2004 discharge: 6th, 7th, 8th and 9th European Development Funds (EDF)

2005/2157(DEC) - 30/11/2005 - Court of Auditors: opinion, report

PURPOSE : to present the Court of Auditors' report on the 2004 budget implementation of the 6th, 7th, 8th and 9th EDF (European Development Fund).

CONTENT : the Court of Auditors published its 28th Annual report concerning the financial year 2004.

The Court is of the opinion that the reports on financial implementation for the financial year 2004 and the financial statements at 31 December 2004 reliably reflect the revenue and expenditure relating to the sixth, seventh, eighth and ninth EDFs for the financial year and their financial situation at the end of the year, with the exception of the effects of the problems concerning :

- the incompleteness of the assets, as the Commission has not sufficiently investigated which part of the outstanding advances are to be reimbursed by the debtors to the EDF;

- the incompleteness of the provisions on doubtful debts, which do not reflect the real level of bad debts;

- the unreliability of the balance of Stabex funds disclosed in a report joined to the financial statements (EUR 832 million).

On the legality and regularity of the underlying transactions, the Court examined the implementation of the Commission's internal control standards and tested the effectiveness of the supervisory and control systems. While progress has been achieved, further improvements need to be made in the following areas: risk management; control framework; accountability for internal control of Delegations; Activity Report of the Director General of EuropeAid.

As regards budget support expenditure, the examination stopped at the stage where the aid was paid to the beneficiary countries' budgets. The Court found that the frequency and financial impact of the errors detected are not material.

In conclusion, the Court is of the opinion that the revenue, the EDF allocations, the commitments and the payments of the financial year are, taken as a whole, legal and regular.