ECSC: annual Report of the Court of Auditors 1996

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OBJECTIVE: to present the annual report of the Court of Auditors on the management of the ECSC (for the 1996 financial year) on the basis of which the Court issues its Declaration of Assurance (DAS) on the financial statements of the ECSC. CONTENT: the Court found in its report that the ECSC was solvent on the eve of the expiry of the ECSC Treaty (2002). The 1996 financial year was well in the black (solvency ratio of 21.07% compared with 15.99% in 1995), allowing the ECSC to consolidate its financial standing, set up provisions and make the necessary revaluations. In a second chapter, the Court addresses ECSC loan activities and, more importantly, the problem of the interest rate subsidies attached to ECSC loans. The Court notes that the objective of global ECSC loans is to promote the consumption of steel in the Community. The Court found, however, that there were no specific criteria governing the application of this clause, of which only an approximate audit was possible. It noted in particular that the non-application of this clause did not have any effect on the beneficiaries. As regards the interest rate subsidies attached to these loans (granted under the job creation scheme), the situation in 1996 was similar to that in 1995: apart from the lack of control, the Court found that there was a problem relating to eligibility for subsidies (especially in the new German Länder). At the same time, the Court's audit brought serious malfunctions in the Copenhagen "SME mechanism" to light with the risk of a job created being subsidized twice. DECLARATION OF ASSURANCE: the Court gave its declaration of assurance (DAS) on the reliability of the ECSC accounts at the end of its report in accordance with Article 45C of the ECSC Treaty. The Court found that the financial statements of the ECSC gave a true picture of the assets of the ECSC. It also confirmed that, overall, the transactions undertaken by the ECSC were legal and regular. However, it drew attention to the eligibility criteria for interest rate subsidies attached to ECSC loans.