Amendment to the Financial Regulation: separation of the internal audit from the ex ante control

2000/0135(CNS) - 31/10/2000 - Modified legislative proposal

The European Commission has accepted the amendments suggested by the European Parliament and the Court of Auditors which relate in particular to: - the addition of an article on the production by the financial controller of an annual report for the budgetary authority ; - redrafting the new article of the Financial Regulation on the internal auditor to develop the missions of the internal auditor and specify that they are incompatible with those of authorising officier or accounting officier; to introduce flexibility for the institutions other than the Commission, the European Parliament and the Council; to require the publication of an annual internal audit report and exchanges of good practices between institutions; - the addition of a recital and an Article 2a to the proposed Regulation to restate that ex ante controls are retained in with the necessary resources and independence for these controls to be performed; - the statement in the Financial Regulation of the principle of an independent audit function; - the stipulation of the separation of the functions of internal auditor, financial controller, authorising officer and accounting officer; - the stress on the independence of the internal auditor; - the identification of the provisions on the internal auditor in a separate title. Broadly speaking the Commission can accept these amendments. The Commission has not, on the other hand, incorporated the following three amendments in its amended proposal: - first, if the internal audit function is separate from the ex ante control, and official or other servant must be appointed to take charge of it in each institution. This does not seem practical; - second the fast track procedure for a specific amendment to Financial Regulation is not the appropriate method for expanding the internal audit missions as proposed by the European Parliament; - there is not doubt that the internal auditor is not a financial actor within the meaning of the Financial Regulation. The proposed recasting does in fact have a separate chapter for the provisions concerning the internal auditor, but changing the structure of the Financial Regulation is not feasible as part of this specific proposal.