

1998 discharge: EC general budget

1999/2050(DEC) - 13/03/2000

PURPOSE: Council recommendation on the discharge to be given to the Commission in respect of the implementation of the general budget of the European Communities for the financial year 1998.

CONTENT: The Council notes that the procedure for giving discharge in respect of implementation of the budget for the 1998 financial year is being conducted at a time when the Commission has just undertaken a series of important internal reforms concerning its organisation and the running of the institution which have a particular impact on financial management and provide for a certain number of measures relating to budget forecasts and control systems. The Council will follow closely the work undertaken and will play a full and active role in the reform process and will regularly review progress on the reform, in particular, in connection of the creation of the European Anti-Fraud Office (OLAF). It reiterates its call for the Member States to expedite the procedures for ratification of the Convention on the Protection of the European Communities' Financial Interests signed in 1995. It encourages the Commission to continue the efforts undertaken as part of the SEM 2000 initiative which have already consolidated financial management, and insists in this respect on the importance of strengthening administrative cooperation with the Member States in view of the fact that a major part of the budget is implemented by them, under the responsibility of the Commission. The Council considers that the recasting of the Financial Regulation which the Commission will be shortly presenting to the budgetary authority will play a key role in improving financial management. Like the Court of Auditors, the Council considers that maximum utilisation by the Commission of the appropriations allocated in the annual budget is not in itself an indicator of sound financial management. With regard to the present discharge procedure, the Council draws attention to the need for the measures taken or necessary to resolve the problems encountered in implementing the budget to be subject to rigorous monitoring by the Commission so as to improve management and avoid repetitive observations from the Court of Auditors. The Council also expresses its concern that the Court of Auditors has not yet been able to issue a positive statement of assurance as a result of an unacceptably high incidence of error in transactions underlying payments. However, the Council welcomes the Commission's presentation of an action plan which provides for phased implementation and a timetable in order to lower substantially the rate of error observed by the Court of Auditors. It will examine the action plan attentively and will take account in particular when giving a discharge next year, of the extent to which the action plan has been implemented and of the results achieved by the planned measures, and will also verify whether its demands have been met. In the light of the above, the context in which the current discharge procedure is being conducted, the measures already taken by the Commission and its planned reforms, the Council recommends that the Commission be granted a discharge in respect of the implementation of the budget for the financial year 1998, which according to the revenue and expenditure account is as follows: - revenue: 84 529 688 481,58 euros, - expenditure: 81 637 410 311,81 euros, - balance: 3 023 097 495,85 euros.