

# Procedure file



Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2010/0054(COD) Procedure completed
Financial Regulation applicable to the general budget of the European Communities: European External Action Service (EEAS) Amending Regulation (EC, Euratom) No 1605/2002	<a href="#">2000/0203(CNS)</a>
Subject 6.10 Common foreign and security policy (CFSP) 8.40.08 Agencies and bodies of the EU 8.70 Budget of the Union 8.70.02 Financial regulations 8.70.03 Budgetary control and discharge, implementation of the budget	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets		08/04/2010
		PPE <a href="#">GRÄSSLE Ingeborg</a>	08/04/2010
		PPE <a href="#">RIVELLINI Crescenzo</a>	
		Shadow rapporteur	
		ALDE <a href="#">GODMANIS Ivars</a>	
		ALDE <a href="#">JENSEN Anne E.</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>AFET</b> Foreign Affairs		03/05/2010
		S&D <a href="#">FÄRM Göran</a>	
	<b>DEVE</b> Development		04/05/2010
		S&D <a href="#">BERMAN Thijs</a>	
	<b>INTA</b> International Trade		28/04/2010
		S&D <a href="#">ARIF Kader</a>	
<b>CONT</b> Budgetary Control		23/03/2010	
	PPE <a href="#">GRÄSSLE Ingeborg</a>	23/03/2010	
	PPE <a href="#">RIVELLINI Crescenzo</a>		
<b>ENVI</b> Environment, Public Health and Food Safety	The committee decided not to give an opinion.		
<b>JURI</b> Legal Affairs	The committee decided not to give an opinion.		
<b>AFCO</b> Constitutional Affairs		03/05/2010	
	ALDE <a href="#">VERHOFSTADT Guy</a>		
<b>FEMM</b> Women's Rights and Gender Equality	The committee decided not to		

give an opinion.

Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Economic and Financial Affairs ECOFIN</a>	<a href="#">3045</a>	17/11/2010
	<a href="#">General Affairs</a>	<a href="#">3040</a>	25/10/2010
European Commission	Commission DG	Commissioner	
	<a href="#">Budget</a>	LEWANDOWSKI Janusz	

### Key events

24/02/2010	Legislative proposal published	<a href="#">COM(2010)0085</a>	Summary
21/04/2010	Committee referral announced in Parliament, 1st reading		
28/09/2010	Vote in committee, 1st reading		Summary
04/10/2010	Committee report tabled for plenary, 1st reading	<a href="#">A7-0263/2010</a>	
19/10/2010	Debate in Parliament		
20/10/2010	Results of vote in Parliament		
20/10/2010	Decision by Parliament, 1st reading	<a href="#">T7-0368/2010</a>	Summary
17/11/2010	Act adopted by Council after Parliament's 1st reading		
24/11/2010	Final act signed		
24/11/2010	End of procedure in Parliament		
26/11/2010	Final act published in Official Journal		

### Technical information

Procedure reference	2010/0054(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation (EC, Euratom) No 1605/2002 <a href="#">2000/0203(CNS)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 322-p1; Euratom Treaty A 106a-pa; Rules of Procedure EP 59
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/02629

### Documentation gateway

Legislative proposal		<a href="#">COM(2010)0085</a>	24/02/2010	EC	Summary
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Document attached to the procedure		<a href="#">SEC(2010)0257</a>	24/02/2010	EC	
Court of Auditors: opinion, report		<a href="#">N7-0037/2010</a> <a href="#">OJ C 145 03.06.2010, p. 0004</a>	29/04/2010	CofA	
Committee draft report		<a href="#">PE445.691</a>	09/07/2010	EP	
Committee opinion	INTA	<a href="#">PE445.674</a>	31/08/2010	EP	
Committee opinion	DEVE	<a href="#">PE445.739</a>	01/09/2010	EP	
Committee opinion	AFCO	<a href="#">PE445.813</a>	07/09/2010	EP	
Amendments tabled in committee		<a href="#">PE445.983</a>	10/09/2010	EP	
Committee opinion	AFET	<a href="#">PE445.944</a>	21/09/2010	EP	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A7-0263/2010</a>	04/10/2010	EP	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T7-0368/2010</a>	20/10/2010	EP	Summary
Draft final act		<a href="#">00053/2010/LEX</a>	24/11/2010	CSL	
Commission response to text adopted in plenary		SP(2010)8657/2	09/12/2010	EC	

#### Additional information

National parliaments	<a href="#">IPEX</a>
European Commission	<a href="#">EUR-Lex</a>

#### Final act

[Regulation 2010/1081](#)  
[OJ L 311 26.11.2010, p. 0009](#) Summary

## Financial Regulation applicable to the general budget of the European Communities: European External Action Service (EEAS)

**PURPOSE:** to amend the Financial Regulation to take account of the creation of the European External Action Service (EEAS), as provided for in the Lisbon Treaty.

**PROPOSED ACT:** Regulation of the European parliament and of the Council.

**LEGAL BASE:** Article 322 of the Treaty on the functioning of the European Union (TFEU), in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof.

**BACKGROUND:** the Treaty of Lisbon establishes the EEAS. In its conclusions, the European Council of October 29-30, 2009 endorsed some guidelines for the creation of the future EEAS as a sui generis service and invited the High Representative to put the EEAS in place 'by the end of April 2010'.

The Commission will present, as foreseen in the Financial Regulation, its proposal for the triennial review of the Financial Regulation at the end of the first semester 2010. However, the Commission considers that an ad-hoc revision of the FR is inevitable before and separately from the triennial review if the EEAS is to be put in place rapidly.

It should be noted that the Financial Regulation (FR) is complemented by Implementing Rules (IRs) which should also be amended, in a separate proposal. Specificities for the management of the EEAS Staff are put forward in a separate Commission proposal to amend the Staff Regulation.

**IMPACT ASSESSMENT:** no impact assessment was undertaken.

**CONTENT:** the main changes proposed build on the guidelines endorsed by the European Council of October 2009.

In budgetary terms, the EEAS will be treated as an institution in the sense of the Financial Regulation so that it will have budgetary autonomy, i.e. its own section in the EU budget. It will implement its own administrative expenditure (like all other institutions) and will therefore receive discharge from the European Parliament for it. The European Parliament will continue to grant discharge to the Commission for the

implementation of the Commission section of the Budget, including operational appropriations implemented by Heads of Union Delegations who will act as sub-delegated authorising officers of the Commission.

The Lisbon Treaty foresees that Commission Delegations become part of the EEAS as Union Delegations. Ways will need to be found to allow them to implement operational expenditure while they are no longer part of the Commission, taking into account that part of their staff, i.e. operational and financial staff, will remain Commission staff. To achieve this, the modifications introduced in the Financial Regulation aim at integrating the EEAS within the financial governance framework of the Commission whenever it participates in the implementation of its operational budget.

The proposed approach is that Heads of Union Delegations be given sub-delegated implementation powers by the responsible Commission Directors General (DG). They would become authorising officers by sub-delegation (AOSDs) of the Commission and would be responsible before the DG which has sub-delegated budget implementation tasks to them. Specific rules are therefore proposed so that Heads of Union Delegations, when they implement part of the Commission section of the budget apply the Commission rules for the implementation of the budget and are submitted to the same duties and obligations as any other sub-delegated authorising officer of the Commission. To this effect the Commission may give them instructions where necessary and appropriate. The proposal includes a new provision so that the panel of irregularities of the Commission is also the panel of irregularities for the EEAS in cases where the Commission sub-delegates implementation powers to Heads of Union Delegations.

New provisions are also proposed to ensure that the HR plays a central role for the proper coordination and exchange of information between the EEAS and the Commission.

Lastly, in order to ensure an efficient management of Union Delegations, it is proposed that administrative and support expenditure which finance common costs in Delegations should be executed by a single support service, whatever the section of the Budget in which the respective appropriations are entered. To that effect, the possibility for detailed rules should be foreseen in the FR, to be agreed with the Commission.

**BUDGETARY IMPACT:** this proposal has no impact on the budget of the European Union.

## Financial Regulation applicable to the general budget of the European Communities: European External Action Service (EEAS)

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Opinion No 4/2010 on a proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as regards the European External Action Service

The Court of Auditors published an opinion on the European External Action Service (EEAS). The main points of this opinion can be summarised as follows:

**Nature of EEAS for the purpose of the Financial Regulation:** the Court takes note that the EEAS will be a service of a sui generis nature, which will be treated as an institution for the purposes of the Financial Regulation, benefiting from its own section of the budget, and submitted as such to the European Parliament discharge, while, at the same time, the EEAS, namely at Delegation level, will remain the relevant service to the Commission for the implementation of a wide range of operational appropriations depending from the ?Commission? section of the budget.

**Management of new structure:** the staff in Delegations will comprise EEAS staff and Commission staff. The Head of Delegation will receive a delegation from the Commission, the institution executing the budget and managing programmes in accordance with Article 17 of the TEU and Article 317 of the TFEU, in order to implement operational appropriations on its behalf. The new structure of the EEAS and the duties of the Head of Union Delegation will mean that he will report to two different bodies. A solution seems to be sought in the new proposed Article 60a(2) and (3). The Court notes that care will need to be taken in managing the new structure, inter alia, to avoid conflicts of priorities.

**Delivery mechanisms:** in the Court?s Special Report No 10/2004, the Court observed the significant progress made in the management of external aid in the framework of the devolution? process, including a strengthening of the operational and financial units of the Delegations, more robust and sound financial procedures, which brought about improvements in the regularity, timeliness and quality of the services provided. The Court considers of utmost importance to preserve and enhance accountability, responsibility, and quality of financial management at Delegation level. The future organisational structures of the Union Delegations should not put at risk the effectiveness of their operational and financial functions and their segregation of duties. In this context, the proposal may be seen as an attempt to safeguard, as much as possible, the internal Commission procedures and standards for the implementation of its appropriations, in a new and more complex institutional framework. However, the Court is concerned by the fact that this objective is sought through (a) significant derogations to the Financial Regulation, since sub-delegations of the Commission powers of budget implementation will be granted to authorising officers (Heads of Delegations) who will no longer belong to Commission departments; (b) increased complexity in the financial management and reporting missions and operations of the Delegations; and (c) considerable uncertainty regarding the budgetary allocation and management of administrative and support expenditure of Union Delegations, an issue which is not clarified in the proposal.

**Proposed amendments:** the Court has specific concerns about four of the amended provisions and proposes modifications to the text :

1. Information on the beneficiaries of funds: for the Court, the extension of the obligation to hold information on the beneficiaries of funds deriving from the budget to situations of indirect centralised management is not related to the specific situation of the EEAS. Therefore, such extension goes beyond the subject matter of the proposal and would apply to all indirect centralised management. To remain consistent with existing practice, the Court proposes to amend this paragraph;
2. Accountability of Heads of Union Delegations: a new paragraph reinforces the principle that the Heads of Union Delegations, acting under subdelegation, are subject to the same accountability rules as any other authorising officers by subdelegation. The Court considers it important to insist on the duties of the Heads of Union Delegations in that regard. The second subparagraph makes Heads of Union Delegations, inter alia, responsible for solving the potential conflicts of interest.
3. Clarification of powers of the Internal Auditor: the Court approves the choice of the Commission?s Internal Auditor as the internal auditor for the EEAS. However, the drafting of the proposed addendum to Article 85 of the Financial Regulation gives the impression

that the Internal Auditor of the Commission does not exercise the same powers over the EEAS as he/she exercises over the Commission departments. In order to avoid any ambiguity on the Internal Auditor's powers, the Court suggests replacing the proposed addendum to make it more coherent;

4. Purposeless amendments: some amendments are devoid of purpose and should therefore be avoided.

## Financial Regulation applicable to the general budget of the European Communities: European External Action Service (EEAS)

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The Committee on Budgets and the Committee on Budgetary Control adopted the report drafted by Ingeborg GRÄSSLE (EPP, DE) and Crescenzo RIVELLINI (EPP, IT) on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as regards the European External Action Service.

The committees recommend that the European Parliament's position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure) should be to amend the Commission proposal as follows:

- Members stipulate according to Council Decision 2010/427/EU of 26 July 2010 establishing the organisation and functioning of the European External Action Service, the EEAS is a service of a sui generis nature and should be treated as an institution for the purposes of the Financial Regulation;
- given that the EEAS should be treated as an institution for the purposes of the Financial Regulation, the European Parliament is to grant discharge to the EEAS for the implementation of the appropriations voted in the EEAS section of the Budget. Members consider that in this context, the EEAS shall be fully subject to the procedures provided for in Article 319 of the TFEU and in Articles 145 to 147 of the Financial Regulation. The EEAS shall fully cooperate with institutions involved in the discharge procedure and provide, as appropriate, the additional necessary information, including through attendance in meetings of the relevant bodies. Given the novelty of this structure, high-standard provisions on transparency and budgetary and financial accountability need to be applied;
- within the EEAS, a Director General for budget and administration should be responsible to the High Representative for the administrative and internal budgetary management of the EEAS. He shall work within the existing format and follow the same administrative rules which are applicable to the part of Section III of the EU budget that falls under heading 5 of the Multiannual Financial Framework;
- the Department for Inspections of the EEAS should examine the functioning of the Union Delegations and report directly to the Executive Secretary General;
- the setting up of the EEAS should be guided, as stated in the guidelines laid down by the European Council of 29 and 30 October 2009, by the principle of cost-efficiency aiming towards budget neutrality;
- the Financial Regulation should foresee the possibility for detailed arrangements, to be agreed with the Commission, in order to facilitate the implementation of the Union Delegations' administrative appropriations;
- under the proposal, the Commission should be authorised to subdelegate its powers of budget implementation of operational expenditure to Heads of Union Delegations belonging to EEAS as a separate institution. Furthermore, where the Commission implements the budget under direct centralised management, it should be allowed to do so also through sub-delegation to Heads of Union Delegations. The committees consider that such delegation of powers should be capable of being revoked in accordance with the rules applicable to the Commission;
- in order to ensure democratic scrutiny of the implementation of the European Union's budget, the statements of assurance made by Heads of Union Delegations on the internal management and control systems in their delegation should be annexed to their annual activity reports and then be transmitted in copy also to the European Parliament;
- lastly, the European Development Fund, being the Union's most important financial instrument for development cooperation with the African, Caribbean and Pacific States, should fall within the ambit of the general budget of the European Union and the general Financial Regulation.

## Financial Regulation applicable to the general budget of the European Communities: European External Action Service (EEAS)

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The European Parliament adopted by 578 votes to 39 with 28 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as regards the European External Action Service.

It adopted its position at first reading under the ordinary legislative procedure (former co-decision procedure). The amendments are the result of a compromise agreement between Parliament and Council. They amend the Commission's proposal as follows:

- the text stipulates that according to Council Decision 2010/427/EU of 26 July 2010 establishing the organisation and functioning of the European External Action Service, the EEAS is a service of a sui generis nature and should be treated as an institution for the purposes of the Financial Regulation;
- in the context of discharge, given that the EEAS should be treated as an institution for the purposes of the Financial Regulation, the EEAS should be fully subject to the procedures provided for in Article 319 of the Treaty on the Functioning of the European Union (TFEU) and in Articles 145 to 147 of the Financial Regulation. The EEAS should fully cooperate with institutions involved in the discharge procedure and provide, as appropriate, the additional necessary information, including through attendance in meetings of the relevant bodies;
- the Commission should remain responsible, in accordance with Article 319 TFEU, for the implementation of the budget, including operational appropriations implemented by Heads of Delegations who are sub-delegated authorising officers of the Commission. In order to allow the Commission to fulfil its responsibilities, the Heads of Union Delegations should provide the necessary information. The High Representative of the Union for Foreign Affairs and Security Policy should be informed at the same time and should facilitate the cooperation between Union Delegations and Commission departments. Given the novelty of this structure, high-standard provisions on transparency and budgetary and financial accountability need to be applied;

- within the EEAS, a Director General for budget and administration should be responsible to the High Representative for the administrative and internal budgetary management of the EEAS. The Director General should work within the existing format and follow the same administrative rules as are applicable to the part of Section III of the EU budget that falls under heading 5 of the multiannual financial framework;
- the setting up of the EEAS should be guided, as stated in the guidelines laid down by the European Council of 29 and 30 October 2009, by the principle of cost-efficiency aiming towards budget neutrality;
- the Accounting Officer of the Commission should also act as the Accounting Officer of the EEAS in respect of the budget implementation of the EEAS section of the budget, subject to review;
- the internal auditor of the Commission should act as the internal auditor of the EEAS in respect of the budget implementation of both the Commission and the EEAS sections of the budget, subject to review;
- in order to ensure democratic scrutiny of the implementation of the European Union's budget, Heads of Union Delegations should provide an assurance, together with a report including information on the efficiency and effectiveness of internal management and control systems in their Delegation, as well as on the management of operations sub-delegated to them. The Heads of Union Delegations' reports should be annexed to the annual activity report of the responsible authorising officer by delegation and made available to the budgetary authority.

## Financial Regulation applicable to the general budget of the European Communities: European External Action Service (EEAS)

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**PURPOSE:** to amend the Financial Regulation to take account of the creation of the European External Action Service (EEAS), as provided for in the Lisbon Treaty.

**LEGISLATIVE ACT:** Regulation (EU, EURATOM) No 1081/2010 of the European Parliament and of the Council of 24 November 2010 amending Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, as regards the European External Action Service (EEAS).

**CONTENT:** the Council adopted revised versions of the EU staff and financial regulation necessary for the functioning of the European External Action Service (EEAS). This follows a first-reading agreement with the European Parliament. The modifications reflect and concretise agreements made in the context of the Council Decision 2010/427/EU of 26 July 2010 establishing the organisation and functioning of the European External Action Service.

The main amendments introduced in the Financial Regulation are as follows:

- the EEAS is a service of a sui generis nature and should be treated as an institution for the purposes of the Financial Regulation;
- in the context of the discharge, given that the EEAS should be treated as an institution for the purposes of the Financial Regulation, the EEAS should be fully subject to the procedures provided for in Article 319 of the Treaty on the Functioning of the European Union and in Articles 145 to 147 of the Financial Regulation;
- the Commission should remain responsible for the implementation of the budget, including operational appropriations implemented by Heads of Delegations who are sub-delegated authorising officers of the Commission. The High Representative of the Union for Foreign Affairs and Security Policy should be informed at the same time and should facilitate the cooperation between Union Delegations and Commission departments. Given the novelty of this structure, high-standard provisions on transparency and budgetary and financial accountability need to be applied;
- within the EEAS, a Director-General for budget and administration should be responsible to the High Representative for the administrative and internal budgetary management of the EEAS;
- the setting up of the EEAS should be guided by the principles enunciated by the European Council of 29 and 30 October 2009, in particular by the principle of cost-efficiency aiming towards budget neutrality;
- the Treaty on the Functioning of the European Union provides that Commission Delegations will become part of the EEAS as Union Delegations. In order to ensure their efficient management, all administrative and support expenditure of Union Delegations which finance common costs should be executed by a single support service. To that effect, the Financial Regulation should provide the possibility for detailed arrangements, to be agreed with the Commission, in order to facilitate the implementation of the Union Delegations' administrative appropriations;
- it is necessary to ensure the continuity of the functioning of Union Delegations and, in particular, continuity and efficiency in the management of external aid by the Delegations. Therefore, the Commission should be authorised to sub-delegate its powers of budget implementation of operational expenditure to Heads of Union;
- furthermore, where the Commission implements the budget under direct centralised management, it should be allowed to do so also through sub-delegation to Heads of Union Delegations. The authorising officers by delegation of the Commission should continue to be responsible for the definition of internal management and control systems, while the Heads of Union Delegations should be responsible for the adequate setting up and functioning of internal management and control systems and for the management of the funds and the operations carried out within their Delegations. They should report twice a year to that effect. Such delegation may be withdrawn in accordance with the rules applicable to the Commission;
- in order to comply with the principle of sound financial management, Heads of Union Delegations, when acting as sub-delegated authorising officers of the Commission, should apply the Commission rules and should be subject to the same duties, obligations and accountability as any other sub-delegated authorising officer of the Commission;
- the accounting officer of the Commission remains responsible for the entire Commission section of the budget, including accounting operations relating to appropriations sub-delegated to Heads of Union Delegations. Therefore, it is necessary to clarify that the responsibilities of the accounting officer of the EEAS should concern only the EEAS section of the budget, to avoid any overlapping of responsibilities. The Accounting Officer of the Commission should also act as the Accounting Officer of the EEAS in respect of the implementation of the EEAS section of the budget, subject to review;
- the internal auditor of the Commission should act as the internal auditor of the EEAS in respect of the implementation of both the Commission and the EEAS sections of the budget, subject to review;
- in order to ensure coherence and equality of treatment between sub-delegated authorising officers who are EEAS staff and those who are Commission staff, and to ensure that the Commission is properly informed, the special financial irregularities panel of the Commission should also be responsible for handling irregularities within the EEAS where the Commission sub-delegated implementation powers to Heads of Union Delegations;

- in order to ensure democratic scrutiny of the implementation of the Union's budget, Heads of Union Delegations should provide an assurance, together with a report including information on the efficiency and effectiveness of internal management and control systems in their Delegation, as well as on the management of operations sub-delegated to them. The Heads of Union Delegations' reports should be annexed to the annual activity report of the responsible authorising officer by delegation and made available to the budgetary authority.

ENTRY INTO FORCE: 29/11/2010.