

2002 discharge: EC general budget, section III

Commission

2003/2210(DEC) - 16/03/2004

The committee adopted the report by Juan José BAYONA DE PEROGORDO (EPP-ED, E) proposing that Parliament should grant discharge to the European Commission for the execution of the EU budget in 2002. However, in the accompanying resolution MEPs raised a number of financial control issues where improvement was needed, focusing in particular on problems occurring with funds administered by the Member States. The report was highly critical of the "shared management" of EU funds, whereby the Commission decides on funding but delegates the actual payment and control to the Member States, particularly in the case of agricultural expenditure and the structural funds. MEPs pointed out that, where fraud and irregularities are not discovered or reported, it is the EU budget which bears the cost and not the Member States. The Member States should therefore bring their supervisory control systems up to par and the Commission should ensure that these systems are working properly. The Commission should also be tougher in launching infringement procedures and following them through. The committee urged that in the new Commission a single Commissioner should have particular responsibility for infringement procedures, partly in view of enlargement. MEPs also felt that the administrative reforms announced by the Commission had shown little tangible progress. And although they did approve the efforts to establish a "whistleblower's doctrine", they pointed out that this would only be truly effective if staff were aware of it. Moreover, the implementation of risk assessment as part of internal control was seen as unsatisfactory. MEPs deplored the lack of accountants and the general high turnover of administrative staff at the Commission, and urged the latter to investigate and eliminate the causes of this problem. In the wake of the Eurostat affair, MEPs insisted that individual commissioners were accountable for the departments under their responsibility and said there should be more effective controls over the payment authorisations issued by directors-general. The Eurostat affair had also demonstrated the need to amend the Financial Regulation so that the Commission would automatically be required to request a full account of the ownership of a firm tendering for a Commission contract. Furthermore, the Internal Audit Service, which is independent in the execution of its duties, should be placed directly under the Presidency of the Commission. And MEPs reiterated that the tasks of drawing up the budget, keeping accounts and combating fraud should no longer be in the hands of a single commissioner. MEPs asked the Commission to look into the possibility of introducing a more direct link between taxpayers and the EU budget rather than the present system of 'own resources', as there were doubts about the reliability of the VAT and GNI data supplied by Member States. They advocated that the export refund system be abolished, as it was prone to irregularities and shortcomings. On the Structural Funds, MEPs pointed out that payments remained at an unsatisfactorily low rate, leading to a very high EU budget surplus for the third year in a row, owing to the slower-than-expected closure of old programmes. As regards humanitarian aid, MEPs asked the Commission for a report on its effectiveness, the risk of manipulation, abuse and looting, the risk of creating future dependence on aid, the accuracy and reliability of the information on which decisions on the volume of humanitarian aid are based, the ability to apply checks on the true extent of needs, security conditions, the impact on development and the use of armed peacekeeping forces to protect humanitarian aid. They also advocated the use of a larger number of NGOs and said that no single NGO or organisation should be able to bid exclusively and receive all the money entered against a budget line.