2003 discharge and follow-up of the 2002 discharge: EC general budget, section III Commission

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The committee adopted the report by Terry WYNN (PES , UK) on the 2003 discharge and the follow-up to the 2002 discharge for the Commission. Although it recommended granting discharge to the Commission, the committee was also firm about the need for Member States' financial control systems to be reviewed swiftly and for the failings to be remedied. It made a number of recommendations:
- to deal with the weaknesses in the Member States' management of EU funds, the "highest political and managing authority" of each Member State (e.g. the Finance Minister) should have to provide a formal Disclosure Statement every year that proper control systems, "capable of providing adequate assurance for Commission accountability purposes", are in place;
- the Commission should draw up a report to look at ways of agreeing a protocol on this matter with Member States.
MEPs warned the Council and Commission of the "difficulties" that would be involved in reaching an agreement on the next financial perspective if the principle of disclosure statements by finance ministers was not fully accepted. Such a system was needed, they said, because current supervisory systems and controls could not guarantee the legality and regularity of transactions where Community funds are jointly managed by the Commission and the Member States . Centrally imposed controls could not solve the problem on their own, while Member States did not always manage EU funds with the same care as "national" funds.
Better control systems were also needed because the annual Statement of Assurance (DAS) by the Court of Auditors does not assess how effectively EU funds are spent. The DAS says whether the money has been used "regularly and legally" but gives no indication about value for money. Funds could thus be wasted even if they have been used in an absolutely "regular and legal" manner.
Referring to the single audit model demanded by Parliament since 2002, which is designed to improve budgetary control mechanisms, the committee welcomed the Court of Auditors' recommendations for an effective and efficient internal control framework.
Lastly, MEPs asked the Council to work with Parliament and Commission in setting up an expert group to rethink the functioning of control and audit in the EU, in particular in the areas of shared management between the Commission and the Member States .