1999 discharge: EC general budget, other sections

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PURPOSE: presentation of the Annual Report of the Court of Auditors on the implementation of the budget of other Community institutions for the 1999 financial year. CONTENT: The annual report concerning the financial year 1999 focuses on the Community budget as a whole, including the administrative appropriations of the other European Union institutions. These appropriations are managed directly by the institutions and basically serve to pay Members' and staff salaries, allowances and pensions, as well as rents, purchases of real estate and various administrative expenses. The report indicates that the overall rate of utilisation (payments and sums carried over into the next accounting period) of appropriations is 99%. The rate of cancellation of appropriations is 1%. No single budget line was the subject to any remarks regarding its implementation. With regard to the institutions, the only notable example of appropriations not being used concerns the Committees: only 14.3 million euros of their appropriations for 'investments in immovable property, rental of buildings and associated costs' (41.7 million euro under heading C-20 of the Joint Organisational Structure) were used. This is primarily due to delays in occupying the Belliard buildings, after they were vacated by the Parliament to move into its new set of buildings, the lease on which is due to expire at the end of 2007. The unused appropriations (27.4 million euro) were finally the subject of a non-automatic carry-over to financial year 2000. The Court notes that the aim of this carry over is to pay in advance for major fitting-out work on offices with no guarantee that the institutions can one day become the owners of the offices concerned on economically acceptable terms. Moreover, according to the report, the Commission should improve the way in which it presents its own analysis of the implementation of the budget for administrative expenditure. This analysis concentrates, in a format that is not easy to understand, on marginal items in heading 5. It should rather contain detailed and more consistent information on the implementation of the main categories of administrative expenditure: salaries, pensions, rents and property transactions. As far as the Statement of Assurance is concerned, the report indicates that the reliability of the budgetary accounts and the financial statements in support of the consolidated balance sheet is affected by a net under-estimation of tangible fixed assets. The liabilities not appearing in the balance sheet show a decrease in the trend in the future burden with respect to the pensions system which rises from 15 billion euros to 12.6 billion euros, due to a reduction in the rate of interest between 1998 and 1999. As far as the legality and regularity of the underlying operations, the examination of the expenditures arising from the pensions system for former officials did not show any particular anomalies. Overall, therefore, the legality and regularity of the underlying operations is satisfactory. However, it should be noted that the Court of Auditors made some specific recommendations with respect to expenditures on immovable property concerning in particular the European Court of Justice, as well as some technical observations concerning the management of certain expenditures by the Committee of theRegions, some of which had been subject to modifications by that institution.