2000 discharge: EC general budget, section III Commission

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PURPOSE : to present the Annual Report from the Court of Auditors concerning the general budget of the Community for the financial year 2000 and the Statement of Assurance. CONTENT : the Court of Auditors has published its 24th Annual Report for the 2000 financial year on the general budget of the European Union. The overall structure and format of this Annual Report is similar to that of last year. There is a new Chapter 6 dealing with pre-accession aid for which a separate financial perspective heading exists from 2000 onwards. The concluding chapter contains and explains the State of Assurance. The Court is of the opinion that the accounts are generally reliable, except for certain matters relating to fixed assets, commitments and the economic results. However, although the Court is able to give assurance on legality and regularity of underlying transactions in respect of Community revenue, commitments and administrative expenditure of the Community institutions. However, the Court's audit work on operational expenditure revealed once again an unacceptable incidence of error affecting the amounts of the payments, or the reality or the eligibility of the underlying transactions, as well as the weaknesses in the functioning of control procedures in the principal systems covering Agricultural Guarantee and Structural measures expenditure. In agreement to its work on the Annual Report, the Court has adopted 18 Special Reports covering a wide range of Union's activities which pose problems or are problematic. The Court states that, in general, the Commission needs to improve the definition of the objectives of Community programmes and then undertake effective evalaution of their achievement in order to ensure sound and efficient use of the European Union's resources. In addition, during the year the Court has adopted 18 Special Reports covering a wide range of specific area in which the Community's financial management can be improved. The Court highlights the largest ever recorded surplus of revenue over expenditure (some EUR 11,6 billion) in 2000, mainly due to under-utilisation or credits for Structural Measures. It criticises the Commission for not having taken action to modify the budget when the situation became apparent. The Court commends the extensive efforts being made by the Commission in putting into place, in partnership with Member States, the integrated Administrative and Control Systems (IACS) over Agricultural Guarantee expenditure, which represents nearly half of the budget by value. The Court also highlights that the high level level of under-utilisation of credits for Structural Measure during 2000 resulting from delays in starting the implementation of the 2000-2006 programming period. The Court welcomes the introduction of the new regulatory control framework (Regulation 2064/97) which offers the prospect of ensuring that the costs presented by the Member States to the Commission for cofinancing are correct and eligible, should in practice reduce the amount of ineligible or incorrect expenditure being cofinanced by the EU.