2001 discharge: EC general budget, Economic and Social Committee ESC

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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 (Economic and Social Committee and the Committee of the Regions). 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. More specifically, as regards the expenditure of the Economic and Social Committee, the Court recalls that according to generally accepted accounting practices, land should not be depreciated. Contrary to this principle, accumulated depreciation on the land of the Montoyer building has been included in the ESC accounts. It should be noted that the reliability of the value of the heading 'other tangible fixed assets' cannot be guaranteed as no physical inventory has been conducted since 1998. The heading also includes items that have been disposed of without the required writing-off procedure having been properly completed. Consequently, the Court believes 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.