1997 discharge: EC general budget, 6th and 7th European Development Funds EDF

1998/2010(DEC) - 11/04/2000

PURPOSE : to present a follow-up report on measures taken in light of the observations of the European Parliament in its 1997 discharge resolution (A5-0004/2000). CONTENT : in connection with the discharge procedure, Article 89(8) of 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. The Commission very rapidly prepared this follow-up report required pursuant to Article 89 of the Financial Regulation in order to present it to Parliament before the final Committee debate on the discharge for 1998. This report includes the replies adopted by the Commission to the questions put in Parliament's resolution (A5-0004 /2000), setting out the measures decided for the eight areas identified in Parliament's resolution. The eight areas identified as follows: 1) closure of the accounts: the Commission has already embarked on a through review of financial information, in particular it has looked into the arrangements for recording and managing amounts due by the Member States so that entitlements which are liquid, certain and due should be recorded correctly in the balance sheet. Action by departments reduced the volume of outstanding commitments by EUR 900 million from 1997 to 1998. The Commission is, however, continuing to scrutinise all old commitments for which no payment has been made for two years so that they can be cancelled where appropriate, this means examining the legal validity of every commitment outstanding; 2) institutional problems of management and supervision : the Commission will continue to give close attention to following-up and reviewing the recommendations of the Court both at the level of individiual DGs and now through the new Audit Progress Committee to be chaired by the Budget Commissioner. In addition, as part of its Reform, the Commission is undertaking an overhaul of financial management, empowering each department to establish an effective control system which complies with Commission-wide obligatory standards defined by the new Financial Service, appropriate to its own needs. The Commission will propose, as part of the revision of the Financial Regulation, that responsibilities for financial controls and internal auditing are separated; 3) staff policy : the introduction of "activity based budgeting" as part of "activity based management" will make for more transparency in the choice of budget priorities and will represent a more integrated approach to the allocation of human resources. The clear objective of the reform is to ensure that holders of public office will apply and maintain high standards of ethical behaviour. The Commission can confirm its intention to propose the inclusion of rules and obligations on reporting wrongdoing (whistleblowing) in the Staff Regulation; 4) technical assistance offices - TOE : the Commission has defined its externalisation policy in the White Paper. A first step in this direction was the Guide for TechnicalAssistance Offices published in 1999. The Commission is proposing to publish a Communication on this issue at the end of September 2000 which will include a definition of the regulatory framework, structure and mandate of the different instruments of externalisation; 5) the discharge authority's access to information : access to information by the discharge authority is currently the subject of discussions between Commission and Parliament, as part of a framework agreement between these two institutions; 6) the discharge and management of Community policies in partnership (SEM 2000) : the Personal Representatives Group (PRG) that meets in the SEM 2000 context is an informal forum of financial managements in areas where management is shared, in particular the Common Agricultural Policy (CAP) and the Structural Funds. The Commission considers that the budgetary Trialogue is the proper forum for meeting Parliament's desire to examine the problem of budgetary managemet control. At the same time, the Commission is considering ways and means of involving the Member States in all stages of the discharge procedure and of making best use of Article 274 of the Treaty, relating to Member States' cooperation in sound financial management; 7) combating fraud and corruption : the European Anti-fraud Office took over the investigation functions of the Task Force for Coordination of the Fight against Fraud on 1 June 1999. Demands for information should

therefore be made directly to the OLAF Director by the institutions, including the European Parliament; 8) external aid; aid to Palestine : the Commission will inform the Parliament of the progress made towards the opening of the Gaza hospital, and the progress made in selecting the consultant who will prepare the design and tender documents for the seat of the Palestine Parliament.