1997 discharge: follow-up. Report

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PURPOSE : to establish a report on the measures taken in the light of the observations of the European Parliament in its 1997 discharge resolution (A5-0004/2000). CONTENT : in connection with the discharge procedure, the Financial Regulation provides that at Parliament's request the Commission reports on the measures taken in the light of the observations and comments made by Parliament in the discharge procedure. The decision granting the Commission discharge in respect of the implementation of the 1997 general budget of the Union was adopted on 20 January. (Refer to DEC/1998/2010). This document sets out the measures decided for the eight areas identified in Parliament's resolution. These areas are as follows: 1) closure of the accounts : the Commission expresses that, in the context of the recasting of the Financial Regulation, the financial statements should be more comprehensive in order to improve the transparency of the information they contain. The Commission shall be adopting the proposal for the recasting of the Financial Regulation, soon, and will call on the budgetary authority and the Court of Auditors to give the highest priority to the recasting of this Regulation; 2) institutional problems of management and supervision : in the context of the recasting of the Financial Regulation, the Commission intends separating the responsibilities for financial control and internal auditing. The responsibility for internal auditing could be transferred to another senior official with equivalent independence starting from 01/01/2001. The Commission also hopes to abolish the ex-ante visa by the Financial Controller. Pending the adoption of the necessary revision of the Financial Regulation, the Commission shall decentralise certain financial control activities - currently performed under the responsibility of the Financial Controller - to operational Directorates-General; 3) staff policy : one clear objective of reform of the Commission is to ensure that holders of public office and officials will apply and maintain high standards of ethical behaviour in order to reinforce public confidence in the functioning of the institutions (in particular, a Code governing relations between Commissioners and Departments and also a Code of Conduct established for staff). Moreover, the Commission is intending to propose the inclusion of rules and obligations on reporting wrongdoing (Whistleblowing) in Staff regulations with the intention to build on the reporting obligations contained in the legal instruments creating OLAF, notably an obligation on all Commission officials to inform their hierarchy, the Secretary General or OLAF directly of any concerns. The report also proposes the establishment of a Committee on Standards in Public Life by means of the conclusion of an inter-institutional agreement. The role of the Committee would be to provide advice on ethical standards in the European institutions. In terms of disciplinary proceedings, the White Paper proposes to increase their effectiveness and professionalism by means of a series of administrative actions and also modifications to the Staff Regulations such as the creation of a more stable inter-institutional Disciplinary Board. These procedures will apply to budgetary irregularitesas to other breaches of officials' duties; 4) technical assistance offices - TAO : by the end of September 2000, the Commission intends to finalise a communication on the tasks or functions performed by the TAOs and those performed in-house. The Commission shall define the tasks that should be retained within the Commission. The Commission will indicate timetable for testing by 2001 and for extending therafeter the use of the new category of Commission or Community bodies, while preparing the phasing out, where appropriate, of existing arrangements with TAOs; 5) the discharge authority's access to information : at the moment, the Commission is waiting on a reaction from the European Parliament on these issues; 6) the discharge of management of Community policies in partnership (SEM 2000) : the Commission considers that the budgetary Trialogue is the proper forum for meeting Parliament's desires to examine the problem of budgetary management and control. At the same time the Commission is considering ways and means of involving the Member States in all stages of the discharge procedure; 7) combating fraud and corruption : by letter of 14 January 1999, the Commission submitted to the Parliament a complete list comprising 27 cases of suspected fraud or corruption in which certain staff of the Commission could be involved. An updated list of 30 cases established on 31.05.1999 was sent by the OLAF Director to the European Parliament's Committee on Budgetary Control. Since June 1999, the date on which OLAF became independent in the performance of its operational tasks, it is now this organisation which must transmit

information to the Parliament; 8) external aid - aid to Palestine : measures have been taken to clarify how the opening of the Gaza hospital had been financed and how the selection was made of the consultants who prepared the design and tender documents for the seat of the Palestinian Parliament. The Commission is however waiting on more information from the Palestinian Authority in order to clarify these documents.