EDFs, interest, sundry resources and transfers from previous EDFs.

(2) As a percentage of resources.

Source: Court of Auditors, based on the EDF Reports on financial implementation and financial statements at 31 December 2005.

Table 2 — Budgetary implementation in the financial years 2001-2005 inclusive

(million euro)

	2001	2002	2003	2004	2005
1. Financial commitments	1 554,2	1 768,4	3 395,8	2 375,2	3 035,1
2. Individual legal commitments	2 263,4	2 142,9	2 742,7	2 746,3	2 652,1
3. Payments	2 067,9	1 852,7	2 293,1	2 413,9	2 484,7

Source: Court of Auditors.

(b) the reasons why certain financial objectives have not been met, notably the reduction of the level of dormant commitments (see section 6.2) and the execution of the *ex-post* controls programme (see section 4.5);

(c) the actions carried out or planned, following the Court's observations in its annual and special reports (see section 9) for:

(i) improving the central follow-up of advances to be recovered;

(ii) setting out in a more formalised and structured manner the reasons leading to the Commission's conclusions on the ACP States' eligibility for budget support; and

(iii) strengthening relations with the supreme audit institutions of budget support recipient ACP States.

(b) *Dormant commitments are mainly related to Stabex and to risk capital managed by the EIB.*

The decentralisation of the ex-post controls in 2005 led to a backlog which has been addressed by the Commission.

(c)

(i) *To give a picture of the situation in respect of advances, the Commission introduced an action plan in September 2005, phase one of which consists of centralised monitoring of recovery orders, while phase two covers centralised tracking of outstanding uncleared advances.*

(ii) *In accordance with the recommendations in the Court's Special Report No 2/2005, this point will be included in the instructions to Delegations featuring in the new budget support methodology guide.*

(iii) *Guidelines on the subject will be sent in a note to ACP Delegations in mid-2006.*

10. The Court notes that the Commission's efforts have allowed it to obtain virtually all annual accounts from Stabex receiving ACP States. For the first time, the report also provides information regarding the amounts of EDF funds the management of which has been entrusted to major international organisations. This information is however limited to the new commitments of 2005 and does not include total commitments, unexpended balances and payments.

CHAPTER II — STATEMENT OF ASSURANCE BY THE COURT OF AUDITORS ON THE EDFs

Statement of Assurance by the Court of Auditors on the sixth, seventh, eighth and ninth European Development Funds (EDFs) for the financial year 2005

I. The European Court of Auditors (the Court) has examined the accounts of the sixth, seventh, eighth and ninth EDFs and the underlying transactions for the financial year ending 31 December 2005. These accounts comprise the financial statements, the reports on financial implementation, and the financial statements and information supplied by the European Investment Bank (EIB) ⁽¹¹⁾. Pursuant to the financial regulations the Court is required to provide the European Parliament and the Council with a Statement of Assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions in respect of the part of the EDF resources for whose financial management the Commission is responsible ⁽¹²⁾. The Court carried out the audit in accordance with its auditing policies and standards. These are based on generally accepted international audit standards that have been adapted to the context of the EDFs. The Court thus obtained a reasonable basis for the opinions expressed below.

II. Reliability of the accounts

The Court is of the opinion that the reports on financial implementation for the financial year 2005 and the financial statements at 31 December 2005 reliably reflect the revenue and expenditure relating to the sixth, seventh, eighth and ninth EDFs for the financial year and their financial situation at the end of the year.

Without qualifying the above opinion, the Court draws the attention to:

- (a) the reservation made by the Director-General for Budget regarding the inability of the existing IT system to provide full accounting information and the unavailability of definitive data on the outcome of accounting controls which could lead to an imperfect presentation of the accounts (see paragraph 15);
- (b) the understatement of the amount of guarantees disclosed in the notes to the financial statements (see paragraph 17).

III. Legality and regularity of the underlying transactions

A. Substantive testing of transactions

With regard to transactions under the sole responsibility of the Commission, the Court's audit did not reveal any errors. With regard to transactions initiated in the ACP States under the responsibility of national authorising officers:

- (a) the Court found that the financial impact of errors detected is not material (see paragraphs 19-21);
- (b) for programme estimates and grant agreements, on which the Court's audit has put a greater focus, errors in the application of tendering procedures were found (see paragraphs 19(a) and 22).

⁽¹¹⁾ Pursuant to the provisions of Articles 96(1), 100, 101 and 125(2) of the Financial Regulation applicable to the ninth EDF; in practice, this refers, firstly, to the balance sheets and associated statements prepared by the accounting officer and, secondly, to the management accounts comprising the tables prepared by the principal authorising officer in consultation with the accountant. These financial statements are presented for each of the four EDFs and in a comprehensive, consolidated form. The financial statements and information supplied by the EIB are not covered by this Statement (see footnote 13).

⁽¹²⁾ Pursuant to Article 103(3) of the abovementioned Financial Regulation; taken together with Article 1 of the same Regulation, this means that the Statement does not extend to the part of the ninth EDF resources that is managed by the EIB and for which it is responsible.

B. Analysis of the supervisory and control systems

The Court's audit confirmed the need for the Commission, in the context of its action plan towards an Integrated Internal Control Framework, to further improve the supervisory and control systems (see paragraphs 40-42) in order to better address the risk of errors affecting the legality and regularity of the underlying transactions.

Conclusion on the legality and regularity of the underlying transactions

In the light of the findings set out above, the Court is of the opinion that the revenue, EDF allocations, commitments and payments for the financial year are, taken as a whole, legal and regular.

Without qualifying the above audit opinion, the Court draws the attention to the increased risk of error affecting transactions initiated in ACP countries under the responsibility of national authorising officers (see paragraphs 19-21).

7 September 2006

Hubert WEBER
President

European Court of Auditors
12, rue Alcide De Gasperi, L-1615 Luxembourg

THE COURT'S OBSERVATIONS

THE COMMISSION'S REPLIES

*Information in support of the Statement of Assurance***Scope and nature of the audit**

11. The observations regarding the reliability of the accounts, set out in paragraph II of the Statement of Assurance are based on an audit of the consolidated financial statements ⁽¹³⁾ and the consolidated reports on financial implementation of the sixth, seventh, eighth and ninth EDFs ⁽¹⁴⁾. The audit comprised an appropriate range of audit procedures designed to examine, on a test basis, evidence relating to the amounts and disclosures. It included an assessment of the accounting principles used, significant estimates made by management and the overall presentation of the consolidated accounts.

12. The observations regarding the legality and regularity of the underlying transactions, set out in paragraph III of the Statement of Assurance, are based on:

- (a) an evaluation of the supervisory and control systems at EuropeAid Co-operation Office's central services, in five Delegations (Central African Republic, Dominican Republic, Ethiopia, Namibia and Rwanda) and one regionalised Delegation (Djibouti);
- (b) a detailed audit in each Delegation visited of a sample of transactions selected on the basis of a risk analysis ⁽¹⁵⁾. A total of 65 payments, including the corresponding global and individual commitments, were audited. This process included on-the-spot examinations of 29 projects related to these transactions;
- (c) a detailed audit of 20 transactions already checked *ex-post* by the central services of EuropeAid;

⁽¹³⁾ See Article 100 of the Financial Regulation of 27 March 2003 applicable to the ninth EDF: the financial statements shall comprise the balance sheet, the statement of economic outturn, the statement of cash flow, and the table of items payable to the EDF.

⁽¹⁴⁾ See Article 101 of the Financial Regulation of 27 March 2003 applicable to the ninth EDF: the reports on financial implementation shall comprise tables describing the appropriations, the commitments and the payments.

⁽¹⁵⁾ Payments examined covered all domains. The risk analysis resulted in a judgemental sample giving a greater focus to final payments, payments supported by an audit report and payments under programme estimates.

THE COURT'S OBSERVATIONS

THE COMMISSION'S REPLIES

- (d) an examination of the Annual Activity Report and declaration by the Director-General of EuropeAid and the procedure for preparing them.

13. As far as budget support is concerned, the Court's work in respect of the legality and regularity of the underlying transactions is limited to verifying that the relevant conditions have been properly assessed by the Commission.

14. Certain cases of deliberate irregularity to the detriment of the EDFs cannot, by reason of their very nature, be detected by the usual auditing procedures implemented in accordance with generally accepted auditing standards. The Court is therefore not in a position to give any assurance concerning the non-existence of cases of this type.

Reliability of the accounts

15. For the first time ⁽¹⁶⁾ the Commission established the financial statements of the EDF (as well as for the general budget ⁽¹⁷⁾) on a full accrual basis of accounting, according to GAAPs, as well as IPSAS and IAS standards ⁽¹⁸⁾. However, in the Activity Report, the Director-General for Budget makes a reservation 'as the unavailability of the information system reduces the ease of control and can lead to an imperfect presentation of the EDF accounts'. In addition, the Activity Report indicates that 'at the moment of signing this declaration, no definitive data on the outcome of accounting controls were available, also due to the complexity of such controls in a manually managed environment'. Nevertheless, the Director-General for Budget considers that assurance can be given as the accounts will be complemented manually to comply with accrual accounting principles. In the Court's opinion, the assurance given does not adequately reflect these reservations.

15. *The reserve refers to controls during the year, and in particular to the inability of the present IT system to record claims when they are received. The assurance concerns the year-end balance sheet, for which accrual data was calculated manually. There is reasonable assurance that the resulting financial statements are materially accurate.*

Thus, even if the current IT system does not support full accrual accounting, the EDF financial statements drawn up by the Commission comply, as stated by the Court, with international accounting standards (GAAPs, as well as IPSAS and IAS standards).

⁽¹⁶⁾ According to Articles 99 and 135(3) of the Financial Regulation of 27 March 2003 applicable to the ninth EDF.

⁽¹⁷⁾ See chapter 1, paragraphs 1.5-1.6, of the Annual Report on the Implementation of the Budget.

⁽¹⁸⁾ GAAPs — Generally Accepted Accounting Principles; IPSAS — International Public Sector Accounting Standards; IAS — International Accounting Standards.

THE COURT'S OBSERVATIONS

16. The consolidated statement of economic outturn does not disclose separately the effect of foreign currency exchange differences arising from EDF operations ⁽¹⁹⁾, since the current accounting system used for the EDF does not provide for the identification of the financial impact of variations in currency exchange rates.

17. The amount of guarantees disclosed in note 1.11 to the financial statements, totalling 1 255 million euro as at the end of 2005, is incomplete. The Court's audit revealed that not all bank guarantees had been recorded by the Delegations and that some had been incorrectly recorded, resulting in an understatement of 4 % ⁽²⁰⁾.

Legality and regularity of the underlying transactions

Substantive testing of transactions

Commitments

18. The audit of global commitments did not reveal any errors.

19. A number of errors ⁽²¹⁾ regarding individual legal commitments were found on:

- (a) the use of appropriate tendering procedures ⁽²²⁾ and compliance with publication and documentation procedures. These errors were mainly detected within the management of programme estimates and grant agreements. Delegations therefore need to enforce adherence to tendering procedures more effectively and the Commission needs to clarify rules regarding the eligibility of expenditure under contracts for which tendering procedures were not respected;
- (b) the legally prescribed bank guarantees in support of contracts ⁽²³⁾, such as insufficient amounts, invalid guarantees, absence of guarantees and late submission;

THE COMMISSION'S REPLIES

16. *The new ABAC system will allow for such differences to be recorded separately.*

17. *EuropeAid is continuing its work to input bank guarantees into the accounting system.*

19. *The Commission considers that errors identified are formal and have no measurable financial consequences. It is nevertheless committed to reducing the incidence of all forms of error.*

- (a) *The Commission is working to simplify and harmonise its procedures and ensure consistent application by Delegations working in a deconcentrated environment. To this end, the Commission published in February 2006 a new practical guide on procedures for the award of contracts, covering both the EDF and the general budget. For programme estimates, the current practical guide is under revision.*
- (b) *The Commission has considerably reduced the potential risks, for instance by giving the instruction not to start work until the performance guarantee has been received.*

⁽¹⁹⁾ As required by IPSAS 4 — The Effects of Changes in Foreign Exchange Rate.

⁽²⁰⁾ This problem was identified for 12 out of the 84 guarantees checked in Delegations visited.

⁽²¹⁾ 25 errors affecting 23 out of 65 transactions checked.

⁽²²⁾ 10 errors affecting 10 out of 65 transactions checked.

⁽²³⁾ 6 errors affecting 6 out of 65 transactions checked.

THE COURT'S OBSERVATIONS

- (c) meeting the deadline for starting implementation of projects ⁽²⁴⁾, where the rule providing that the commitment shall be cancelled when the project has not started by the deadline was not applied;
- (d) not dated contracts ⁽²⁵⁾. This makes it difficult subsequently for management and external auditors to check whether certain contractual provisions, such as eligibility criteria and penalties for non-compliance with deadlines, have been adhered to.

Payments

20. The Court's audit of individual payments revealed a number of errors ⁽²⁶⁾ affecting the amounts of the payments made. The errors concern the measurement, the eligibility of the expenditure, a lack of valid supporting documents, the premature release of guarantees, the payment for services not rendered and expenditure not corresponding to the associated financial or audit report.

21. The Court's audit also identified errors ⁽²⁷⁾ that did not affect the amounts of the payments made. Non compliance with contractual obligations was the most frequent cause of this type of error (e.g. non-provision by the contractor of plans as built). Other errors include unjustified advances, sums deducted by way of guarantee repaid before the contractor had fulfilled all required conditions and the failure of projects to give adequate publicity of the EDF's financial support.

22. The errors found for programme estimates and for grant agreements stem from the nature of these instruments whereby funds are provided to third-party organisations (project management units, NGOs, international organisations, etc.) which manage the project and account for the expenditure afterwards. The budgets and eligibility criteria for these instruments, which account in total for about a quarter of EDF payments made in 2005, should be further clarified in order to render control of the expenditure more effective. The Commission should ensure that rules set out in the practical guide for programme estimates established by EuropeAid are adhered to.

THE COMMISSION'S REPLIES

- (c) *The Commission considers that it was acting with a view to aid effectiveness and in the interests of sound EDF financial management when it agreed, in a few specific cases, to a slight delay in the project start-up.*
- (d) *Four of the five errors identified by the Court involve the NAO's failure to date his signature. The Commission will continue to remind him of the importance of doing so. However, in all but one case the contracts were dated by the contractor and/or the Commission, which means that valid checks are possible on the points raised by the Court.*

20. *The Commission is committed to reducing the incidence of all forms of error, even when their incidence is limited.*

21. *The Commission will continue to ensure the effectiveness of aid by following all the formal procedures as far as possible.*

22. *The Commission is working to simplify and harmonise its procedures and ensure consistent application by Delegations working in a deconcentrated environment. The practical guide for programme estimates is currently under revision.*

⁽²⁴⁾ 3 errors affecting 2 out of 65 transactions checked.

⁽²⁵⁾ 6 errors affecting 6 out of 12 transactions checked.

⁽²⁶⁾ 8 errors affecting 8 out of 65 transactions checked.

⁽²⁷⁾ 19 errors affecting 16 out of 65 transactions checked.

THE COURT'S OBSERVATIONS

THE COMMISSION'S REPLIES

*Supervisory and control systems***Activity Report by the Director-General of EuropeAid**

23. The activity report by the Director-General of EuropeAid presents the policy achievements, the management performance of the services and the main results of the controls. It also reflects the Commission's follow-up of recommendations made by the Court of Auditors, the Internal Audit Service (IAS) and the Internal Audit Capability (IAC) of EuropeAid.

24. The Director-General of EuropeAid declared that he had obtained reasonable assurance that the control procedures put in place gave the necessary guarantees concerning the legality and regularity of the underlying transactions. However, the Court's audit identified a need to improve the supervisory and control systems in order to reduce the incidence of errors.

Monitoring of the implementation of internal control standards

25. EuropeAid has several tools at its disposal to monitor the implementation of the internal control standards (ICS) ⁽²⁸⁾:

- (a) a desk review by EuropeAid indicated that the internal control system is meeting all but one baseline requirements of the ICS. One baseline requirement regarding mail registration and archiving ⁽²⁹⁾ was partially implemented;
- (b) a self-assessment of the implementation of the ICS by units of the central services and by Delegations confirmed that management is fairly confident about the effectiveness of the functioning of the internal control system. The assessment identified areas where the effectiveness of the internal control systems can be further improved, notably the management information and the procedures regarding staff rotation and recruitment in order to safeguard knowledge; this is corroborated by the feedback from Delegations and reflected in the Activity Report by the Director-General of EuropeAid ⁽³⁰⁾;

25.

⁽²⁸⁾ The internal control standards were defined by the Commission on 13 December 2003 in the framework of the reform of financial management.

⁽²⁹⁾ Internal control standard No 13 provides that 'each DG shall systematically register incoming and outgoing mail to enable efficient monitoring of deadlines and maintain a comprehensive and up to date filing system which is accessible to all appropriate staff'.

⁽³⁰⁾ Section 2.2.5 — Appreciation of the functioning of the internal control in 2005.

THE COURT'S OBSERVATIONS

(c) the Internal Audit Capability (IAC) of EuropeAid carried out a follow-up audit of the implementation of the internal control standards by EuropeAid's central services. It concluded that improvements had been made in all internal control components but also that a number of weaknesses required urgent action. This concerned notably the need to improve the coherence between the different control instruments which the Court considers to remain a crucial issue (see paragraph 30).

Risk analysis and management

26. EuropeAid improved its operational and financial risk management both at its central services and Delegations. Risk management has been embedded in the Annual Management Plan (AMP) process in order to identify risks at a stage where preventive action can be taken and a standardised methodology for risk self assessment has been recently developed for Delegations. However the risk analysis underlying the audit programme of the Internal Audit Capability (IAC) and external audits mandated by Delegations and EuropeAid's central services is not sufficiently documented. Moreover, the *ex-post* control programme does not focus sufficiently on most risk prone areas.

Information, communication and control

27. Ensuring that transactions are legal and regular depends mostly on the effective working of controls performed by the ACP States, Delegations and EuropeAid on each transaction before it is authorised, and on monitoring by the central services and the Internal Audit Capability (IAC).

28. The Commission continued its efforts to increase the capacity of the National Authorising Officer (NAO) administrations by providing technical assistance, equipment and training. This should enable the NAO administrations to control EDF expenditure effectively, but the results so far are variable.

29. With devolution, primary responsibility regarding the management of projects was transferred to Delegations, leaving EuropeAid's central services with the responsibility for overall monitoring.

THE COMMISSION'S REPLIES

(c) *The Internal Audit Capability advised EuropeAid to focus on the coordination between ex-ante second level optional controls and ex-post transactional controls, in order to make internal control system more homogeneous.*

The reorganisation of EuropeAid's services (mid-March 2005) responded to this recommendation by further rationalising, simplifying and improving the consistency of existing control mechanisms.

These issues are also being addressed in the Action Plan towards an Integrated Internal Control Framework.

26. *The Commission welcomes the Court's acknowledgment of the improvement made by EuropeAid in the management of operational and financial risk.*

29. *The Commission will consider the possibility of higher involvement of Delegation staff in these checks.*

THE COURT'S OBSERVATIONS

The supervisory and control systems in the Delegations are generally well designed. However, the normal checks concerning legality and regularity before transactions are authorised should include a higher involvement of Delegation staff in the field.

30. Monitoring by the central services of EuropeAid comprises a wide range of activities, including the analysis of management reporting, verifications of the internal control systems at Delegations, *ex-post* controls, external audits and the analysis of management information available from the computer information system (CRIS). Monitoring has improved but, an overall control strategy establishing clear and consistent objectives, ensuring coordination, setting the type and intensity of checking with reference to their cost/benefit and ensuring their consistent application ⁽³¹⁾, would further improve the efficient and effective implementation of the various control activities

31. Management reporting is formalised in the External Assistance Management Reports (EAMRs). They are a periodic information source which enables devolved Delegations to send to EuropeAid's central services the most important items of information on internal organisation, project implementation and external audits. However, EAMRs provide limited information on external audit results and their effectiveness could be improved as feedback with support and instructions to Delegations is not always on time. For the first time an overall analysis of the EAMR was made. This needs to be further developed to provide the Director-General of EuropeAid with fuller information when drawing up the annual declaration.

32. In 2005, EuropeAid's central services carried out one monitoring mission and nine verification missions ⁽³²⁾ to Delegations. They concluded that the conditions for the sub-delegation granted to each Delegation in the framework of devolution had been met. These missions were well designed and provided practical recommendations for improvements to control systems.

THE COMMISSION'S REPLIES

30. *The Commission welcomes the Court's acknowledgment of the fact that monitoring has improved.*

The Commission has engaged in an Action Plan towards an Integrated Internal Control Framework to address these issues.

31. *The Commission welcomes the Court's recognition of the progress made in the Delegation's reporting system and will endeavour to continue to improve it.*

32. *The Commission takes note of the Court's recognition of the fact that the monitoring and verification missions to Delegations were well designed and of added value.*

⁽³¹⁾ See Opinion No 2/2004 of the Court of Auditors of the European Communities on the 'single audit' model (and a proposal for a Community internal control framework) (OJ C 107, 30.4.2004, p. 1).

⁽³²⁾ In the framework of devolution, verification missions take place at delegations where the Head of delegation has recently received a sub-delegation for the management of EDF programmes to verify that he can discharge the responsibilities deriving from this sub-delegation under sufficiently efficient and secure conditions.

THE COURT'S OBSERVATIONS

33. EuropeAid established an *ex-post* control system in June 2004 for the verification of transactions already processed. The system, which entails desk examination of supporting documentation only, has the objective of checking 3 % of payments, recovery orders and clearances of pre-financing⁽³³⁾. In practice, this involves examining almost 60 % of the value of the transactions. As the checks are restricted in scope, they can only make a limited contribution to the overall assurance on systems and procedures and the legality and regularity of the underlying transactions. Furthermore, according to the Annual Activity Report of the Director-General, only 43 % of the transactions during the first three quarters of 2005 selected for control had been checked at the end of March 2006. The Court's review of a sample of transactions checked *ex-post* revealed that the controls had not been appropriately documented and some apparent errors had not been detected. This illustrates the need for improved quality control and assurance. The Court notes that it is the Commission's intention to review the system so that it could provide a better basis for drawing up the Director-General's Annual Activity Report.

Audits of expenditure

34. External audits of expenditure are one of the key elements of EuropeAid's internal control system. They are used to detect errors, provide advice as to how to improve financial management and reduce the risk of future error. Audits may be initiated by the Delegations or EuropeAid's central services.

35. The number of audits foreseen by Delegations and the operational units of EuropeAid's central services in the annual audit plan increased from 461 audits in 2004 to 601 audits in 2005⁽³⁴⁾. The number of audits actually commissioned by Delegations was significantly lower than the number planned, partly due to the limited capacity of Delegations to organise and follow up audits.

THE COMMISSION'S REPLIES

33. *The definition of the characteristics (scope, typology...) of the ex-post transactional controls arise from an assessment of the residual risk and the dovetailing of the ex-post transactional control with the other components of the control system.*

The Commission is reviewing, as planned, some aspects of the ex-post control function, including the rate and scope of controls, to take into account the experience acquired so far.

35. *The Annual Audit Plan identifies the audits to be launched in a given year. Some of these audits will be received in the same year, and others in the following year, depending on the pace of implementation. Audits are not removed from the plan without due justification.*

⁽³³⁾ The clearance of advances is a procedure whereby an advance payment is made definitive against proofs of the actual expenditure by the project management.

⁽³⁴⁾ The figures relate to the annual audit plan of EuropeAid and include audits of both EDF and general budget expenditure.

THE COURT'S OBSERVATIONS

36. In 2005, the financial unit of EuropeAid's central services initiated 22 audits of EDF expenditure, which were entrusted to private audit firms. These audits, selected by judgemental risk analysis, contribute to better knowledge of the legality and regularity of the implementation of the EDFs. They revealed an incidence of errors which is consistent with the findings of the Court. EuropeAid made an analysis of the audit reports which summarised the findings and identified areas for improvement of these audits. Some audits were subject to limitations of scope expressed by the auditors which affected the opinion given. One way to reduce the risk of limitations of scope would be to provide an enhanced level of support to external auditors at the audit planning stage.

37. As mentioned by the Court in its Annual Report concerning the financial year 2004, the central monitoring of the implementation and follow-up of the audits initiated by the Delegations and the central services of EuropeAid is still to be improved. Although CRIS Audit was developed to analyse audits and their findings, it is still not delivering the expected results because the necessary data is not entered into the system. CRIS Audit should allow for better monitoring of audit results and corrective action taken.

Internal audit

38. The principal objective of EuropeAid's internal audit capability (IAC) is to assess and evaluate the internal control system. In 2005, IAC completed audits of the central IT applications and of the control systems in 4 Delegations⁽³⁵⁾. Furthermore, a follow-up audit examined the implementation of the internal control standards in the central services (see paragraph 25(c)).

THE COMMISSION'S REPLIES

36. *As the Court acknowledges (see point 34) external audits are control instruments and it is normal that they identify a certain number of errors, notably in the context of risk-based audits. This confirms that the control system is effective in detecting errors which could affect the legality and regularity of expenditures and corroborates the validity of risk criteria used in preparing the Annual Audit Plan.*

The Commission seeks to avoid cases where the scope of audit work is limited by means of meticulous preparation. However, certain external factors will cause the auditors to declare a limitation in the scope of audit work in some isolated cases.

37. *EuropeAid has a centralised system for monitoring audits conducted by Headquarters and Delegations based on the EAMRs of external audit support missions and twice-yearly reports on external audits (Headquarters and Delegations).*

At the start of 2006 EuropeAid also carried out a centralised qualitative analysis of audit reports finalised in 2005.

In this context, CRIS audit should be seen as a tool complementary to the existing monitoring system, and not the only means of recording information on audits. EuropeAid intends to further improve the operation of CRIS-Audit building on the experience gathered.

⁽³⁵⁾ Madagascar, Dominican Republic, Kenya and Senegal.

THE COURT'S OBSERVATIONS

39. The Commission's Internal Audit Service (IAS) carried out a follow-up audit to assess EuropeAid's progress in implementing the recommendations made following the in-depth audit of 2003. The IAS concluded that EuropeAid had fully completed around half of the recommendations and was progressing with the remaining half. Important improvements made were the introduction of standard EDF transaction-related checklists, better management of sub-delegations and the development of an appropriate internal organisation of the Finance, Contracts and Audit units. The main issues that remained were the backlog of *ex-post* controls (see paragraph 33), the migration of the EDF accounting system to ABAC ⁽³⁶⁾-FED, the integration of a financial forecasting system for the EDF in the management information system (CRIS) and the development of a virtual library for archiving purposes.

Conclusions and recommendations

40. The Court's audit revealed a number of errors which had not been detected and corrected by the Commission's main supervisory and control systems. Regarding programme estimates and grant agreements, on which the Court's audit has put a greater focus, the main errors found were on the application of tendering procedures; these results are consistent with those for external aid financed under the EU general budget for which such instruments are mostly used (see chapter 8 of the Court's Annual report) and indicate the need for the Commission to enforce adherence to tendering procedures more effectively. Further improvement is necessary in the design and implementation of the Commission's main supervisory and control systems to render them more efficient and effective (see **Table 3**). In its action plan towards an Integrated Internal Control Framework ⁽³⁷⁾, the Commission should develop its overall control strategy establishing clear and consistent objectives, ensuring coordination, setting the type and intensity of checking with reference to their cost/benefit and ensuring their consistent application ⁽³⁸⁾. In this context, the Commission should consider the Court's recommendations in the following paragraphs.

THE COMMISSION'S REPLIES

39. *EuropeAid is closely following the IAS recommendations on ex-post controls and the new accounting system.*

40. *As recognised by the Court, the Commission's main supervisory and control systems have been continuously improved in recent years, inter alia on the basis of recommendations made by the Court. The Commission is nevertheless committed to reducing the incidence of all forms of error. The Action Plan towards an Integrated Internal Control Framework initiated by the Commission will harmonise the presentation of the control strategy and is intended to better communicate the basis for assurance to the Court of Auditors and the Discharge Authority.*

The Commission is working to simplify and harmonise its procedures and ensure consistent application by Delegations working in a deconcentrated environment. To this end, the Commission published in February 2006 a new practical guide on procedures for the award of contracts, covering both the EDF and the general budget. For programme estimates, the current practical guide is under revision.

⁽³⁶⁾ Accrual Based Accounting.

⁽³⁷⁾ SEC(2006) 49 of 17 January 2006.

⁽³⁸⁾ See Opinion No 2/2004 of the Court of Auditors of the European Communities on the 'single audit' model (and a proposal for a Community internal control framework).

Table 3 — The Court's assessment of supervisory and control systems

Follow-up of previous key observations

	2004		2005	
	Observations	Action to be taken	Observations	Action to be taken
1. Clearance of advances and miscellaneous sums to be recovered, and provision for doubtful debts	Poor management of the clearance of advances going back more than 18 months and the recovery of sums to be recovered. The provision for doubtful debts does not reflect the level of bad debts.	Improve monitoring of uncleared advances. Calculate and adjust the provisions for doubtful debts.	Efforts to clear old outstanding advances were undertaken but the targets set for 2005 were not reached (see paragraph 9 (b)).	The Commission has launched an action plan to monitor centrally the recovery orders and pre-financing.
2. Inventory and use of the Stabex funds.	The inventory of Stabex funds is completed but the amounts of funds available in the bank accounts are not reliable (€32 million euro). Information on the use of Stabex funds is insufficient.	Investigate further in order to obtain more reliable figures for funds available in the banks. Obtain the reports on the use of funds.	The Commission's efforts have allowed to obtain virtually all annual accounts from Stabex recipient ACP States.	The Commission is preparing an updated inventory of all Stabex funds in Europe and the ACP States.
3. Risk management	Risk management done by central services is too global in order to determine exposure to risk, notably in ACP countries.	Improve risk management so to identify specific risks.	The risk analysis and management has been developed, with two risk assessments performed by the central services in the context of the Annual Management Plan (paragraph 26).	Improvements in risk analysis necessary for the audit programme of the IAC, the external audits commissioned by Delegation and central services and for the ex-post control programme (see paragraphs 26 and 42(b)).
4. Ex-post control	Checks were not adequately documented.	Improve documentation of checks.	The documentation of the ex-post controls is still inadequate (see paragraph 33).	Improvement of documentation necessary (see paragraphs 33 and 42(b)).
5. Audit as a part of management control activities	The coverage rate of the audits is not centrally consolidated and their follow-up is not centrally monitored. The functionality of the computerised system for supporting and monitoring the audits, CRIS-Audit, should be improved.	Improve the functionality of CRIS-Audit, the computerised system for supporting and monitoring the audits.	The establishment of annual audit plans is centrally monitored. However, as the necessary data is not entered in CRIS-Audit, the system is still not used to monitor the implementation and follow-up of audit results initiated by the Delegations and the central services (see paragraph 37).	Effective use of CRIS-Audit necessary to improve supervision of external audits (see paragraphs 37 and 42(d)).

Indicators of supervisory and control systems ^(a)

	Central services EuropeAid	Delegations
1. Procedures and manuals	A	A
2. Risk analysis and management	B	B
3. Management reporting	B	B
4. Controls performed before transactions are authorised	A	B
5. Monitoring missions: — quality — quantity	A B	B
6. Ex-post controls	B	
7. External audits: — quality — quantity/implementation of the audit plan — follow-up of individual audit findings/Effective recovery procedures — overall monitoring by central services of audits commissioned by Delegations	A B A B	B B A B
8. Internal audit	A	A

^(a) A — Works well

B — Improvements necessary

C — Does not work

THE COURT'S OBSERVATIONS

41. The financial control exercised by Delegations needs to be strengthened to prevent and detect errors. Controls of expenditure should focus more on the reality of goods delivered and works performed. This control requires an intensified supervision of projects by carrying out more visits and controls on-the-spot throughout the duration of projects, and the Commission should therefore pay careful attention to staffing problems reported by Delegations and, where necessary, take appropriate action.

42. In order to improve financial monitoring EuropeAid should consider:

- (a) improving support to operational and financial staff at Delegations and in central services;
- (b) improving risk analysis to focus more on higher risk areas;
- (c) increasing the number of monitoring missions;
- (d) improving the central monitoring of the implementation and follow-up of external audits organised by both Delegations and central services;
- (e) decreasing the rate of *ex-post* controls whilst improving their scope and timeliness and the quality control.

THE COMMISSION'S REPLIES

41. *Controls are in line with the provisions of the Financial Regulation relating to the validation of expenditure by the responsible authorising officer.*

Devolution has helped the Commission to develop its finance and contracts capacity in Delegations. It will continue its efforts to build the management capacity of Delegations and NAOs in order to maintain quality control.

42.

- (a) *This is indeed one of the objectives of EuropeAid reorganisation in March 2005.*
- (b) *The Commission will continue improving its risk analysis taking into account the experience and results of previous years.*
- (c) *Monitoring missions must be regarded as an integral part of the control pyramid. That being so, the Commission has in fact planned more monitoring missions for 2006.*
- (d) *The Commission will continue its efforts to further improve the reporting and the consolidation of the information on the audits.*
- (e) *The Commission is reviewing, as planned, some aspects of the ex-post control function, including the rate and scope of controls, to take into account the experience acquired so far.*

CHAPTER III — FOLLOW-UP OF PREVIOUS OBSERVATIONS

Microproject programmes financed by the EDF

43. In Special Report No 15/2003 ⁽³⁹⁾ concerning the audit of microproject programmes financed by the EDF, the Court recommended that the Commission should:

- (a) organise its central services in order to be able to support, improve and promote this local development tool;

43. *The Commission has accepted the recommendations of the Court indicated under points 43 (a) to 43 (e) contained in its special report on micro-projects programmes and has taken measures to implement these recommendations.*

⁽³⁹⁾ OJ C 63, 11.3.2004.

THE COURT'S OBSERVATIONS

THE COMMISSION'S REPLIES

- (b) provide the Delegations with an appropriate microproject management guide;
- (c) provide a legal framework for relations between certain microproject management units and their partners, particularly local authorities;
- (d) ensure that implementation is better supervised so as to ensure that the project cycle is properly monitored;
- (e) examine more closely the conditions for ensuring the sustainability of microprojects, particularly with respect to the role of local authorities; adopt realistic methods of results measurements and encourage cross-cutting evaluations in order to identify and disseminate best practice.

The Discharge Authority's position

44. The Council ⁽⁴⁰⁾ welcomed the fact that the Commission largely shared the opinion of the Court and that it had already begun to take certain measures in line with the Court's recommendations. It specifically emphasised the need to implement the measures relating to the recommendations (a), (b), (d) and (e) in paragraph 43.

Follow-up by the Commission

45. With the reorganisation of the EuropeAid Cooperation Office in March 2005, a thematic support role for microproject programmes has been entrusted to the 'Governance, human rights, democracy, gender' unit. This new organisation is intended to enhance quality in the design of microproject programmes through methodological and thematic support to Delegations and improve the linkage with the capacity building of non-State actors and local authorities. However, as a result of lack of staff, the unit is encountering difficulties in carrying out its numerous tasks.

46. Guidelines for the management of microproject programmes financed by the ninth EDF are under preparation and should be completed when the results of the ongoing evaluation are available. However, the Commission does not intend to include indicators to measure results in the guidelines (see paragraph 49). The Commission plans to send the guide to the Delegations during the second half of 2006.

46. *The guidelines will make recommendations on tracking implementation (i.e. quality of services, community planning, capacity building, partnership etc.).*

⁽⁴⁰⁾ Council document No 5665/05 ADD 2 of 17.2.2005.

THE COURT'S OBSERVATIONS

47. Instructions are foreseen in the guidelines to clarify the legal framework of management units; to avoid a conflict of interest, the same entity cannot be responsible for the preparation of project proposals with beneficiaries and the selection of projects and contracts.

48. As a result of devolution, Delegations are responsible for project monitoring and evaluation, and they report regularly to the Commission in Brussels, which allows supervision of individual programmes, notably by geographical coordinators. However, weaknesses in the computerised management information system (CRIS), notably its coding system, do not allow an efficient overall supervision of microproject programmes by the Commission central services. As an example, a reliable list of microproject programmes that have been implemented or are in the course of implementation is still difficult to produce. This is a more general problem not specific to microproject programmes which is recognised by the Director-General of the EuropeAid. He has set, as a priority, the improvement of CRIS.

49. An evaluation of 'EDF-support Microproject Programmes in ACP countries' was launched in 2004 by the Commission to help improve the relevance, impact, sustainability, effectiveness and efficiency of microproject programmes. This evaluation should also assist in deciding upon possible further use or development of microproject programmes within the country strategy papers and in developing the guide in progress (see paragraph 46). The need to draw up an addendum to the terms of reference meant that the final report, which was due in September 2005, was still not complete by the end of February 2006. In addition, the Commission is in the process of collecting the data necessary for the development of indicators, particularly data relating to the practices of the other donors.

Conclusion and recommendations

50. The Commission has launched the main measures needed to follow the Court's recommendations, but their implementation has been slow. The Commission should ensure that all the measures decided upon are now swiftly implemented. The Director-General of the EuropeAid should report on progress made in his Annual Activity Report for year 2006.

THE COMMISSION'S REPLIES

48. *Improvements planned in the Common Management Information System (CRIS) will allow headquarters services to better track the number and status of microprojects programmes (MPP). Difficulties in such tracking are due to the fact that MPP is an instrument that can be used in a number of sectors (rural development — infrastructures — health and education). It is the responsibility of each Delegation concerned to enter into CRIS the necessary data on microprojects. Headquarters services will monitor the quality of data entered. On the basis of information contained in CRIS, Headquarters will be able to analyse ongoing programmes, to identify good practices and share them with the delegations and the geographical Directorate.*

49. *The final evaluation report was received in June 2006.*

The Commission is currently collecting data for the development of indicators in the traditional sectors of cooperation (transport, health, education...). Some of these indicators might be used to measure outputs and outcomes of microproject programme implementation in these sectors.

50. *EuropeAid acknowledges that implementation of some recommendations of the Court has been slow. The finalisation of the Guide has been delayed for instance, in order to include the results of the then ongoing evaluation. A report on progress made will be presented in the Annual Activity Report for 2006.*

Charts illustrating the consolidated sixth, seventh, eighth and ninth EDFs as at 31 December 2005

Chart I: Resources

Total: 44 454,9 million euro

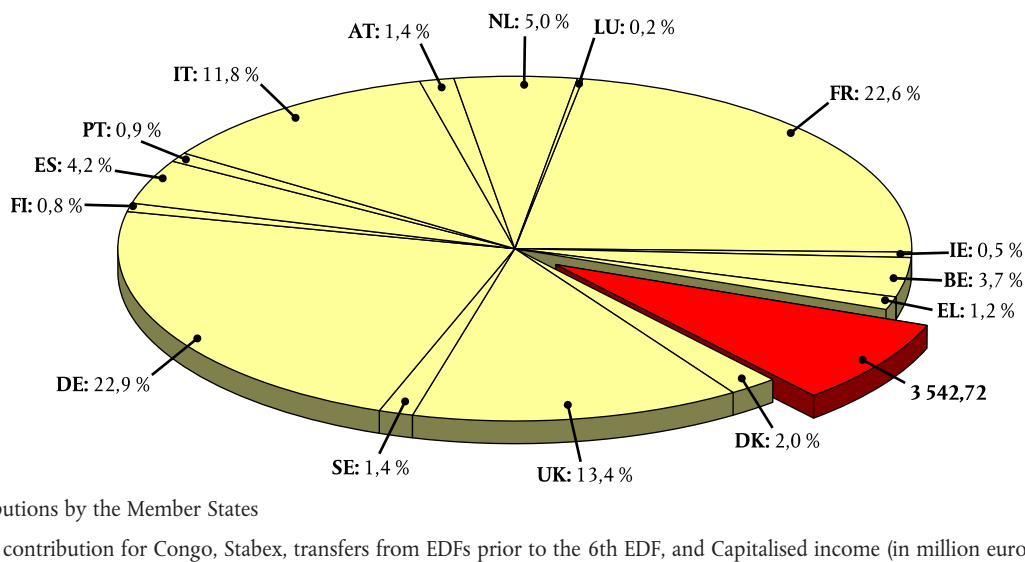
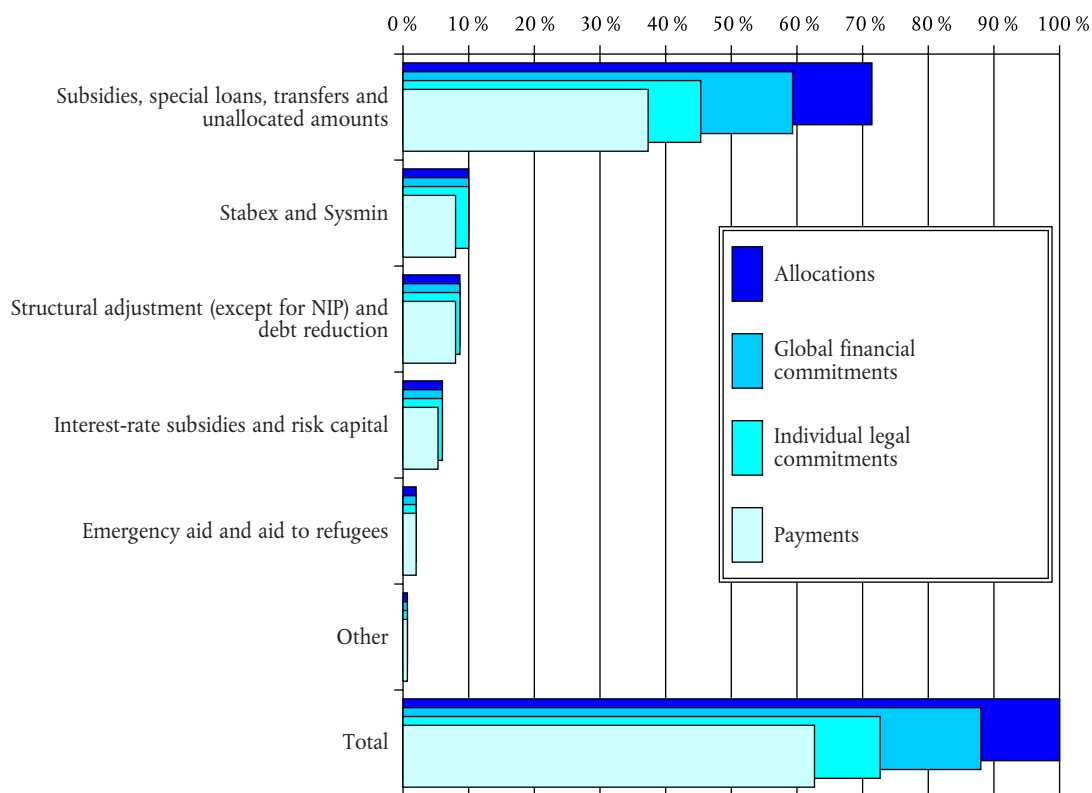


Chart II: Utilisation

Total: 44 454,9 million euro



Source: Court of Auditors, from the Annual accounts and the Report on financial management for the financial year 2005.

ANNEXES TO THE ANNUAL REPORT ON THE IMPLEMENTATION OF THE BUDGET

ANNEX I

Financial information on the general budget

CONTENTS

BACKGROUND INFORMATION ON THE BUDGET

1. Origin of the budget
2. Legal basis
3. Budgetary principles laid down in the Treaties and the Financial Regulation
4. Content and structure of the budget
5. Financing of the budget (budgetary revenue)
6. Types of budget appropriation
7. Implementation of the budget
 - 7.1. Responsibility for implementation
 - 7.2. Implementation of revenue
 - 7.3. Implementation of expenditure
 - 7.4. The consolidated statements on budgetary implementation and determination of the balance of the financial year
8. Presentation of the accounts
9. External audit
10. Discharge and follow-up

EXPLANATORY NOTES

Sources of financial data

Monetary unit

Abbreviations and symbols

DIAGRAMS

BACKGROUND INFORMATION ON THE BUDGET

1. ORIGIN OF THE BUDGET

The budget comprises the expenditure of the European Community and the European Atomic Energy Community (Euratom). It also includes administrative expenditure on cooperation in the fields of 'justice and home affairs' and the common foreign and security policy, as well as all other expenditure that the Council considers should be borne by the budget for the purpose of implementing these policies.

2. LEGAL BASIS

The budget is governed by the financial provisions of the Rome Treaties ⁽¹⁾ ⁽²⁾ (Articles 268 to 280 EC and Articles 171 to 183 Euratom) and by the financial regulations ⁽³⁾.

3. BUDGETARY PRINCIPLES LAID DOWN IN THE TREATIES AND THE FINANCIAL REGULATION

All items of Community revenue and expenditure are to be included in a single budget (unity and accuracy). The budget is authorised for one financial year only (annuality). Budgetary revenue and expenditure must balance (equilibrium). The accounts are established, implemented and presented in euro (unit of account). Revenue is to be used without distinction to finance all expenditure and, like the expenditure, is to be entered in full in the budget and subsequently in the financial statements without any adjustment of one item against another (universality). The appropriations are earmarked for specific purposes by title and chapter; the chapters are further subdivided into articles and items (specification). The budgetary appropriations are to be used in accordance with the principles of sound financial management, i.e. in accordance with the principles of economy, efficiency and effectiveness (sound financial management). The budget is established and implemented and the accounts are presented in observance of the principle of transparency (transparency). There are some minor exceptions to these general principles.

4. CONTENT AND STRUCTURE OF THE BUDGET

The budget consists of a 'Summary statement of revenue and expenditure' and sections divided into 'Statements of revenue and expenditure' for each institution. The eight sections are: (I) Parliament; (II) Council; (III) Commission; (IV) Court of Justice; (V) Court of Auditors; (VI) Economic and Social Committee; (VII) Committee of the Regions; (VIII) European Ombudsman and European Data-protection Supervisor.

Within each section, items of revenue and expenditure are classified under budget headings (titles, chapters, articles and, where applicable, items) according to their type or the use to which they are to be applied.

5. FINANCING OF THE BUDGET (BUDGETARY REVENUE)

The budget is mainly financed from the Communities' own resources: GNI-based own resources; own resources accruing from VAT; customs duties; agricultural duties and sugar and isoglucose levies ⁽⁴⁾.

Besides own resources, there are other, marginal items of revenue (see **Diagram I**).

6. TYPES OF BUDGET APPROPRIATION

To cover estimated expenditure, the following types of budget appropriation are distinguished in the budget:

- (a) differentiated appropriations (DA) are used to finance multiannual activities in certain budgetary areas. They comprise commitment appropriations (CA) and payment appropriations (PA):
 - commitment appropriations make it possible to enter into legal obligations during the financial year for activities whose implementation extends over several financial years,

(1) Treaty of Rome (25 March 1957): Treaty establishing the European Economic Community (EEC).

(2) Treaty of Rome (25 March 1957): Treaty establishing the European Atomic Energy Community (Euratom).

(3) Mainly the Financial Regulation (FINREG) of 25 June 2002 (OJ L 248, 16.9.2002).

(4) Principal legal acts relating to own resources: Council Decision 2000/597/EC, Euratom of 29 September 2000 (OJ L 253, 7.10.2000); Council Regulation (EC, Euratom) No 1150/2000 of 22 May 2000 (OJ L 130, 31.5.2000); Council Regulation (EEC, Euratom) No 1553/89 of 29 May 1989 (OJ L 155, 7.6.1989); Sixth Council Directive of 17 May 1977, common system of VAT: uniform assessment basis (OJ L 145, 13.6.1977); Council Directive 89/130/EEC, Euratom of 13 February 1989 on the harmonisation of the compilation of GNI (OJ L 49, 21.2.1989); Council Regulation (EC, Euratom) No 1287/2003 of 15 July 2003 on the harmonisation of gross national income at market prices (OJ L 181, 19.7.2003).

— payment appropriations make it possible to cover expenditure arising from commitments entered into during current and preceding financial years;

(b) non-differentiated appropriations (NDA) make it possible to ensure the commitment and payment of expenditure relating to annual activities during each financial year.

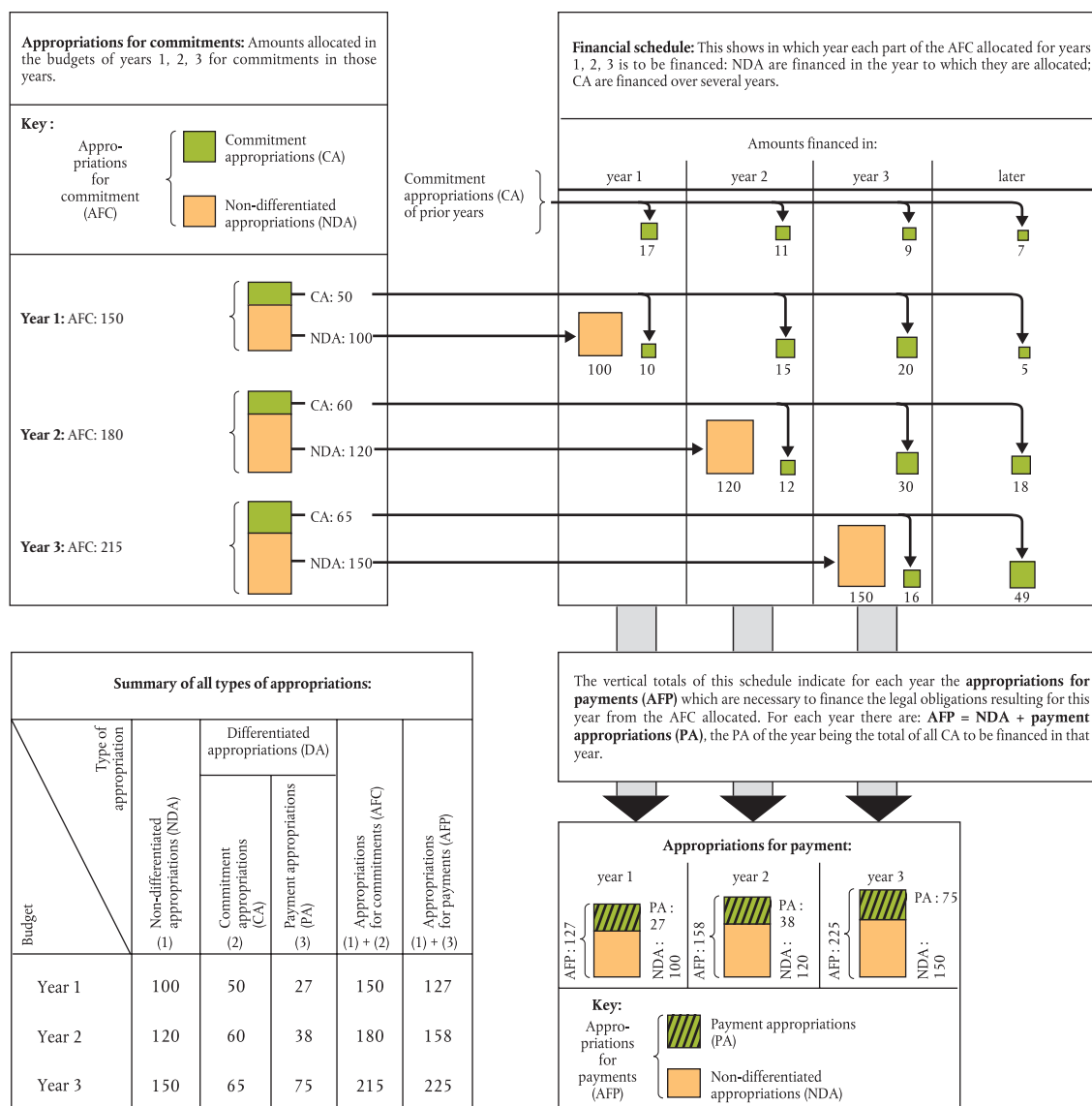
It is thus important to establish the following two totals for each financial year:

(a) the total of appropriations for commitments (AFC) ⁽⁵⁾ = non-differentiated appropriations (NDA) + commitment appropriations (CA) ⁽⁵⁾;

(b) the total of appropriations for payments (AFP) ⁽⁵⁾ = non-differentiated appropriations (NDA) + payment appropriations (PA) ⁽⁵⁾.

Revenue raised in the budget is intended to cover the total appropriations for payments. Commitment appropriations do not need to be covered by revenue.

The following simplified presentation (with illustrative amounts) shows the impact of these types of appropriations in each budget year.



⁽⁵⁾ It is important to note the differences between 'appropriations for commitments' and 'commitment appropriations' and between 'appropriations for payments' and 'payment appropriations'. The two terms 'commitment appropriations' and 'payment appropriations' are used exclusively in the context of differentiated appropriations.

7. IMPLEMENTATION OF THE BUDGET

7.1. *Responsibility for implementation*

The Commission implements the budget on its own responsibility in accordance with the Financial Regulation and within the limits of the allotted appropriations; it also confers upon the other institutions the requisite powers for the implementation of the sections of the budget relating to them ⁽⁶⁾. The Financial Regulation lays down the implementation procedures and, in particular, the responsibilities of the authorising officers, accounting officers, administrators of imprest accounts and internal auditors of the institutions. In the two largest areas of expenditure (EAGGF-Guarantee and Structural Funds) the management of Community funds is shared with the Member States.

7.2. *Implementation of revenue*

The estimated revenue is entered in the budget subject to changes deriving from amending budgets.

The budgetary implementation of revenue consists of establishing the entitlements and recovering the revenue due to the Communities (own resources and other revenue). It is governed by certain special provisions ⁽⁷⁾. The actual revenue of a financial year is defined as the total of sums collected against entitlements established during the current financial year and sums collected against entitlements still to be recovered from previous financial years.

7.3. *Implementation of expenditure*

The estimated expenditure is entered in the budget.

The budgetary implementation of expenditure, i.e. the evolution and utilisation of appropriations, may be summarised as follows:

(a) appropriations for commitments:

- (i) *evolution of appropriations*: the total appropriations for commitments available in a financial year are made up as follows: initial budget (NDA and CA) + amending budgets + assigned revenue + transfers + commitment appropriations carried over from the preceding financial year + non-automatic carry-overs from the preceding financial year not yet committed + released commitment appropriations from preceding financial years which have been made available again;
- (ii) *utilisation of appropriations*: the final appropriations for commitments are available in the financial year for use in the form of commitments entered into (appropriations for commitments utilised = amount of commitments entered into);
- (iii) *carry-overs of appropriations from one financial year to the next financial year*: appropriations belonging to the financial year which have not been utilised may be carried over to the next financial year following a decision by the institution concerned. Appropriations available as assigned revenue are automatically carried over;
- (iv) *cancellation of appropriations*: the balance is cancelled;

(b) appropriations for payments:

- (i) *evolution of appropriations*: the total appropriations for payments available in a financial year are made up as follows: initial budget (NDA and PA) + amending budgets + assigned revenue + transfers + appropriations carried over from the previous financial year in the form of automatic carry-overs or non-automatic carry-overs;

⁽⁶⁾ See Articles 274 of the EC Treaty, 179 of the Euratom Treaty and 50 of the FINREG.

⁽⁷⁾ See Articles 69 to 74 of the FINREG and Regulation (EC, Euratom) No 1150/2000.

- (ii) *utilisation of appropriations of the financial year*: the appropriations for payments of the financial year are available in the financial year for use as payments. They do not include appropriations carried over from the previous financial year (utilised appropriations for payments = amount of payments made against the appropriations of the financial year);
- (iii) *carry-overs of appropriations from one financial year to the next financial year*: unutilised appropriations of the financial year may be carried over to the next financial year following a decision by the institution concerned. Appropriations available as assigned revenue are automatically carried over;
- (iv) *cancellation of appropriations*: the balance is cancelled;
- (v) *total payments during the financial year*: payments against appropriations for payments of the financial year + payments against appropriations for payments carried over from the preceding financial year;
- (vi) *actual expenditure charged to a financial year*: expenditure in the consolidated statements on budgetary implementation (see paragraph 7.4) = payments against appropriations for payments of the financial year + appropriations for payments of the financial year carried over to the following financial year.

7.4. *The consolidated statements on budgetary implementation and determination of the balance of the financial year*

The consolidated statements on budgetary implementation are drawn up after the closure of each financial year. They determine the balance of the year, which is entered in the budget of the next financial year through an amending budget.

8. PRESENTATION OF THE ACCOUNTS

The accounts for a given financial year are forwarded not later than 31st of March of the following financial year to the Parliament, the Council and the Court of Auditors; these accounts comprise financial statements and statements on budgetary implementation, together with a report on the budgetary and financial management.

9. EXTERNAL AUDIT

Since 1977 the external audit of the budget has been carried out by the Court of Auditors of the European Communities ⁽⁸⁾. The Court of Auditors examines the accounts of all revenue and expenditure of the budget. It must provide the European Parliament and the Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions. It also considers whether revenue has been received and expenditure incurred in a lawful and regular manner, and whether the financial management has been sound. The audits may be carried out before the closure of the financial year in question and are performed on the basis of records and, where necessary, on the spot in the institutions of the Communities, in the Member States and in third countries. The Court of Auditors draws up an annual report for each financial year and may also, at any time, submit its observations on specific questions and deliver opinions at the request of any of the institutions of the Communities.

10. DISCHARGE AND FOLLOW-UP

Since 1977 the following provisions have been applicable ⁽⁹⁾: Parliament, on the recommendation of the Council, gives, before 30 April of the second year following the financial year in question, discharge to the Commission in respect of its implementation of the budget. To this end, the Council and Parliament in turn examine the accounts presented by the Commission and the annual report and special reports of the Court of Auditors. The institutions must take appropriate action in response to the comments appearing in the decisions giving discharge and report on the measures taken.

⁽⁸⁾ See Articles 246, 247 and 248 of the EC Treaty, 160a, 160b and 160c of the Euratom Treaty and Articles 139 to 147 of the FINREG.

⁽⁹⁾ See Articles 276 of the EC Treaty and 180b of the Euratom Treaty.

EXPLANATORY NOTES

SOURCES OF FINANCIAL DATA

The financial data contained in this Annex have been drawn from the annual accounts of the European Communities ⁽¹⁰⁾ and from other financial records provided by the Commission. The geographical distribution is in accordance with the country codes in the Commission's system of accounting information (ABAC). As the Commission points out, all the figures given by Member State — for both revenue and expenditure — are the result of arithmetic that gives an incomplete view of the benefits that each State derives from the Union. They must therefore be interpreted with circumspection.

MONETARY UNIT

All the financial data are presented in millions of euro. The totals are rounded from each exact value and will not therefore necessarily represent the sum of the rounded figures.

ABBREVIATIONS AND SYMBOLS

AFC	Appropriations for commitments
AFP	Appropriations for payments
AT	Austria
BE	Belgium
CA	Commitment appropriations
CY	Cyprus
CZ	Czech Republic
DA	Differentiated appropriations
DE	Germany
DIA	Diagram referred to within other diagrams (e.g. DIA III)
DK	Denmark
EAEC or Euratom	European Atomic Energy Community
EC	European Community(ies)
EE	Estonia
EEC	European Economic Community
EFTA	European Free Trade Association
EL	Greece
ES	Spain
EU	European Union
EU-25	Total for the 25 Member States of the European Union
FI	Finland
FR	France
FINREG	Financial Regulation of 25 June 2002
GNI	Gross National Income

⁽¹⁰⁾ In the case of the financial year 2005: final annual accounts of the European communities (SEC(2006) 915 and SEC(2006) 916).

HU	Hungary
IE	Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
MT	Malta
NDA	Non-differentiated appropriations
NL	Netherlands
OJ	<i>Official Journal of the European Union</i>
PA	Payment appropriations
PL	Poland
PT	Portugal
S	Budgetary section
SE	Sweden
SI	Slovenia
SK	Slovakia
T	Budgetary title
UK	United Kingdom
VAT	Value-added tax
0,0	Data between zero and 0,05
—	Lack of data

*DIAGRAMS***BUDGET FOR THE FINANCIAL YEAR 2005 AND BUDGETARY IMPLEMENTATION DURING THE FINANCIAL YEAR 2005**

DIA I	Budget 2005 — Estimated revenue and final appropriations for payments
DIA II	Budget 2005 — Appropriations for commitments
DIA III	Appropriations for commitments available in 2005 and utilisation thereof
DIA IV	Appropriations for payments available in 2005 and utilisation thereof
DIA V	Own resources in 2005 — Actual revenue by Member State
DIA VI	Payments made in 2005, in each Member State

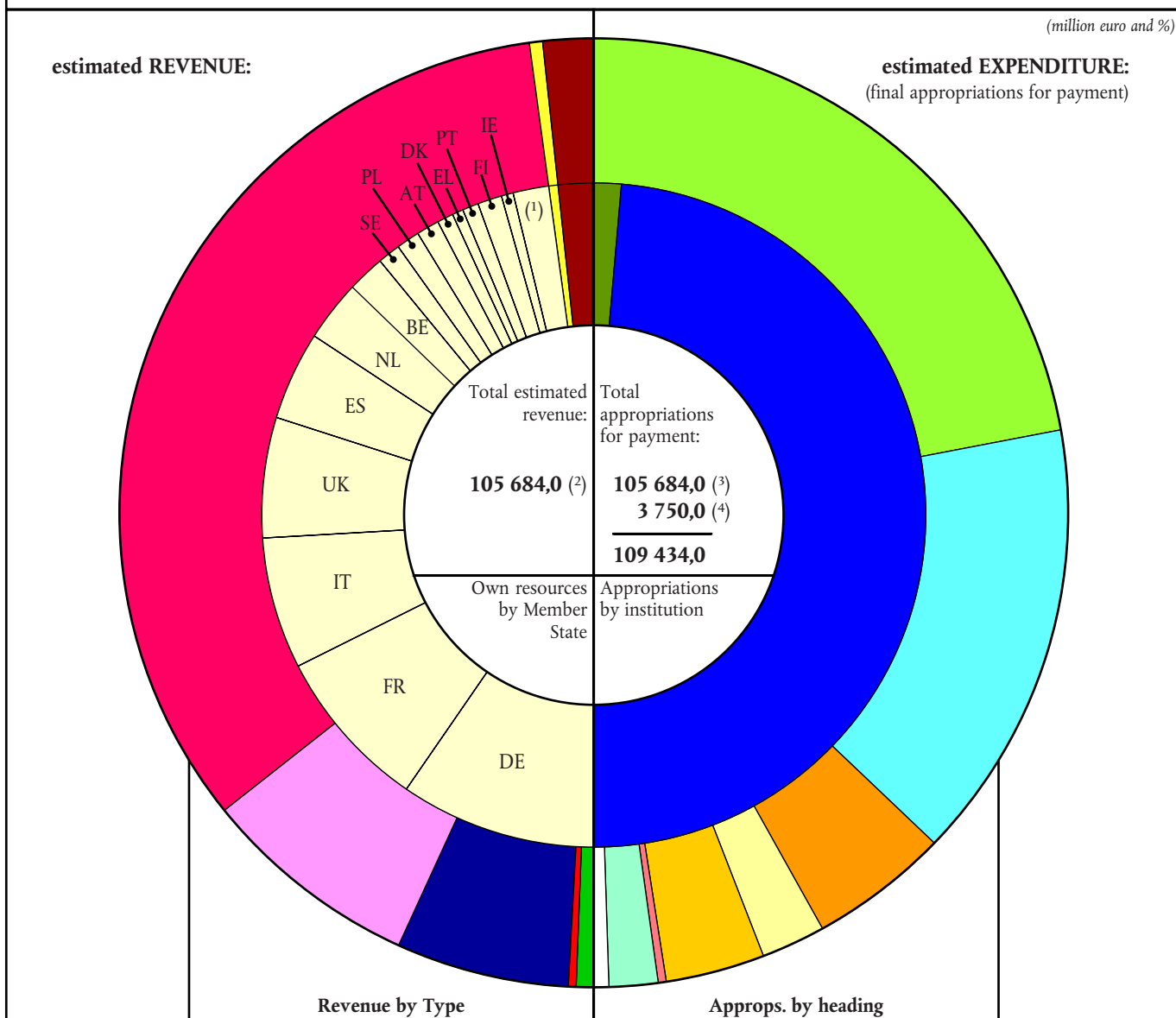
HISTORICAL DATA IN RESPECT OF THE IMPLEMENTATION OF THE BUDGET (2001-2005)

DIA VII	Evolution and utilisation of appropriations for payments for the period 2001-2005, by financial perspective heading
---------	---

Diagram I

Budget 2005 — Estimated revenue and final appropriations for payments

[for revenue criteria, see 'Background information on the budget', paragraph 7.2; for expenditure criteria, see 'Background information on the general budget', paragraph 7.3 and for more detailed information, see Diagram IV, column (a)]



Revenue key:

■ Total own resources (by Member State)		
■ Agricultural duties	1 119,4	(1,1 %)
■ 'Sugar' and 'isoglucose' levies	793,8	(0,8 %)
■ Customs duties	12 030,8	(11,4 %)
■ Own resources accruing from VAT	15 956,1	(15,1 %)
■ GNI-based own resources	70 935,4	(67,1 %)
■ Other revenue	1 585,9	(1,5 %)
■ Surplus available from the previous year	3 262,7	(3,1 %)

Expenditure key

Financial perspective headings:

■ 1. Agriculture	48 908,0	(44,7 %)
■ 2. Structural operations	32 838,3	(30 %)
■ 3. Internal policies	9 753,6	(8,9 %)
■ 4. External action	5 435,4	(5 %)
■ 5. Administration	7 301,2	(6,7 %)
■ 6. Reserves	346,0	(0,3 %)
■ 7. Pre-accession strategy	3 546,5	(3,2 %)
■ 8. Compensation	1 305,0	(1,2 %)
■ Appropriations available for other institutions	2 853,1	(2,6 %)
■ Appropriations available to the Commission	106 580,9	(97,4 %)
of which operating appropriations	102 132,8	(93,3 %)

(1) Revenue contribution by CZ, HU, SK, SI, LU, LT, CY, LV, EE, MT was grouped together.

(2) After amending budgets.

(3) After amending budgets and transfers between budget headings.

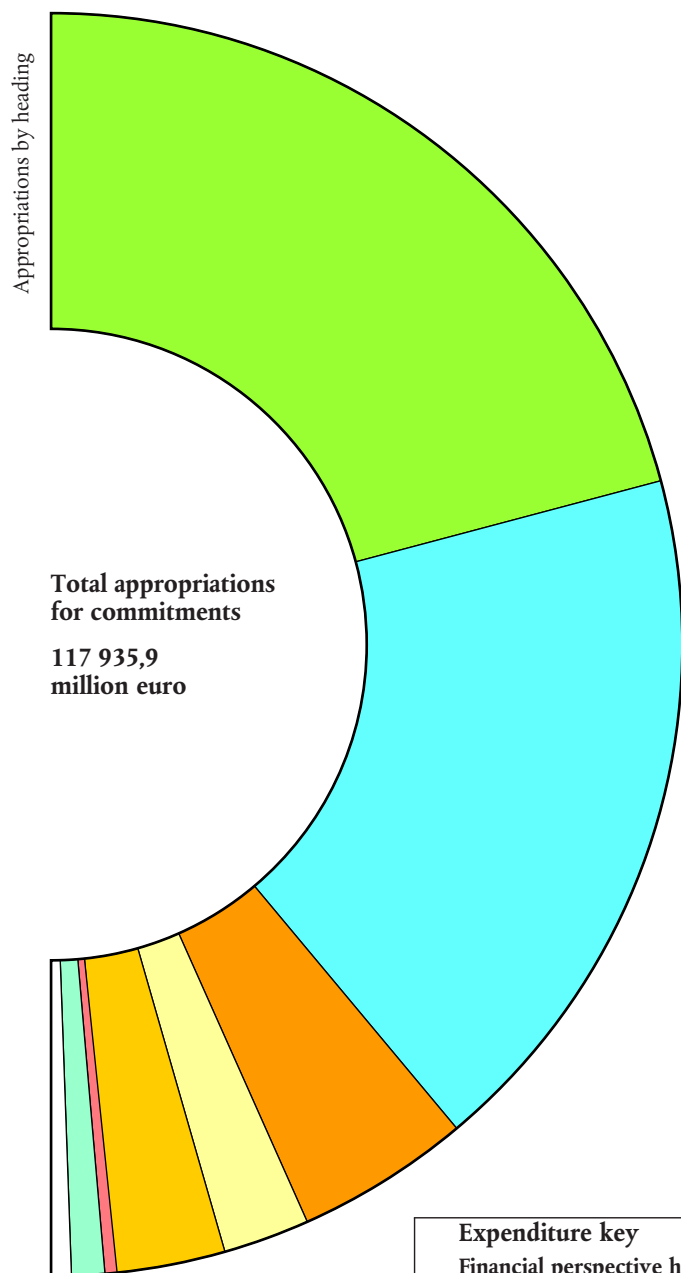
(4) Assigned revenue, appropriations made available again and carried over.

Diagram II

Budget 2005 — Appropriations for commitments

[after amending budgets; for more detailed information, see Diagram III, column (b)]

(million euro and %)



Note:

The total appropriations for commitment are not balanced by the budgetary revenue of 2005 as the commitment appropriations also include amounts to be financed by budgetary revenue from subsequent years.

Expenditure key

Financial perspective headings:

1. Agriculture	49 076,2	(41,6 %)
2. Structural operations	42 536,2	(36,1 %)
3. Internal policies	10 440,6	(8,9 %)
4. External action	5 660,3	(4,8 %)
5. Administration	6 550,9	(5,6 %)
6. Reserves	236,0	(0,2 %)
7. Pre-accession strategy	2 130,7	(1,8 %)
8. Compensation	1 305,0	(1,1 %)

Diagram III

Appropriations for commitments available in 2005 and utilisation thereof

(million euro and %)

Sections (S) and titles (T) corresponding to the 2005 budgetary nomenclature and financial perspective headings	Financial perspective	Final appropriations		Utilisation of appropriations					
		Amount (1)	Rate (%)	Commitments entered into	Utilisation rate (%)	Carry-overs to 2006 (2)	Rate (%)	Cancellations	Rate (%)
		(a)	(b)/(a)	(c)	(c)/(b)	(d)	(d)/(b)	(e) = (b) – (c) – (d)	(e)/(b)
<i>Budgetary nomenclature</i>									
I Parliament (S. I)		1 331,3		1 282,1	96,3	34,3	2,6	14,9	1,1
II Council (S. II)		586,2		566,8	96,7	11,5	2,0	7,9	1,4
III Commission (S. III) (3)		115 491,8		113 942,5	98,7	911,3	0,8	638,0	0,6
III.1 Economic and financial affairs (T.01)		407,5		309,8	76,0	0,6	0,1	97,1	23,8
III.2 Enterprise (T.02)		426,6		350,0	82,0	36,4	8,5	40,2	9,4
III.3 Competition (T.03)		92,9		91,5	98,5	0,9	1,0	0,5	0,5
III.4 Employment and social affairs (T.04)		11 526,6		11 499,4	99,8	7,5	0,1	19,8	0,2
III.5 Agriculture and rural development (T.05)		53 268,7		53 105,5	99,7	65,6	0,1	97,6	0,2
III.6 Energy and transport (T.06)		1 486,4		1 426,0	95,9	34,4	2,3	26,0	1,8
III.7 Environment (T.07)		348,0		333,8	95,9	5,5	1,6	8,7	2,5
III.8 Research (T.08)		3 776,9		3 642,4	96,4	134,0	3,5	0,4	0,0
III.9 Information society (T.09)		1 565,7		1 502,2	95,9	55,8	3,6	7,7	0,5
III.10 Direct research (T.10)		622,9		393,4	63,2	214,6	34,5	14,8	2,4
III.11 Fisheries (T.11)		1 027,7		997,7	97,1	3,9	0,4	26,1	2,5
III.12 Internal market (T.12)		76,7		70,3	91,6	2,4	3,2	4,0	5,2
III.13 Regional policy (T.13)		27 307,4		27 203,6	99,6	93,6	0,3	10,2	0,0
III.14 Taxation and customs union (T.14)		129,9		108,3	83,4	1,4	1,1	20,2	15,6
III.15 Education and culture (T.15)		1 154,0		1 051,7	91,1	91,8	8,0	10,5	0,9
III.16 Press and communication (T.16)		192,7		181,3	94,1	1,5	0,8	10,0	5,2
III.17 Health and consumer protection (T.17)		498,2		472,1	94,8	12,1	2,4	14,0	2,8
III.18 Area of freedom, security and justice (T.18)		608,4		594,4	97,7	5,4	0,9	8,7	1,4
III.19 External relations (T.19)		3 451,8		3 387,6	98,1	55,4	1,6	8,7	0,3
III.20 Trade (T.20)		79,0		76,4	96,7	0,9	1,2	1,7	2,1
III.21 Development and relations with ACP States (T.21)		1 289,0		1 252,8	97,2	25,4	2,0	10,8	0,8
III.22 Enlargement (T.22)		2 091,2		1 924,9	92,0	34,0	1,6	132,3	6,3
III.23 Humanitarian aid (T.23)		649,6		648,5	99,8	1,0	0,2	0,1	0,0
III.24 Fight against fraud (T.24)		58,1		57,3	98,6	0,0	0,1	0,7	1,3
III.25 Commission's policy coordination and legal advice (T.25)		222,0		214,6	96,7	3,9	1,8	3,5	1,6
III.26 Commission's Administration (T.26)		694,3		646,6	93,1	18,9	2,7	28,8	4,2
III.27 Budget (T.27)		1 371,8		1 369,2	99,8	0,7	0,1	1,9	0,1
III.28 Audit (T.28)		11,1		10,7	97,0	0,1	0,8	0,2	2,1
III.29 Statistics (T.29)		143,8		122,6	85,2	3,4	2,3	17,9	12,4
III.30 Pensions (T.30)		899,8		898,0	99,8	—	—	1,8	0,2
III.31 Reserves (T.31)		13,0		—	—	—	—	13,0	100,0
IV Court of Justice (S. IV)		232,6		215,5	92,7	1,4	0,6	15,7	6,7
V Court of Auditors (S. V)		107,5		93,8	87,2	0,2	0,2	13,5	12,6
VI Economic and Social Committee (S. VI)		106,9		101,5	95,0	1,2	1,1	4,2	3,9
VII Committee of the Regions (S. VII)		69,6		67,2	96,7	0,1	0,2	2,2	3,2
VIII European Ombudsman and European Data-protection Supervisor (S. VIII)		10,1		8,4	83,8	—	—	1,6	16,2
Grand total appropriations for commitments	119 419,0	117 935,9	98,8	116 277,9	98,6	960,0	0,8	698,1	0,6
<i>Financial perspective</i>									
1 Agriculture	51 439,0	49 076,2	95,4	48 928,4	99,7	43,5	0,1	104,4	0,2
2 Structural operations	42 441,0	42 536,2	100,2	42 490,5	99,9	20,1	0,0	25,6	0,1
3 Internal policies	9 012,0	10 440,6 (1)	115,9	9 548,6	91,5	683,8	6,5	208,2	2,0
4 External action	5 119,0	5 660,3 (1)	110,6	5 516,1	97,5	106,1	1,9	38,2	0,7
5 Administration	6 185,0 (4)	6 550,9 (1)	105,9	6 354,9	97,0	97,3	1,5	98,7	1,5
6 Reserves	446,0	236,0	52,9	140,1	59,4	—	—	95,9	40,6
7 Pre-accession strategy	3 472,0	2 130,7	61,4	1 994,4	93,6	9,1	0,4	127,2	6,0
8 Compensation	1 305,0	1 305,0	100,0	1 305,0	100,0	—	—	—	—
Grand total appropriations for commitments	119 419,0	117 935,9	98,8	116 277,9	98,6	960,0	0,8	698,1	0,6
Grand total appropriations for payments	114 060,0	109 434,0	95,9	104 835,2	95,8	2 686,9	2,5	1 911,9	1,7

(1) Final budget appropriations after taking account of transfers between budget headings, appropriations corresponding to assigned revenue or similar and appropriations carried over from the previous financial year. As a consequence the ceiling for some financial perspective headings is exceeded by the available appropriations.

(2) Including appropriations corresponding to assigned revenue or similar.

(3) For Section III (Commission) the titles (T) correspond to the activities/policy areas as defined by the institution for implementing activity based budgeting (ABB)

(4) The Interinstitutional Agreement of 1999 states in its annex that the ceiling for this heading is presented net of staff contributions to the pension scheme, up to a maximum of 1 100 million euro at 1999 prices for the period 2000-2006. In 2005 this reduction amounts to 175 million euro.

Diagram IV Appropriations for payments available in 2005 and utilisation thereof

(million euro and %)

Sections (S) and titles (T) corresponding to the 2005 budgetary nomenclature and financial perspective headings	Final appropriations ⁽¹⁾	Utilisation of appropriations					
		Payments made in 2005	Utilisation rate (%)	Carry-overs to 2006	Rate (%)	Cancellations	Rate (%)
		(a)	(b)/(a)	(c)	(c)/(a)	(d) = (a) - (b) - (c)	(d)/(a)
<i>Budgetary nomenclature</i>							
I Parliament (S. I)	1 612,7	1 234,6	76,6	341,6	21,2	36,5	2,3
II Council (S. II)	679,6	533,4	78,5	121,6	17,9	24,6	3,6
III Commission (S. III) ⁽²⁾	106 580,9	102 595,5	96,3	2 179,5	2,0	1 805,9	1,7
III.1 Economic and financial affairs (T.01)	455,7	356,8	78,3	6,2	1,4	92,8	20,4
III.2 Enterprise (T.02)	420,8	305,5	72,6	48,0	11,4	67,3	16,0
III.3 Competition (T.03)	99,4	89,7	90,2	8,2	8,3	1,5	1,5
III.4 Employment and social affairs (T.04)	9 811,2	9 756,3	99,4	24,1	0,2	30,9	0,3
III.5 Agriculture and rural development (T.05)	52 984,8	52 736,9	99,5	69,8	0,1	178,0	0,3
III.6 Energy and transport (T.06)	1 347,4	1 205,2	89,4	78,3	5,8	63,8	4,7
III.7 Environment (T.07)	342,7	275,9	80,5	25,2	7,3	41,6	12,2
III.8 Research (T.08)	3 516,3	3 015,5	85,8	487,7	13,9	13,1	0,4
III.9 Information society (T.09)	1 448,5	1 227,3	84,7	197,5	13,6	23,6	1,6
III.10 Direct research (T.10)	594,5	355,8	59,9	216,1	36,4	22,6	3,8
III.11 Fisheries (T.11)	921,5	818,6	88,8	9,1	1,0	93,8	10,2
III.12 Internal market (T.12)	78,3	66,7	85,2	8,7	11,1	2,9	3,8
III.13 Regional policy (T.13)	20 152,2	19 982,3	99,2	111,1	0,6	58,8	0,3
III.14 Taxation and customs union (T.14)	110,1	94,0	85,4	7,7	7,0	8,3	7,6
III.15 Education and culture (T.15)	1 171,6	1 002,9	85,6	143,2	12,2	25,6	2,2
III.16 Press and communication (T.16)	201,9	159,0	78,8	19,2	9,5	23,7	11,8
III.17 Health and consumer protection (T.17)	837,7	498,8	59,5	262,9	31,4	76,0	9,1
III.18 Area of freedom, security and justice (T.18)	589,6	470,8	79,8	61,1	10,4	57,7	9,8
III.19 External relations (T.19)	3 335,6	3 164,7	94,9	111,2	3,3	59,7	1,8
III.20 Trade (T.20)	84,8	74,5	87,9	6,8	8,0	3,5	4,1
III.21 Development and relations with ACP States (T.21)	1 244,2	1 140,1	91,6	52,0	4,2	52,2	4,2
III.22 Enlargement (T.22)	2 547,7	1 902,6	74,7	65,4	2,6	579,7	22,8
III.23 Humanitarian aid (T.23)	626,9	596,1	95,1	10,4	1,7	20,4	3,3
III.24 Fight against fraud (T.24)	62,9	53,2	84,5	7,1	11,3	2,6	4,2
III.25 Commission's policy coordination and legal advice (T.25)	236,1	210,0	88,9	19,0	8,0	7,2	3,0
III.26 Commission's Administration (T.26)	799,5	648,6	81,1	100,3	12,5	50,6	6,3
III.27 Budget (T.27)	1 383,2	1 371,1	99,1	9,7	0,7	2,4	0,2
III.28 Audit (T.28)	11,7	10,5	89,2	0,9	7,4	0,4	3,5
III.29 Statistics (T.29)	141,3	111,1	78,6	10,0	7,1	20,2	14,3
III.30 Pensions (T.30)	899,8	895,2	99,5	2,8	0,3	1,8	0,2
III.31 Reserves (T.31)	123,0	—	—	—	—	123,0	100,0
IV Court of Justice (S. IV)	245,6	211,0	85,9	16,1	6,6	18,5	7,5
V Court of Auditors (S. V)	114,5	92,4	80,7	6,5	5,7	15,6	13,6
VI Economic and Social Committee (S. VI)	114,5	96,3	84,1	12,8	11,2	5,4	4,7
VII Committee of the Regions (S. VII)	75,2	64,0	85,2	7,7	10,3	3,4	4,5
VIII European Ombudsman and European Data-protection Supervisor (S. VIII)	11,0	8,0	73,5	1,0	8,9	1,9	17,7
Grand total appropriations for payments	109 434,0	104 835,2	95,8	2 686,9	2,5	1 911,9	1,7
<i>Financial perspective</i>							
1 Agriculture	48 908,0	48 465,8	99,1	285,6	0,6	156,6	0,3
2 Structural operations	32 838,3	32 763,2	99,8	16,5	0,1	58,6	0,2
3 Internal policies	9 753,6	7 972,1	81,7	1 322,0	13,6	459,5	4,7
4 External action	5 435,4	5 013,1	92,2	146,3	2,7	276,0	5,1
5 Administration	7 301,2	6 191,4	84,8	879,4	12,0	230,4	3,2
6 Reserves	346,0	140,1	40,5	—	—	205,9	59,5
7 Pre-accession strategy	3 546,5	2 984,6	84,2	37,0	1,0	524,9	14,8
8 Compensation	1 305,0	1 305,0	100,0	—	—	—	—
Grand total appropriations for payments	109 434,0	104 835,2	95,8	2 686,9	2,5	1 911,9	1,7

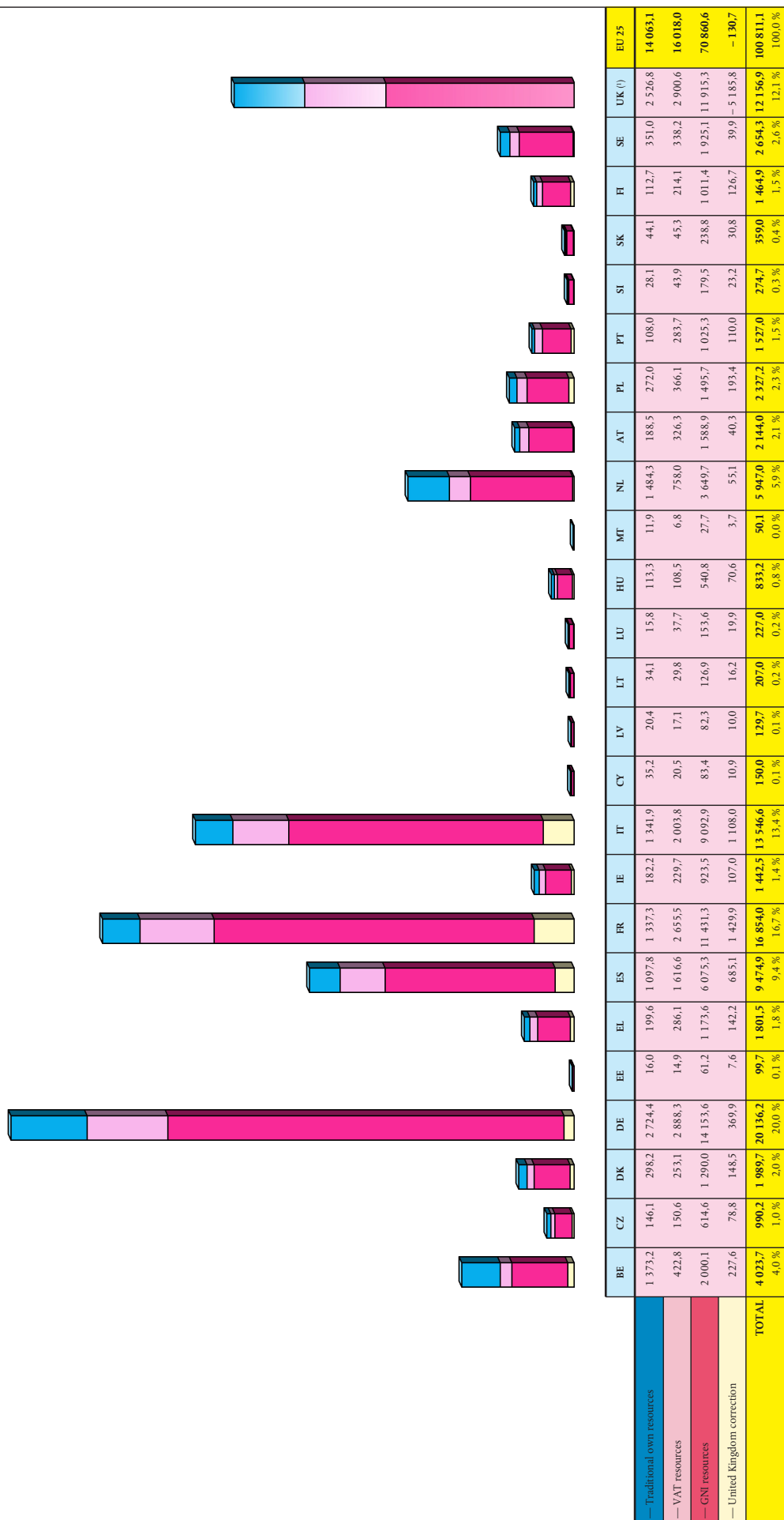
⁽¹⁾ Final budget appropriations after taking account of transfers between budget headings, appropriations relating to assigned revenue or similar and appropriations carried over from the previous financial year.

⁽²⁾ For Section III (Commission) the titles (T) correspond to the activities/policy areas as defined by the institution for implementing activity based budgeting (ABB).

Diagram V
Own resources in 2005, by Member State

Revenue Outturn

(million euro and %)



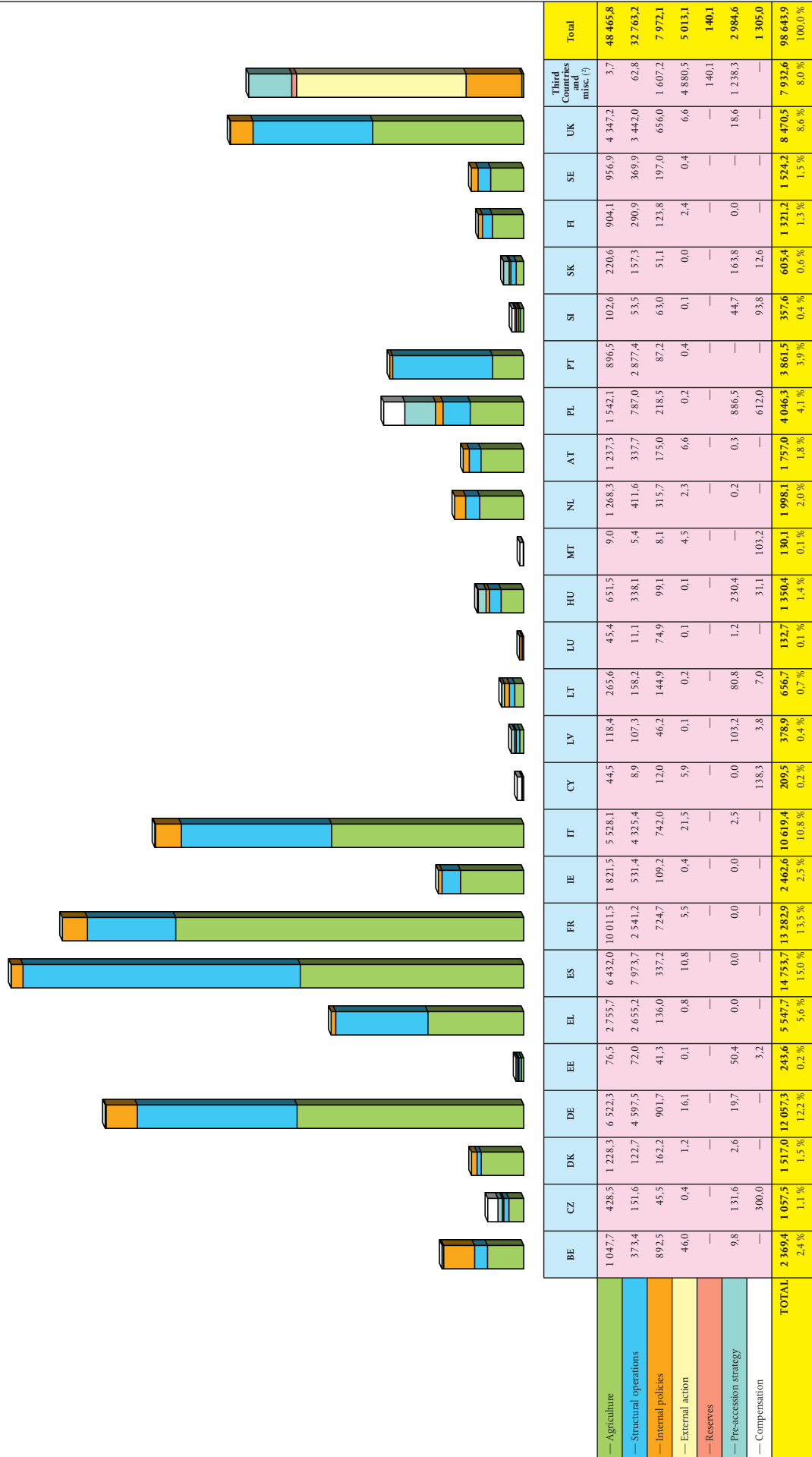
(¹) For the United Kingdom a correction (5 185.8 million euro) is applied to the gross amount of own resources (17 342.7 million euro). The financing of this adjustment is borne by the other Member States. This correction was solely assigned to the VAT and GNP elements of gross own resources in accordance with their respective amounts.

Diagram VI Payments made in 2005, in each Member State ⁽¹⁾

Note: Payments made in 2005 = payments against 2005 operating appropriations plus payments against carry-overs from 2004.

Financial perspective headings

(trillion euro and %)



(1) The geographical breakdown is not by payments made to the Member States but by expenditure according to the data in the Commission's computerised accounting system ABAC.

(2) The amounts under 'Third Countries and miscellaneous' mainly include expenditure related to the projects implemented outside the Union and participation by third countries. Expenditure in respect of which the geographical distribution could not be made is also included.

Diagram VII
Evolution and utilisation of appropriations for payments for the period 2001-2005, by financial perspective heading

Financial perspective heading	2001		2002		2003		2004		2005	
	Available appropriations (1)	Payments made	Available appropriations (1)	Payments made	Available appropriations (1)	Payments made	Available appropriations (1)	Payments made	Available appropriations (1)	Payments made
— Agriculture	44 076,0	41 533,9	44 940,0	43 520,6	45 095,7	44 379,2	44 308,3	43 579,4	48 908,0	48 465,8
— Structural operations	32 994,8	22 455,8	31 603,3	23 499,0	31 837,8	28 527,6	34 635,1	34 198,3	32 838,3	32 763,2
— Internal policies	6 485,4	5 303,1	7 956,8	6 566,7	7 256,8	5 671,8	8 992,1	7 255,2	9 753,6	7 972,1
— External action	4 919,3	4 230,6	4 969,8	4 423,7	4 898,9	4 285,8	5 098,0	4 605,8	5 435,4	5 013,1
— Administration	5 506,6	4 855,1	5 856,6	5 211,6	6 087,1	5 305,2	6 927,2	5 856,4	7 301,2	6 191,4
— Reserves	876,0	207,2	651,8	170,5	363,8	147,9	442,0	181,9	346,0	140,1
— Pre-accession strategy	2 302,2	1 401,7	2 600,9	1 752,4	2 798,5	2 239,8	3 219,9	3 052,9	3 546,5	2 984,6
— Compensation	—	—	—	—	—	—	1 409,5	1 409,5	1 305,0	1 305,0
TOTAL	97 160,3	79 987,4	98 579,3	85 144,5	98 338,7	90 557,5	105 032,1	100 139,4	109 434,0	104 835,2

(1) Available appropriations = Appropriations for payments of the financial year + appropriations carried over from the previous financial year.

ANNEX II

Reports and opinions adopted by the Court of Auditors since 2001

The Court of Auditors is required by the terms of the Treaties to produce an annual report. It is also required, by the Treaties and other legislation at present in force, to produce special annual reports on certain Community bodies and activities. The Treaties

also give the Court the power to submit observations on specific questions and to deliver opinions at the request of one of the institutions. The reports and opinions adopted by the Court since 2001 are listed below.

Title	Publication
Annual Reports and Statements of Assurance	
Twenty-fourth annual report concerning the financial year 2000:	OJ C 359, 15.12.2001, OJ C 92, 17.4.2002 and OJ C 36, 15.2.2003
— Report and Statement of Assurance on the activities financed from the general budget	
— Report and Statement of Assurance on the activities of the sixth, seventh and eighth EDFs	
Twenty-fifth annual report concerning the financial year 2001:	OJ C 295, 28.11.2002
— Report and Statement of Assurance on the activities financed from the general budget	
— Report and Statement of Assurance on the activities of the sixth, seventh and eighth EDFs	
Twenty-sixth annual report concerning the financial year 2002:	OJ C 286, 28.11.2003
— Report and Statement of Assurance on the activities financed from the general budget	
— Report and Statement of Assurance on the activities of the sixth, seventh and eighth EDFs	
Twenty-seventh annual report concerning the financial year 2003:	OJ C 293, 30.11.2004
— Report and Statement of Assurance on the activities financed from the general budget	
— Report and Statement of Assurance on the activities of the sixth, seventh, eighth and ninth EDFs	
Twenty-eighth annual report concerning the financial year 2004:	OJ C 301, 30.11.2005
— Report and Statement of Assurance on the implementation of the budget	
— Report and Statement of Assurance on the activities of the sixth, seventh, eighth and ninth EDFs	
Twenty-ninth annual report concerning the financial year 2005:	Published in this OJ
— Report and Statement of Assurance on the implementation of the budget	
— Report and Statement of Assurance on the activities of the sixth, seventh, eighth and ninth EDFs	
Special Reports	
<i>Own resources</i>	
—	
<i>Common Agricultural Policy</i>	
— Special Report No 4/2001 on the audit of the EAGGF — Guarantee — the implementation of the integrated administration and control system (IACS)	OJ C 214, 31.7.2001
— Special Report No 6/2001 on milk quotas	OJ C 305, 30.10.2001

Title	Publication
— Special Report No 7/2001 concerning export refunds — destination and placing on the market	OJ C 314, 8.11.2001
— Special Report No 8/2001 concerning refunds for the production of potato and cereal starch and potato starch aid	OJ C 294, 19.10.2001
— Special Report No 14/2001 — Follow up to Special Report No 19/98 on BSE	OJ C 324, 20.11.2001
— Special Report No 5/2002 on extensification premium and payment schemes in the common organisation of the market for beef and veal	OJ C 290, 25.11.2002
— Special Report No 6/2002 on the audit of the Commission's management of the EU oilseeds support scheme	OJ C 254, 22.10.2002
— Special Report No 7/2002 on the sound financial management of the common organisation of markets in the banana sector	OJ C 294, 28.11.2002
— Special Report No 1/2003 concerning the prefinancing of export refunds	OJ C 98, 24.4.2003
— Special Report No 4/2003 concerning rural development: support for less-favoured areas	OJ C 151, 27.6.2003
— Special Report No 9/2003 concerning the system for setting the rates of subsidy on exports of agricultural products (export refunds)	OJ C 211, 5.9.2003
— Special Report No 12/2003 on the sound financial management of the common organisation of the market in dried fodder	OJ C 298, 9.12.2003
— Special Report No 13/2003 concerning production aid for cotton	OJ C 298, 9.12.2003
— Special Report No 14/2003 on the measurement of farm incomes by the Commission (Article 33(1)(b) of the EC Treaty)	OJ C 45, 20.2.2004
— Special Report No 3/2004 on recovery of irregular payments under the Common Agricultural Policy	OJ C 269, 4.11.2004
— Special Report No 6/2004: the organisation of the system for the identification and registration of bovine animals in the European Union	OJ C 29, 4.2.2005
— Special Report No 7/2004 on the common organisation of the market in raw tobacco	OJ C 41, 17.2.2005
— Special Report No 8/2004 on the Commission's management and supervision of the measures to control foot-and-mouth disease and of the related expenditure	OJ C 54, 3.3.2005
— Special Report No 9/2004 on Forestry Measures within Rural Development Policy	OJ C 67, 18.3.2005
— Special Report No 3/2005 concerning rural development: the verification of agri-environment expenditure	OJ C 279, 11.11.2005
— Special Report No 7/2006 — Rural Development Investments: do they effectively address the problems of rural areas?	Being published
— Special Report No 8/2006 — Growing success? The effectiveness of the European Union support for fruit and vegetable producers' operational programmes	Being published

Structural measures

— Special Report No 1/2001 concerning the URBAN Community initiative	OJ C 124, 25.4.2001
— Special Report No 10/2001 concerning the financial control of the Structural Funds, Commission Regulations (EC) No 2064/97 and (EC) No 1681/94	OJ C 314, 8.11.2001
— Special Report No 12/2001 concerning certain structural measures to improve the employment situation: the impact of ERDF aid on employment and ESF measures to combat long-term unemployment	OJ C 334, 28.11.2001

Title	Publication
— Special Report No 3/2002 concerning the Community Initiative Employment — Integra	OJ C 263, 29.10.2002
— Special Report No 4/2002 on local actions for employment	OJ C 263, 29.10.2002
— Special Report No 7/2003 on the implementation of assistance programming for the period 2000 to 2006 within the framework of the Structural Funds	OJ C 174, 23.7.2003
— Special Report No 4/2004 on the programming of the Community initiative concerning trans-European cooperation — Interreg III	OJ C 303, 7.12.2004
— Special Report No 1/2006 on the contribution of the European Social Fund in combating early school leaving	OJ C 99, 26.4.2006
— Special Report No 10/2006 on <i>ex post</i> evaluations of objectives 1 and 3 programmes 1994 to 1999 (Structural Funds)	Being published

Internal policies

— Special Report No 9/2001 on the 'Training and Mobility of Researchers Programme'	OJ C 349, 10.12.2001
— Special Report No 2/2002 on the Socrates and Youth for Europe Community action programmes	OJ C 136, 7.6.2002
— Special Report No 11/2003 concerning the Financial Instrument for the Environment (LIFE)	OJ C 292, 2.12.2003
— Special Report No 1/2004 on the management of indirect RTD actions under the fifth framework programme (FP5) for research and technological development (1998 to 2002)	OJ C 99, 23.4.2004
— Special Report No 6/2005 on the trans-European network for transport (TEN-T)	OJ C 94, 21.4.2006

External action

— Special Report No 2/2001 concerning the management of emergency humanitarian aid for the victims of the Kosovo crisis (ECHO)	OJ C 168, 12.6.2001 and OJ C 159, 3.7.2002
— Special Report No 3/2001 concerning the Commission's management of the international fisheries agreements	OJ C 210, 27.7.2001
— Special Report No 5/2001 on counterpart funds from structural adjustment support earmarked for budget aid (seventh and eighth EDFs)	OJ C 257, 14.9.2001
— Special Report No 11/2001 concerning the Tacis cross-border cooperation programme	OJ C 329, 23.11.2001
— Special Report No 13/2001 on the management of the common foreign and security policy (CFSP)	OJ C 338, 30.11.2001
— Special Report No 1/2002 concerning macrofinancial assistance (MFA) to third countries and structural adjustment facilities (SAF) in the Mediterranean countries	OJ C 121, 23.5.2002
— Special Report No 2/2003 on the implementation of the food security policy in developing countries financed by the general budget of the European Union	OJ C 93, 17.4.2003
— Special Report No 8/2003 concerning the execution of infrastructure work financed by the EDF	OJ C 181, 31.7.2003
— Special Report No 10/2003 concerning the effectiveness of the Commission's management of development assistance to India in targeting the poor and ensuring sustainable benefits	OJ C 211, 5.9.2003
— Special Report No 15/2003 concerning the audit of microproject programmes financed by the EDF	OJ C 63, 11.3.2004
— Special Report No 10/2004 concerning the devolution of EC external aid management to the Commission delegations	OJ C 72, 22.3.2005

Title	Publication
— Special Report No 2/2005 concerning EDF budget aid to ACP countries: the Commission's management of the public finance reform aspect	OJ C 249, 7.10.2005
— Special Report No 4/2005 concerning the Commission's management of economic cooperation in Asia	OJ C 260, 19.10.2005
— Special Report No 2/2006 concerning the performance of projects financed under TACIS in the Russian Federation	OJ C 119, 19.5.2006
— Special Report No 3/2006 concerning the European Commission Humanitarian Aid Response to the Tsunami	OJ C 170, 21.7.2006
— Special Report No 5/2006 concerning the MEDA Programme	OJ C 200, 24.8.2006
— Special Report No 6/2006 concerning the environmental aspects of the Commission's development cooperation	OJ C 235, 29.9.2006

Pre-accession strategy

— Special Report No 5/2003 concerning PHARE and ISPA funding of environmental projects in the candidate countries	OJ C 167, 17.7.2003
— Special Report No 6/2003 concerning twinning as the main instrument to support institution-building in candidate countries	OJ C 167, 17.7.2003
— Special Report No 2/2004 concerning pre-accession aid: 'Has Sapard been well managed?'	OJ C 295, 30.11.2004
— Special Report No 5/2004 concerning Phare support to prepare candidate countries for managing the Structural Funds	OJ C 15, 20.1.2005
— Special Report No 4/2006 concerning Phare investment projects in Bulgaria and Romania	OJ C 174, 26.7.2006

Administrative expenditure

— Special Report No 3/2003 on the invalidity pensions scheme of the European institutions	OJ C 109, 7.5.2003
— Special Report No 1/2005 concerning the management of the European Anti-Fraud Office (OLAF)	OJ C 202, 18.8.2005
— Special Report No 5/2005: interpretation expenditure incurred by the Parliament, the Commission and the Council	OJ C 291, 23.11.2005
— Special Report No 9/2006 concerning translation expenditure incurred by the Commission, the Parliament and the Council	Being published

Financial instruments and banking activities

—

Special Annual Reports

Financial statements of the ECSC

— Report on the financial statements of the ECSC at 31 December 2000	OJ C 185, 30.6.2001 and OJ C 363, 19.12.2001
— Report on the financial statements of the ECSC at 31 December 2001	OJ C 158, 3.7.2002
— Report on the financial statements of the ECSC at 23 July 2002	OJ C 127, 29.5.2003

Title	Publication
<i>ECSC annual report</i>	
— Annual Report concerning the ECSC for the financial year 2000	OJ C 366, 20.12.2001
— Annual Report and Statement of Assurance concerning the ECSC for the financial year 2001	OJ C 302, 5.12.2002
— Annual Report and Statement of Assurance concerning the ECSC for the financial year ended 23 July 2002	OJ C 224, 19.9.2003
<i>Euratom Supply Agency</i>	
— Report on the financial statements of the Euratom Supply Agency for the financial year ended 31 December 2000	Not published in OJ
— Report on the financial statements of the Euratom Supply Agency for the financial year 2001	Not published in OJ
— Report on the financial statements of the Euratom Supply Agency for the financial year 2002	Not published in OJ
— Report on the annual accounts of the Euratom Supply Agency for the financial year 2003	Not published in OJ
— Report on the annual accounts of the Euratom Supply Agency for the financial year 2004	Not published in OJ
— Report on the annual accounts of the Euratom Supply Agency for the financial year 2005	Not published in OJ
<i>Joint European Torus (JET)</i>	
— Report on the 2000 accounts of the JET joint undertaking	Not published in OJ
— Report on the 2001 accounts of the JET joint undertaking	Not published in OJ
<i>European Foundation for the Improvement of Living and Working Conditions (Eurofound, Dublin)</i>	
— Report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions (Dublin Foundation) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2002	OJ C 319, 30.12.2003
— Report on the financial statements of the European Foundation for the Improvement of Living and Working Conditions for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Foundation for the Improvement of Living and Working Conditions for the financial year 2004	OJ C 332, 28.12.2005
<i>European Centre for the Development of Vocational Training (Cedefop, Thessaloniki)</i>	
— Report on the financial statements of the European Centre for the Development of Vocational Training (Cedefop, Thessaloniki) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the European Centre for the Development of Vocational Training for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the European Centre for the Development of Vocational Training for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the European Centre for the Development of Vocational Training for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Centre for the Development of Vocational Training for the financial year 2004	OJ C 332, 28.12.2005

Title	Publication
<i>European Schools</i>	
— Report on the financial statements of the European Schools for the financial year ended 31 December 2000	Not published in OJ
— Report on the financial statements of the European Schools for the financial year 2001	Not published in OJ
— Report on the financial statements of the European Schools for the financial year 2002	Not published in OJ
— Report on the annual accounts of the European Schools for the financial year 2003	Not published in OJ
— Report on the annual accounts of the European Schools for the financial year 2004	Not published in OJ
<i>European Central Bank (ECB, Frankfurt)</i>	
— Report on the audit of the operational efficiency of the management of the European Central Bank for the financial year 2000	OJ C 341, 4.12.2001
— Report on the audit of the operational efficiency of the management of the European Central Bank for the financial year 2001	OJ C 259, 25.10.2002
— Report on the audit of the operational efficiency of the management of the European Central Bank for the financial year 2002	OJ C 45, 20.2.2004
— Report on the audit of the operational efficiency of the management of the European Central Bank for the financial year 2003	OJ C 286, 23.11.2004
— Report on the audit of the operational efficiency of the management of the European Central Bank for the financial year 2004	OJ C 119, 19.5.2006
<i>Management of the 'Schengen contracts'</i>	
— Special Annual Report on the financial statements relating to the management by the Secretary-General/High Representative of the Council of contracts concluded by him on behalf of certain Member States and concerning the installation and functioning of the Help Desk Server of the Management Unit and of the Sirene Network Phase II (Schengen contracts) for the financial year ended 31 December 2000	Not published in OJ
— Special Annual Report on the financial statements relating to the management by the Secretary-General/High Representative of the Council of contracts concluded by him on behalf of certain Member States and concerning the installation and functioning of the Help Desk Server of the management unit and of the Sirene Network Phase II (Schengen contracts) for the financial year ended 31 December 2001	Not published in OJ
— Special Annual Report on the 2002 financial statements relating to the 'Schengen contracts'	Not published in OJ
<i>Management of 'Sisnet contracts'</i>	
— Special Annual Report on the financial statements in respect of the management, by the Deputy Secretary-General of the Council, of contracts concluded in his name on behalf of certain Member States, relating to the installation and the functioning of the communication infrastructure for the Schengen environment, known as 'Sisnet', for the financial year ended 31 December 2000	Not published in OJ
— Special Annual Report on the financial statements in respect of the management, by the Deputy Secretary-General of the Council, of contracts concluded in his name on behalf of certain Member States, relating to the installation and the functioning of the communication infrastructure for the Schengen environment, known as 'Sisnet', for the financial year ended 31 December 2001	Not published in OJ
— Special Annual Report on the 2002 financial statements relating to 'Sisnet'	Not published in OJ
— Special Annual Report on the 2003 financial statements relating to 'Sisnet'	Not published in OJ

Title	Publication
— Special Annual Report on the 2004 financial statements relating to 'Sisnet'	Not published in OJ
— Special Annual Report on the 2005 financial statements relating to 'Sisnet'	Not published in OJ

Community Plant Variety Office (CPVO, Angers)

— Report on the financial statements of the Community Plant Variety Office (CPVO-Angers) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the Community Plant Variety Office for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the Community Plant Variety Office for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the Community Plant Variety Office for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the Community Plant Variety Office for the financial year 2004	OJ C 332, 28.12.2005

Office for Harmonisation in the Internal Market (OHIM-Alicante)

— Report on the financial statements of the Office for Harmonisation in the Internal Market (OHIM-Alicante) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the Office for Harmonisation in the Internal Market for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the Office for Harmonisation in the Internal Market for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the Office for Harmonisation in the Internal Market for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the Office for Harmonisation in the Internal Market for the financial year 2004	OJ C 332, 28.12.2005

European Agency for Safety and Health at Work (EASH-Bilbao)

— Report on the financial statements of the European Agency for Safety and Health at Work (EASH-Bilbao) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the European Agency for Safety and Health at Work for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the European Agency for Safety and Health at Work for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the European Agency for Safety and Health at Work for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Agency for Safety and Health at Work for the financial year 2004	OJ C 332, 28.12.2005

European Environment Agency (EEA, Copenhagen)

— Report on the financial statements of the European Environment Agency (EEA-Copenhagen) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the European Environment Agency for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the European Environment Agency for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the European Environment Agency for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Environment Agency for the financial year 2004	OJ C 332, 28.12.2005

Title	Publication
<i>European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)-Lisbon</i>	
— Report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA-Lisbon) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Monitoring Centre for Drugs and Drug Addiction for the financial year 2004	OJ C 332, 28.12.2005
<i>European Medicines Agency (EMA-London)</i>	
— Report on the financial statements of the European Agency for the Evaluation of Medicinal Products (EAEMP-London) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the European Agency for the Evaluation of Medicinal Products concerning the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the European Agency for the Evaluation of Medicinal Products concerning the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the European Agency for the Evaluation of Medicinal Products concerning the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Medicines Agency for the financial year 2004	OJ C 332, 28.12.2005
<i>Translation Centre for the bodies of the European Union (TCBEU- Luxembourg)</i>	
— Report on the financial statements of the Translation Centre for Bodies of the European Union (TCBEU-Luxembourg) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the Translation Centre for Bodies of the European Union for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the Translation Centre for Bodies of the European Union for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the Translation Centre for the bodies of the European Union for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the Translation Centre for the bodies of the European Union for the financial year 2004	OJ C 332, 28.12.2005
<i>European Training Foundation (ETF-Turin)</i>	
— Report on the financial statements of the European Training Foundation (ETF-Turin) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the European Training Foundation for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the European Training Foundation for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the European Training Foundation for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Training Foundation for the financial year 2004	OJ C 332, 28.12.2005

Title	Publication
<i>European Monitoring Centre on Racism and Xenophobia (Vienna)</i>	
— Report on the financial statements of the European Monitoring Centre on Racism and Xenophobia (Vienna) for the financial year ended 31 December 2000	OJ C 372, 28.12.2001
— Report on the financial statements of the European Monitoring Centre on Racism and Xenophobia for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the European Monitoring Centre on Racism and Xenophobia for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the European Monitoring Centre on Racism and Xenophobia for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Monitoring Centre on Racism and Xenophobia for the financial year 2004	OJ C 332, 28.12.2005
<i>European Agency for Reconstruction (EAR, Thessaloniki)</i>	
— Report on the financial accounts of the European Agency for Reconstruction and the implementation of aid for Kosovo for the year 2000	OJ C 355, 13.12.2001
— Report on the financial statements of the European Agency for Reconstruction for the financial year 2001	OJ C 326, 27.12.2002
— Report on the financial statements of the European Agency for Reconstruction for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of the European Agency for Reconstruction for the financial year 2003	OJ C 41, 17.2.2005
— Report on the annual accounts of the European Agency for Reconstruction for the financial year 2004	OJ C 332, 28.12.2005
<i>European Maritime Safety Agency (EMSA, Lisbon)</i>	
— Report on the annual accounts of the European Maritime Safety Agency for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Maritime Safety Agency for the financial year 2004	OJ C 332, 28.12.2005
<i>European Aviation Safety Agency (EASA, Cologne)</i>	
— Report on the annual accounts of the European Aviation Safety Agency for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Aviation Safety Agency for the financial year 2004	OJ C 332, 28.12.2005
<i>European Food Safety Authority (EFSA, Parma)</i>	
— Report on the annual accounts of the European Food Safety Authority for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of the European Food Safety Authority for the financial year 2004	OJ C 332, 28.12.2005
<i>Eurojust</i>	
— Report on the financial statements of Eurojust for the financial year 2002	OJ C 319, 30.12.2003
— Report on the annual accounts of Eurojust for the 2003 financial year	OJ C 324, 30.12.2004
— Report on the annual accounts of Eurojust for the financial year 2004	OJ C 332, 28.12.2005

Title	Publication
<i>Convention</i>	
— Report on the accounts drawn up by the Secretary-General of the Convention on the future of the European Union for the financial year 2002 (started on 21 February and ended on 31 December 2002)	OJ C 122, 22.5.2003
— Report on the accounts drawn up by the Secretary-General of the Convention on the future of the European Union for the financial year ended 31 December 2003	OJ C 157, 14.6.2004
<i>Galileo Joint Undertaking</i>	
— Report on the accounts of the Galileo Joint Undertaking for the financial year ended 31 December 2003	Not published in OJ
— Report on the accounts of the Galileo Joint Undertaking for the financial year ended 31 December 2004	Not published in OJ
Opinions	
— Opinion No 1/2001 on a proposal for a Council Regulation amending Council Regulation (EC) No 1258/1999 on the financing of the common agricultural policy as well as various other regulations relating to the common agricultural policy	OJ C 55, 21.2.2001
— Opinion No 2/2001 on a proposal for a Council Regulation on the Financial Regulation applicable to the general budget of the European Communities	OJ C 162, 5.6.2001
— Opinion No 3/2001 on a proposal for a Council Regulation introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission	OJ C 162, 5.6.2001
— Opinion No 4/2001 on a proposal for a Council Regulation amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply (purpose: taxation of those entitled to the allowance provided for in the event of termination of service)	OJ C 162, 5.6.2001
— Opinion No 5/2001 on a proposal to amend the Financial regulation of the Office for Harmonisation in the Internal Market (OHIM-Alicante)	Not published in OJ
— Opinion No 6/2001 concerning a draft Commission Regulation (Euratom, ECSC, EC) amending Commission Regulation No 3418/93 of 9 December 1993 laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977	Not published in OJ
— Opinion No 7/2001 on a proposal for a Council Regulation amending Regulation (EEC, Euratom, ECSC) No 259/68 laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities	Not published in OJ
— Opinion No 8/2001 on a proposal for a Council Regulation laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes	OJ C 345, 6.12.2001
— Opinion No 9/2001 on a proposal for a Directive of the European Parliament and of the Council on the criminal-law protection of the Community's financial interests (ref. 2001/0115 (COD — COM(2001) 272 final)	OJ C 14, 17.1.2002
— Opinion No 1/2002 on a proposal to amend the financial regulation of the Office for Harmonisation in the Internal Market (OHIM-Alicante)	Not published in OJ
— Opinion No 2/2002 on an amended proposal for a Council Regulation on the Financial Regulation applicable to the general budget of the European Communities	OJ C 92, 17.4.2002

Title	Publication
— Opinion No 3/2002 concerning a proposal for the Financial Regulation applicable to the budget of Eurojust	Not published in OJ
— Opinion No 4/2002 on an amended proposal for a Council Regulation amending Regulation (Euratom, ECSC, EC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply	OJ C 225, 20.9.2002
— Opinion No 5/2002 on a proposal for a Council Regulation introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission	OJ C 236, 1.10.2002
— Opinion No 6/2002 on a proposal for a Council Regulation introducing special measures to terminate the service of officials of the General Secretariat of the Council of the European Union	OJ C 236, 1.10.2002
— Opinion No 7/2002 on an amended proposal for a Council Regulation introducing special measures to terminate the service of European Parliament officials and temporary staff working in the Political Groups	OJ C 236, 1.10.2002
— Opinion No 8/2002 concerning a proposal for a revised Financial Regulation applicable to the budget of the European Agency for Reconstruction	Not published in OJ
— Opinion No 9/2002 concerning the financing of the common agricultural policy	OJ C 285, 21.11.2002
— Opinion No 10/2002 on a Commission proposal for amendment of the constituent acts of Community Bodies following the adoption of the new Financial Regulation	OJ C 285, 21.11.2002
— Opinion No 11/2002 on a proposal for a Commission regulation 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	OJ C 12, 17.1.2003
— Opinion No 12/2002 on the proposal for a Council regulation on a Financial Regulation applicable to the ninth European Development Fund under the ACP/EU Partnership Agreement signed at Cotonou on 23 June 2000	OJ C 12, 17.1.2003
— Opinion No 13/2002 concerning a draft Commission regulation laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities	OJ C 12, 17.1.2003
— Opinion No 14/2002 on a proposal for a Council Regulation amending the Staff Regulations of officials and the Conditions of Employment of other servants of the European Communities	OJ C 21, 28.1.2003
— Opinion No 1/2003 on a proposal for a regulation for the Budget Committee of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) laying down the financial provisions applicable to the Office (Financial Regulation)	Not published in OJ
— Opinion No 2/2003 on a proposal for a regulation of the Administrative Council of the Community Plant Variety Office laying down the financial provisions applicable to the Office (Financial Regulation)	Not published in OJ
— Opinion No 3/2003 concerning the draft financial regulation of the European Food Safety Authority	Not published in OJ
— Opinion No 4/2003 concerning a draft financial regulation applicable to the Translation Centre for bodies of the European Union	Not published in OJ
— Opinion No 5/2003 on a proposal for a Council Regulation introducing, on the occasion of the accession of Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia, special temporary measures for recruitment of officials of the European Communities	OJ C 224, 19.9.2003
— Opinion No 6/2003 concerning the draft financial regulation of the European Agency for the Evaluation of Medicinal Products	Not published in OJ

Title	Publication
— Opinion No 7/2003 on a proposal for a Council regulation amending Regulation (EC, Euratom) No 1150/2000 implementing Decision 2000/597/EC, Euratom on the system of the Communities' own resources	OJ C 318, 30.12.2003
— Opinion No 8/2003 on a proposal for a decision of the European Parliament and of the Council establishing a Community action programme to promote activities in the field of the protection of the Community's financial interests	OJ C 318, 30.12.2003
— Opinion No 9/2003 on a draft Commission regulation on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes	OJ C 19, 23.1.2004
— Opinion No 10/2003 on a proposal for a Council regulation amending Regulation (EC, Euratom) No 2728/94 establishing a Guarantee Fund for external actions	OJ C 19, 23.1.2004
— Opinion No 1/2004 on an amended proposal for a Council Regulation amending the Staff Regulations of officials and the Conditions of Employment of other servants of the European Communities	OJ C 75, 24.3.2004
— Opinion No 2/2004 on the 'single audit' model (and a proposal for a Community internal control framework)	OJ C 107, 30.4.2004
— Opinion No 1/2005 on the proposal for a Council Regulation on the financing of the common agricultural policy	OJ C 121, 20.5.2005
— Opinion No 2/2005 on the proposal for a Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund	OJ C 121, 20.5.2005
— Opinion No 3/2005 on the draft Regulation (EC) of the Commission amending Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities	OJ C 124, 23.5.2005
— Opinion No 4/2005 on a proposal for a Council Decision on the system of the European Communities' own resources and on a proposal for a Council Regulation on the implementing measures for the correction of budgetary imbalances in accordance with Articles 4 and 5 of the Council Decision of (...) on the system of the European Communities' own resources	OJ C 167, 7.7.2005
— Opinion No 5/2005 on the draft Amendment of the financial regulation of the Community Plant Variety Office adopted by the Administrative Council of the Office on 16 September 2004	Not published in OJ
— Opinion No 6/2005 on a proposal for a Regulation of the European Parliament and of the Council amending Regulations (EC) No 1073/1999 and (Euratom) No 1074/1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)	OJ C 202, 18.8.2005
— Opinion No 7/2005 on a draft Commission Regulation amending Regulation (EC) No 1653/2004 as regards the post of accounting officers of executive agencies	OJ C 249, 7.10.2005
— Opinion No 8/2005 on a proposal for a Regulation of the European Parliament and of the Council on mutual administrative assistance for the protection of the financial interests of the Community against fraud and any other illegal activities	OJ C 313, 9.12.2005
— Opinion No 9/2005 concerning a proposal for a Council Regulation amending Regulation (EC, Euratom) No 2728/94 establishing a Guarantee Fund for external actions (COM(2005) 130 Final)	OJ C 313, 9.12.2005
— Opinion No 10/2005 on the draft Council Regulation amending Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities	OJ C 13, 18.1.2006

Title	Publication
— Opinion No 11/2005 on the draft Commission Regulation amending Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities	OJ C 13, 18.1.2006
— Opinion No 1/2006 on the proposal for a regulation of the European Parliament and of the Council laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007 to 2013)	OJ C 203, 25.8.2006
— Opinion No 2/2006 on a proposal for a Council Decision on the system of the European Communities' own resources	OJ C 203, 25.8.2006
— Opinion No 3 /2006 on a proposal for a Council Regulation introducing, on the occasion of the accession of Bulgaria and Romania, special temporary measures for recruitment of officials of the European Communities	Being published
— Opinion No 4/2006 on the draft Council Regulation amending Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities	Being published

