

# General budget of the European Communities: recasting of the financial regulation

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The committee has adopted the report by Mr Gianfranco dell'Alba (NI, I), which puts forward numerous amendments to the Commission proposal in the framework of the consultation procedure. In the light of previous positions adopted by the European Parliament and of recommendations made by both the Court of Auditors and the Committee of Independent Experts, the report sets out to change many aspects of the approach that is adopted in the Commission text. Among the questions covered by the amendments is the relationship between the Financial Regulation and the implementation procedures. The amended Regulation, says the report, should be confined to a statement of broad principles and basic rules for the sake of simplification. The implementation rules should be laid down in regulations covering specific policy areas, such as the common agricultural policy (CAP), external relations, research, etc. Other amendments deal with matters relating to the main budgetary principles, such as the unity of the EU budget. The committee believes that the budget should incorporate all Union activities, including for example the administration of the European Development Fund and the activities of the European Investment Bank and the European Central Bank. The report also deals with the problem of ring-fencing, i. e. 'earmarked revenue', which is generated in a particular sector, such as that of agriculture, and which cannot be used for any purpose other than the funding of the CAP, a system that is contrary to the principle of universality. Other problems addressed in the amendments include the question of reserves and the possibility of transferring appropriations from a budget line to the reserve, the system of global transfers of underspent appropriations towards the end of the financial year, the creation of a contingency reserve to cover unforeseen events, emergencies and crises in the domain of the CAP, such as the BSE crisis. In the case of the draft provisions relating most closely to budgetary control, amendments are proposed in the domain of financial control along with amendments to the system of internal auditing, an area that features in the Commission's reform package. The report also addresses the rules on the awarding of contracts, compliance with international accounting standards, which should be enunciated in the Financial Regulation, the provision of complete information to the European Parliament, which is the authority responsible for granting discharge, and provisions relating to the Anti-Fraud Office (OLAF) and its establishment plan. Lastly, other amendments deal with matters relating to activity-based budgeting (ABB) and its implications, the prevention and punishment of financial irregularities and matters relating to the externalisation of certain tasks by the Commission in connection with the closure of technical-assistance offices (TAOs).