2001 discharge: EC general budget, section III Commission

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PURPOSE : to present the Council recommendation on the discharge to be given to the Commission on the implementation of the Community budget for the financial year 2001 (Commission section).
CONTENT : firstly, the Council Recommendation recalls that the amounts for the financial year concern: - revenue amounted to EUR 94 289 257 016,91; - expenditure disbursed from appropriations amounted to EUR 79 393 412 481,03; - cancelled appropriations carried over from 2000 amounted to EUR 2 134 483 811,13; - the positive budget balance amounts to EUR 15 013 503 302,30. Taking account of the observations made by the Court of Auditors in its report on the 2001 financial year, the Council calls on the European Parliament to give a discharge to the Commission in respect of the implementation of the budget of the European Community for the financial year 2001. The implementation of the budget calls for a series of commentaries to be made by the Council which should be taken into consideration by the Commission, without delay. Firstly, the Council expresses its concern at the persistence with which observations recur in the Court's annual report. It points to the importance of developing an ability to react promptly, so as to deal effectively with difficulties arising, by taking the necessary corrective action. In this connection it welcomes the action plan for measures to be taken in each area in order to improve the Commission's financial management, recently submitted in response to the observations made in this annual report, to address the shortcomings identified during the implementation of the reform, and takes careful note of the Commission's undertaking to remedy those deficiencies. The Council calls on the Commission to set a timetable for the completion of those measures and report back to it on the implementation of the plan. The Council also welcomes the Commission's intention of introducing, by 2005, a modern accounting system showing all assets, on the basis of international standards applicable in the public sector, which at the same time incorporates a set of accounting principles appropriate to the specific nature of the European Union. The Council points out that it is anxious to be kept informed regarding the implementation of that plan and the progress observed. The Council is sorry to see that, despite past observations and recommendations, the budget surplus for 2001 was even larger than for previous years. A very sizeable proportion of that surplus stems from the cancellation of appropriations for the financial year in question. As the Council has pointed out before, that trend could affect the credibility and sound management of the Community budget. The Commission should endeavour to gear budget estimates as closely as possible to capacity for use of appropriations, so as to avoid significant discrepancies. The Council therefore calls on the Commission, with Member States' assistance and on the basis of past experience, to show greater rigour in its estimates and tailor its budgeting to real needs. The Council attaches considerable importance to the measures which the Commission plans to take, under its action plan, to determine the respective powers and responsibilities of those involved in decentralised management of Community funds, where implementation of the current provisions leaves room for improvement. It supports the Commission here in its efforts to simplify the management of structural action programmes. The Council would also point out that the fact that most expenditure is disbursed in Member States and administered by national bodies does not affect the Commission's ultimate responsibility, under the Treaty, for implementation of the budget. As regards the statement of assurance, the Council cannot conceal its disappointment that the Commission has not yet been able to obtain a positive statement of assurance (SOA) from the Court of Auditors, owing to the unacceptable level of errors in transactions underlying payments and to weaknesses detected in control systems, while noting that the Court has taken a favourable view as regards own resources, commitments and administrative expenditure. However, as the Commission has shown its ability and firm resolve to remedy that state of affairs, even in the short term, the Council supports those efforts and hopes that they will bring the desired results. The Council regards the drawing up by the Commission of a report summarising the annual activity reports and declarations by Directors-General as an exercise in transparency which will in future enable weaknesses in control systems to be identified more effectively and the necessary corrective action

taken, in order to arrive without delay at a standard of management providing a reasonable assurance as to the legality and regularity of the transactions underlying payments, thereby making it possible to obtain the SOA. The Council notes the new approach which the Court plans to apply to the SOA, so as to make it an effective tool for assessing quality of financial management, and expects that tool also to include measurable indicators with which to compare progress from year to year, as the Council requested during the discharge procedure for 2000. Concerning the RAL, the Council reminds the Commission to submit, at the latest at the same time as the preliminary draft budget for 2004, an action plan for the elimination of abnormal outstanding commitments in the medium term, involving examination of all potentially abnormal items identified at the beginning of 2003. The Council highlights the coordinating role to be played by the Commission in administrative cooperation between Member States, particularly in protecting the Community's financial interests, and would encourage the Commission to continue to take an active part in such cooperation. Subject to the above comments, in view of the progress made by the Commission in implementing a plan for a thorough overhaul of financial management and while taking note of the submission of a plan to modernise its accounting, the Council can recommend that the Commission be given a discharge in respect of the implementation of the budget for the financial year 2001. It should be noted that in light of its recommendation, the Council adopted a series of conclusions concerning the specialreports adopted by the Court of Auditors in 2002 (reports concerning the various contentious issues and the implementation of the budget carried out by the Commission).