2001 discharge: EC general budget, section III Commission

2002/2101(DEC) - 20/12/2002 - Document attached to the procedure

PURPOSE : to present the Action Plan pursuant to the recommendations of the Court of Auditors in its Annual Report relating to the 2000 budgetary year. CONTENT : the Court's Annual Report 2001 shows that the situation in the policy areas covered by the EU budget varies considerably. This Action Plan sets out the main strategies to be followed for each sector following the observations of the Court of Auditors. On the other hand, the White Paper On Reform highlighted the need to improve the accountability and empowerment of financial actors to increase the effectiveness of Commission activities. It is in this context that the Council, in its recommendation concerning the 2000 discharge, asked the Commission to draw up an Action Plan for the next discharge exercise, listing the undertakings made by the Commission to improve its management. The Commission announced that it would present this Action Plan as part of the 2001 discharge. The purpose of this document is to indicate the corrective measures to be taken to follow the recommendations of the Court of Auditors as well as the impact expected from these measures. It is against this background that the Action Plan is being submitted to the Council at the same time as the follow-up report to the 2000 Council recommendation. This exercise represents an effective contribution to transparency and accountability. This Action Plan is based on the Commission's replies to the Annual Report of the Court of Auditors relating to the 2001 financial year. It examines the measures to be implemented sector by sector to improve financial management of the Commission and thus obtain a satisfactory statement of assurance (DAS). The Annual Report is a first step in the discharge procedure. The Commission's replies to the Court's observations are thus of particular importance for the discharge procedure. The Commission should take into account the observations addressed to it and present a guide to the corrective measures it envisages. These commitments, grouped by sector of expenditure in this Action Plan, all aim to improve financial management: 1) in the own resources sector, the Commission will continue to ensure that Member States' procedures concerning traditional own resources comply with the Community rules and undertakes to deal with any irregularity identified by the Court and, if necessary, to take appropriate measures to recover amounts due. 2) as regards the CAP, in July 2002 the Commission sent the Council and Parliament recommendations for a new common agricultural policy as part of its mid-term review. It proposes adopting appropriate measures for durum wheat, following the examination by the Court of Auditors, which has been backed up by an external assessment and internal analyses. The incomplete implementation of the milk quotas scheme has led to infringement procedures being initiated against certain Member States. The penalties have been strengthened and harmonised following the recommendation of the Court of Auditors. The Commission will also assess the market organisation for beef in 2004/05 and will analyse the impact of the various instruments available in this sector and, in particular, the new extensification premium introduced by Agenda 2000. The Commission has already taken steps to improve the CATS data base (Clearance Audit Trail System) and the IACS system (Integrated Agricultural Control System) following the recommendation of the Court ofAuditors. 3) for structural operations, the Commission will look closely into the causes of the differences between actual and forecast payments. On the Commission's initiative, the simplification of future programming procedures is currently under review. However, effective implementation of these measures will require the full cooperation of the Member States. The pre-accession instruments are currently preparing the accession countries for programming and managing assistance under the Structural Funds and Cohesion Fund. The Commission will continue its efforts to improve payment and control procedures in the Member States. 4) in the area of internal policy, the recommendations relating to research expressed by the Court of Auditors in its 2001 Report were in general accepted by the Commission. In most cases, the actions put forward were already carried out even before the annual report was published and will not only be continued but intensified. 5) as regards external action, the establishment of an integrated audit programme on external aid is planned between now and the end of 2002. For food aid, the Commission has taken a number of measures to check that procedures are properly applied and regular mid-term

reviews, final reviews and audits are organised. 6) regarding enlargement, the Commission has set out the options that each candidate country could consider to boost integration and will continue this approach to provide these countries with the assistance they need. 7) for administrative expenditure, the Commission's accounting officer will adopt the accounting rules and methods to be applied for the harmonisation of the way in which the financial statements of the satellite bodies are presented. The European Schools will continue to work towards more uniform presentation of their accounts. As regards improvement of the reliability of the accounts and the reform of the Commission, the Commission is determined to modernise the accounting framework and system; a new accounting framework is needed to allow it to meet the requirements of the new Financial Regulation (shift to an integrated system of accounts and stricter application of the generally accepted accounting principles). The Commission will present a detailed communication on the modernisation of accounts by the end of 2002.