2001 discharge: EC general budget, Council

2002/2103(DEC) - 10/10/2002

PURPOSE : to present the Court of Auditor's Annual report on the implementation of the budget and other Community institutions for the financial year 2001 (Council). CONTENT : the annual report from the Court of Auditors relating to the financial year 2001 concentrates on the entire Community budget, including the operational appropriations for the other institutions. These appropriations are managed directly by these authorities and are used primarily to pay the salaries, allowances and pensions of persons working for the Community Institutions, as well as rent, property, purchases and miscellaneous administrative expenditure. The Court has reviewed the information presented in Volumes I to IV of the revenue and expenditure account published by the Commission. Volumes I and III provide a commentary on budgetary management for the year and, in particular, explanations of variations between the approved budget and the appropriations finally available, as well as between the appropriations finally available and those utilised. This review sought to identify any significant variations for which explanations are not provided and to identify any explanation that might be considered misleading. The review did not reveal any such case. It should be noted that in response to the Court's observations of the Annual Report concerning the financial year 2000, the Commission and the Parliament have improved the presentation and user-friendliness of their analysis of budgetary management. In particular, the Commission has provided some global analysis and has introduced a more logical and consistent presentation between chapters and the Parliament has given factual information about the results achieved with the budgetary appropriation used. However, institutions other than the Commission continue to focus on describing changes in levels of appropriations during the year and on commitment made and not on the differences between sums committed and sums paid. It is still the Court's opinion that it would be desirable for all the institutions to provide a more global analysis of their budgetary management which highlights and explains trends over time in expenditure and the funding of major capital items, and which offers key measures of economy and efficiency. The Council used EUR 1.4 million of budget item 2501 (Meeting in general) to pay expenditure actually incurred in 2000 but not paid in that year because the budgetary appropriations for 2000 had already been used up. For a similar reason, expenditure for the same kind incurred in 2001 for an amount of EUR 1.84 million has been paid in 2002 using appropriations of the 2002 budget. According to the Court, this does not conform to the principle of annuality of the Financial Regulation. Where initial budgetary appropriations prove to be insufficient, they should be increased through transfers or supplementary budgets. As regards the reliability of the accounts, the Court states that the Council has completed the physical inventory in its reply to the Court's previous report (DEC/2001 /2104). However, the problem of reliability of the accounting inventory that it was meant to resolve that, in fact not been resolved. Unexplained difference between physical inventory and the accounting inventory continue to exist, with the result of the value of the balance sheet subheading B, C and D of the heading'tangible fixed assets' may be overestimated by about EUR 0.9 million. Lastly, the Court states that except for the minor findings mentioned above, the audit of the reliability of the accounts did not reveal any evidence of misstatements considered material to the consolidated accounts of the European Communities.