1995 discharge: EDF

1997/2018(DEC) - 28/10/1996 - Court of Auditors: opinion, report

In its statement of assurance concerning the activities of the sixth and seventh European Development Funds for the financial year to 31 December 1995, the Court of Auditors has given the budgetary authority an assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions. Having examined the accounts, it appears that: - with regard to the reliability of the accounts: despite the improvements introduced by the Commission, the accounts are still affected to a significant extent by the unsuitability of certain accounting methods and practices, in particular : . the value of primary commitments did not reflect the economic reality of operations, . certain sums shown as advances for scholarships and technical assistance constitute expenditure under verification, not assets; . posting errors that remained uncorrected at the closure affected the general evaluation of the rest of the commitments unsettled etc. - with regard to the legality/regularity of the underlying transactions: the most likely amount of substantial legality/regularity errors affecting the year's payments was estimated at ECU 32.6 million (2.1% of total payments). At the same time, the Court noted expenditure of ECU 6 million for which there were no supporting documents and other legality/regularity errors affecting payments linked to structural adjustment, Stabex or the EIB. Having said which, the Court felt that its audit had provided it with reasonable assurance with respect to the financial statements for the 1995 financial year and that the accounts were accurate, subject to the facts mentioned in its report, although it was clear that the presentation of the EDF's financial situation, and of the capital available for re-use in particular, needed to be improved. The Court also felt that it had obtained reasonable assurance that the transactions underlying the year's revenue, commitments and payments were legal and regular, subject to the formal errors already noted in the area of Stabex, structural adjustment and the operations managed by the EIB, which the Court felt were mainly due to the nature of the legal framework which, in part, is unsuitable for the actual circumstances under which transactions are effected and decisions taken.