

# 2002 discharge: EC general budget, section III

## Commission

2003/2210(DEC) - 21/04/2004 - Text adopted by Parliament, single reading

The European Parliament adopted the resolution drafted by Juan José BAYONA DE PEROGORDO (PPE-DE, E), and granted discharge to the European Commission for the execution of the EU budget in 2002 by 442 votes in favour, 69 against and 4 abstentions. In the accompanying resolution Members did, however, raise a number of financial control issues where improvement is needed, focusing in particular on problems occurring with funds administered by the Member States.

The resolution is highly critical of the shared management of EU funds, where the Commission decides on funding but delegates the actual payment and control to the Member States. This is the case in particular with agricultural expenditure and the structural funds. Parliament 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 latter should therefore bring their supervisory control systems up to par and the Commission should ensure that these systems are working properly. Member States and Commission should set up a single audit strategy for the shared management programmes. The Commission should also be tougher in launching infringement procedures and following them through. Parliament urged that in the new Commission, one Commissioner should have particular responsibility for infringement procedures, partly in view of enlargement.

The administrative reforms announced by the Commission were deemed by Parliament to have shown little tangible progress. And although it did approve the efforts to establish a "whistleblower's doctrine", it pointed out that this would only be truly effective if staff are aware of it. Moreover, the implementation of risk assessment as part of internal control was seen as unsatisfactory. Parliament deplored the lack of accountants in the Commission and the general high turnover of administrative staff at the Commission, which should investigate and eliminate the causes of this problem.

In relation to the Eurostat affair, Parliament warned that vigilance is needed should the legal proceedings now under way make it necessary to demand political explanations from the Commissioners concerned. The affair had shown the need for safeguards against concealment of critical information and for a review of the relations between different services and individual Commissioners. Parliament insisted that individual Commissioners are accountable for the departments under their responsibility and said there should be more effective controls over the payment authorisations issued by directors-general.

In a related matter, Parliament expressed dismay at the refusal by OLAF to follow the Ombudsman's recommendation that the case of the Blue Dragon firm be reopened. External companies contracted by EU institutions should be required to clarify their ownership when there is reason to suspect a conflict of interest. Furthermore, the Internal Audit Service, which is independent in the execution of its duties, should be placed directly under the Presidency of the Commission. Parliament called for separate Commissioners to be responsible for budgets and budgetary control.

Other issues addressed by Parliament were the introduction of a more direct link between taxpayers and the EU budget, the gradual abolishment of the export refund system, and the risks in the field of humanitarian aid.