Financial Regulation applicable to the general budget of the European Communities

2010/0047(COD) - 29/04/2010 - Document attached to the procedure

OPINION No 3/2010 of the COURT OF AUDITORS 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.

The Court considers that in most cases the proposed amendments perfectly transpose the changes concerning budgetary and financial issues introduced by the Lisbon Treaty into the Financial Regulation. However, the Court has concerns about one of the amended provisions and proposes to add one new provision.

Transfers of appropriations: it is necessary to change Article 24 of the Financial Regulation due to the ending of the distinction between compulsory and non-compulsory expenditure. The Commission proposes the replacement of Article 24 with a new text. The Court has two observations in that regard:

- paragraphs 1, 3, 4 and 6 each refer specifically to the Commission. However, The Financial Regulation states that the procedure described in Article 24 also applies to the other institutions when one or other arm raises duly substantiated reasons for objecting to the transfer proposal or when the proposed transfer is from title to title and exceeds a specified limit. It is thus necessary to replace ‘Commission’ by ‘institutions’ in those four paragraphs;
- the Commission proposes to allow the budgetary authority only three weeks to consider transfer proposals that are within certain limits (less than 10 % of the appropriations of the line from which the transfer is made, maximum amount of EUR 5 million). The Court points out that, at present, transfer proposals are considered within the European Parliament by the Committee on Budgets, whose meetings are approximately on a monthly cycle. Without taking a view as to the merits or otherwise of this proposal, the Court notes that its implementation would give rise to a problem of timing.

The budgetary procedure (the operation of the Conciliation Committee): the Conciliation Committee established by Article 314(5) of the TFEU is composed of members of the Council and of the European Parliament and has the task of reaching agreement on a joint text on the Union’s annual budget. The Commission will take part in its proceedings and has the task of taking the initiatives necessary to reconcile the positions of the two arms of the budgetary authority. In carrying out this task, the Commission may find itself obliged to take initiatives in respect of the draft budgets of the institutions which are not represented in the Committee. For reasons of transparency, it is appropriate to reflect in the Financial Regulation the conclusions of the budgetary trilogue of 25 March 2010.

The Court therefore proposes to add a new provision which would become Article 34a which would stipulate that those institutions that are not represented in the Conciliation Committee may address their remarks on the impact of the Council’s position and the European Parliament’s amendments directly in writing to the Committee. The Commission shall take into account these remarks when formulating any proposal within the Conciliation Committee which may affect the draft budgets of those institutions.