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

2000/0203(CNS) - 17/10/2000 - Legislative proposal

PURPOSE: to present a proposal for a Council Regulation on the financial regulation applicable to the general budget of the European Communities. CONTENT: the Commission has made administrative reform an essential priority. As the Financial Regulation contains the rules governing financial management, control and audit, the recasting of the Financial Regulation is inextricably linked to this process. The main planks of the reform, such as the assertion of the responsibility of authorising officers, under the supervision of the internal audit service and, in turn, the dropping of centralised ex ante controls (in particular the Financial Controller's approval of commitments and payments) cannot be implemented without substantially amending the Financial Regulation. The recasting exercise, however, goes further than the goals identified by the internal reform of the Commission. Its scope encompasses all the areas covered by the present Financial Regulation - the instrument which lays down rules for all aspects of the general budget of the European Communities from establishment to discharge. The present text of the Financial Regulation was adopted over 20 years ago, since when times have changed enormously with a series of enlargements, a financial perspective forming a framework for the development of the budget and changes to the institutional structure resulting in the European Union. The 1977 text has been amended 14 times to take account of the institutional changes (Maastricht and Amsterdam Treaties, joint financing by the EFTA countries for the EEA) and also to tighten up the management of Community finances. The Commission has also responded to the Court of Auditors' concern that the time for making piecemeal amendments to the Financial Regulation is over and a proposal should now be presented for general overhaul. In view of the technical complexity and scale of the task, which concerns all the institutions, the Commission decided that the best approach was to present a working document intended to launch an interinstitutional discussion on the solutions envisaged by the Commission before producing the present proposal. This approach was warmly welcomed by the European Parliament, the Council and the Court of Auditors. The Commission is proposing reorganising and improving the connection between the Financial Regulation and the Regulation laying down detailed rules for the implementation of certain provisions of the Financial Regulation (implementing rules) in order to obtain a more logical and stricter division between the two instruments. The first lays down the basic rules and the second specifies the concrete implementing rules.