

Basic information	
2000/0203(CNS) CNS - Consultation procedure Regulation	Procedure completed
General budget of the European Communities: recasting of the financial regulation	
Repealed by 2010/0395(COD) Amended by 2005/0090(CNS) Amended by 2010/0054(COD)	
Subject 8.70.02 Financial regulations	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	BUDG Budgets	DELL'ALBA Gianfranco (TDI)	23/11/2000
	Former committee responsible	Former rapporteur	Appointed
	BUDG Budgets	DELL'ALBA Gianfranco (TDI)	23/11/2000
	Committee for opinion	Rapporteur for opinion	Appointed
	CONT Budgetary Control	VAN HULTEN Michiel (PSE)	28/05/2002
	Former committee for opinion	Former rapporteur for opinion	Appointed
	AFET Foreign Affairs, Human Rights, Common Security, Defense	TITLEY Gary (PSE)	05/12/2000
	CONT Budgetary Control (Associated committee)	VAN HULTEN Michiel (PSE)	11/10/2000
	LIBE Citizens' Freedoms and Rights, Justice and Home Affairs	The committee decided not to give an opinion.	23/11/2000
	ITRE Industry, External Trade, Research, Energy	KARLSSON Hans (PSE)	09/01/2001
	AGRI Agriculture and Rural Development	STURDY Robert (PPE-DE)	24/01/2001

	DEVE Development and Cooperation	DEVA Nirj (PPE-DE)	06/02/2001
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Council of the European Union	Council configuration	Meetings	Date
	Economic and Financial Affairs ECOFIN	2432	2002-06-04
	Economic and Financial Affairs ECOFIN	2301	2000-11-07
	Economic and Financial Affairs ECOFIN	2353	2001-06-05
	Economic and Financial Affairs ECOFIN	2424	2002-05-07
	Agriculture and Fisheries	2428	2002-05-27
	Environment	2439	2002-06-25

European Commission	Commission DG	Commissioner
	Budget	

Key events			
Date	Event	Reference	Summary
17/10/2000	Legislative proposal published	COM(2000)0461	Summary
07/11/2000	Debate in Council		
11/12/2000	Committee referral announced in Parliament		
16/05/2001	Vote in committee		Summary
16/05/2001	Committee report tabled for plenary, 1st reading/single reading	A5-0176/2001	
30/05/2001	Debate in Parliament		
05/06/2001	Resolution/conclusions adopted by Council		Summary
26/11/2001	Vote in committee		Summary
21/12/2001	Modified legislative proposal published	COM(2001)0691	Summary
07/05/2002	Debate in Council		
21/05/2002	Amended legislative proposal for reconsultation published	08730/2002	
28/05/2002	Formal reconsultation of Parliament		
10/06/2002	Vote in committee		
10/06/2002	Committee report tabled for plenary, reconsultation	A5-0227/2002	
25/06/2002	Act adopted by Council after consultation of Parliament		
25/06/2002	End of procedure in Parliament		
16/09/2002	Final act published in Official Journal		

Technical information				
Procedure reference	2000/0203(CNS)			
Procedure type	CNS - Consultation procedure			
Procedure subtype	Recast			
Legislative instrument	Regulation			
Amendments and repeals	Repealed by 2010/0395(COD) Amended by 2005/0090(CNS) Amended by 2010/0054(COD)			
Legal basis	EC Treaty (after Amsterdam) EC 279 Rules of Procedure EP 57_o			
Stage reached in procedure	Procedure completed			
Committee dossier	BUDG/5/16290 BUDG/5/13994			

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, 1st reading/single reading		A5-0176/2001	16/05/2001	
Text adopted by Parliament, partial vote at 1st reading /single reading		T5-0305/2001 OJ C 047 21.02.2002, p. 0020-0174	31/05/2001	Summary
Committee final report tabled for plenary, reconsultation		A5-0227/2002	10/06/2002	
Council of the EU				
Document type	Reference		Date	Summary
Document attached to the procedure	08947/2002		17/05/2002	
Amended legislative proposal for reconsultation	08730/2002		21/05/2002	
European Commission				
Document type	Reference		Date	Summary
Legislative proposal	COM(2000)0461 OJ C 096 27.03.2001, p. 0001 E		17/10/2000	Summary
Modified legislative proposal	COM(2001)0691 OJ C 103 30.04.2002, p. 0292 E		21/12/2001	Summary
Follow-up document	C(2010)0794		09/02/2010	
Other institutions and bodies				
Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	RCC0002/2001 OJ C 162 05.06.2001, p. 0001-0097	08/03/2001	Summary

EESC	Economic and Social Committee: opinion, report	CES0927/2001 OJ C 260 17.09.2001, p. 0042	11/07/2001	
CofA	Court of Auditors: opinion, report	RCC0002/2002 OJ C 136 07.06.2002, p. 0001-0037	07/03/2002	Summary

Additional information			
Source	Document	Date	
European Commission	EUR-Lex		

Final act			
Regulation 2002/2342 OJ L 357 31.12.2002, p. 0001-0071			Summary
Regulation 2002/2343 OJ L 357 31.12.2002, p. 0072-0090			Summary
Regulation 2002/1605 OJ L 248 16.09.2002, p. 0001-0048			Summary

Delegated acts			
Reference	Subject		
2013/2812(DEA)	Examination of delegated act		

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 17/10/2000 - Legislative proposal

PURPOSE : to present a proposal for a Council Regulation on the financial regulation applicable to the general budget of the European Communities.

CONTENT : the Commission has made administrative reform an essential priority. As the Financial Regulation contains the rules governing financial management, control and audit, the recasting of the Financial Regulation is inextricably linked to this process. The main planks of the reform, such as the assertion of the responsibility of authorising officers, under the supervision of the internal audit service and, in turn, the dropping of centralised ex ante controls (in particular the Financial Controller's approval of commitments and payments) cannot be implemented without substantially amending the Financial Regulation. The recasting exercise, however, goes further than the goals identified by the internal reform of the Commission. Its scope encompasses all the areas covered by the present Financial Regulation - the instrument which lays down rules for all aspects of the general budget of the European Communities from establishment to discharge. The present text of the Financial Regulation was adopted over 20 years ago, since when times have changed enormously with a series of enlargements, a financial perspective forming a framework for the development of the budget and changes to the institutional structure resulting in the European Union. The 1977 text has been amended 14 times to take account of the institutional changes (Maastricht and Amsterdam Treaties, joint financing by the EFTA countries for the EEA) and also to tighten up the management of Community finances. The Commission has also responded to the Court of Auditors' concern that the time for making piecemeal amendments to the Financial Regulation is over and a proposal should now be presented for general overhaul. In view of the technical complexity and scale of the task, which concerns all the institutions, the Commission decided that the best approach was to present a working document intended to launch an interinstitutional discussion on the solutions envisaged by the Commission before producing the present proposal. This approach was warmly welcomed by the European Parliament, the Council and the Court of Auditors. The Commission is proposing reorganising and improving the connection between the Financial Regulation and the Regulation laying down detailed rules for the implementation of certain provisions of the Financial Regulation (implementing rules) in order to obtain a more logical and stricter division between the two instruments. The first lays down the basic rules and the second specifies the concrete implementing rules.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 08/03/2001 - Court of Auditors: opinion, report

In its 2/2001 opinion, the Court of Auditors is of the opinion that the Commission's proposal incorporates a basis for the recasting of the Financial Regulation, although it does not take into consideration all the interests expressed by the Court in its 4/97 opinion and that it is not radical enough. In the present opinion, the Court proposes amendments to the Commission's text when it deemed it necessary to do so except in the fields concerning the base accounting framework as well as the accounting objectives and of financial states for which the measures in the sections concerned are inadequate. The general philosophy underlying the present opinion is the following: - the Community's budgetary system should apply the budgetary principles by only tolerating the necessary exceptions; - the budgetary system should be as simple as possible; - the budget, as by provision as by execution, and the financial states should reflect the reality of the operations and of the Community's financial situation.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 23/12/2002

COMMUNITY MEASURE : Commission Regulation 2342/2002/EC, Euratom laying down detailed rules for the implementation of Council Regulation 1605/2002/EC, Euratom on the Financial Regulation applicable to the general budget of the European Communities. CONTENT : the provisions of Regulation 1605/2002/EC, Euratom have been simplified to confine the Regulation to the basic principles and definitions relating to the establishment, execution and control of the general budget of the European Communities. These implementing rules should therefore not only supplement the Financial Regulation in respect of the provisions thereof for which it expressly refers to the implementing rules but also in respect of the provisions whose application requires the implementing measures to be determined in advance.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 21/12/2001 - Modified legislative proposal

The Commission welcomes the changes made by the various institutions to the proposed revision of the Financial Regulation, noting that they are broadly in line with its own views and position. It accepts many of the Parliamentary, Council and Court of Auditors proposed changes. Where it has not done so it explains in some detail its justification for not doing so. Many of the fundamental points have, however, been accepted and include: - simplification of the Financial Regulation and rationalisation of the budget structure; - activity-based budgeting (ABB); - budget implementation arrangements externalisation; - the new role for financial actors; - and the proposed provisions for procurement and grants. Concerning amendments to: The scope of the Financial Regulation, the Commission can partly accept parliamentary requests that any regulation containing a budget provision must comply with the Financial Regulation. On the question of the principle of unity, whereby Parliament seeks to have European security policy, the Community agencies and the EDF included under the scope of the Regulation, the Commission has rejected these plans. Nevertheless, in an attempt to enhance democratic control the Commission has proposed that Parliament be responsible for the discharge of the Community agencies. Concerning Court of Auditor requests to drop the arrangement for the carry over of appropriations, the Commission has decided not to accept this proposal. The Commission further proposes tightening rules governing the raising of loans for the sole purpose of acquiring land and buildings. Concerning the EAGGF negative expenditure, the Court has been keen that this be entered in the budget as miscellaneous revenue, rather than negative expenditure. The Commission has, however, decided to uphold its initial position and make no changes to the existing text. Parliamentary amendments reducing the Commission's ability to transfer up to 10% of appropriations between chapters within any one title to 5%, have similarly been rejected by the Commission. The Commission has decided to drop requests from the Court of Auditors to do away with the retention of the "negative reserve". The Commission, following initial institutional concern, is redrafting plans for transfers from the reserve to the budget line. On the matter of personal officer liability, the Commission rejects proposals whereby new provisions be added to the Financial Regulation regarding this matter. It does, nevertheless, agree that a "financial irregularities panel" be set up via the Financial Regulation. On the question of an internal auditor, the Commission has accepted most Parliamentary amendments relating to this issue. In terms of waiving debts, the Commission intends to stipulate that waiver decisions must be adopted at the level of "authorising" officer and may be delegated only as laid down in the implementing rules. On the question of "global commitment" the Commission has agreed to propose an alternative, tighter definition. In line with Court concerns over accounting methods, the Commission has made a thorough overhaul of the articles in question. Similarly, the Commission hopes that ABB will strengthen the management and monitoring instruments as requested by the Council. Concerning the Chapter on "External Auditing", the Commission has opted to retain this chapter in spite of initial Court doubts. In terms of "Special Provisions" relating to the EAGGF, Structural Funds, Research and External Actions. The Commission is, by and large, maintaining its original position and rejecting the proposals forwarded by the Court of Auditors. Following Parliamentary and Court concerns the Commission has agreed to include in the proposal a title on offices with a general chapter containing general rules applying to all offices and a chapter covering the specific features of OLAF.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 07/03/2002 - Court of Auditors: opinion, report

The Court repeats its argument set out in Opinion No2/2001 that, to avoid restrictive and controversial interpretation of the provisions of the Treaty concerning the Court's role and responsibilities as external auditor of the Community's finances, the provisions of the Treaty should not be repeated or extended in the Financial Regulation. Also, in light of the above observations, for reasons both of timetable and compatibility with the Treaty, the Court considers that the proposal to include formally the obtaining of Member States' replies in the procedure for the annual and special reports should be dropped. Reliance should continue to be placed on the sector letter procedure to obtain the position of the Member States on the audit findings of the Court. The Court also proposes that the procedure and the timetable for the accounts should be modified to ensure that the accounts presented for audit are exhaustive and consistent documents approved by the Commission. Thus, it is not just the Court, but also the Member States and the Commission that will find the timetable unworkable. Indeed, in order to maximise the time available for completing its annual audit work, particularly on the accounts and other aspects of the statement of assurance, the Court suggests that its preliminary observations be presented on 1 July rather than 15 June. This is still consistent with producing the final annual report on 31 October. In Annex 1 is set out a series of timetables for the presentation of the accounts and for the annual report of the Court. It includes the timetable of the current Financial Regulation, that of the initial proposal of the Commission, and that of the amended proposal, and, finally, a new proposal of the Court which is designed to overcome the difficulties posed by the proposals of the Commission. With these amendments, the Court considers that bringing forward the timetable so that preliminary observations are transmitted to the Commission on 1 July and the final annual report of the Court is transmitted to the discharge authorities and the other institutions by 31 October, is feasible. The fourth column of Annex 1 sets out the complete proposed timetable. Accordingly, the Court presents redrafts for the text of Article 127, 128 and 138 to 145 of the amended proposal. These are set out in Annex 2.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 29/11/2001 - Text adopted by Parliament, 1st reading/single reading

The European Parliament approved the resolution by Mr Gianfranco DELL'ALBA (NI, I), formalising Parliament's opinion on the Commission's proposals for reforming the Community's financial regulation. The vote was carried over from May in order to give the Commission time to respond to the 180 amendments adopted at the time and primarily designed to make the rules clearer and easier to understand. With the Commission accepting some 82 amendments, the dossier now goes to Council where Spain, which takes over the Presidency in January, has already indicated that it will be a priority.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 12/06/2002 - Text adopted by Parliament after reconsultation

By adopting the report by Mr Gianfranco DELL'ALBA (IND, I), the European Parliament approves the agreement reached between Parliament and the Council delegations on a revision of the recasting of the Financial Regulation of the European Communities at a conciliation meeting on 4 June 2002. Following intensive negotiations under the conciliation procedure between the two arms of the budgetary authority, Parliament achieved substantial changes to the Council's common position. For example, the possibility of amending Supplementary and Amending budgets (with the exception of the 'SAB balance') was preserved and the Council cannot suspend the procedure unilaterally. As for reserves, all conditions proposed by the Parliament were accepted by the Council, in particular as regards the 'negative reserve', where the existing rules are retained, thereby giving Parliament the 'last word' on this expenditure. Parliament also won increased supervisory rights over transfers of appropriations and over changes to the establishment plan of the EU institutions. Among other success for Parliament was the inclusion of the Financial Regulation of the idea of the specificity of assigned revenue by section of the budget and the possibility for Parliament to lay down overall criteria for making grants. In addition, as regards internal audits, the Community institutions must now forward each year to the discharge authority a report summarising the number and type of internal audits carried out, the recommendations made and any action taken on those recommendations.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 31/05/2001 - Text adopted by Parliament, partial vote at 1st reading/single reading

The European Parliament approved numerous non-binding amendments to the report by Mr Gianfranco DELL'ALBA (TGI, I) concerning the reform of the financial regulation in light of the findings of the Committee of Independent Experts. However, the Parliament withheld adopting its final opinion in order for further discussions to take place with the Commission and the Council.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 05/06/2001

The Council welcomes the Commission's proposal on the recasting of the Financial Regulation. However, it would stress that its general analysis of the main aspects of the proposal will need to be supplemented by a detailed examination. The Council considers that the Commission proposal is a useful basis for a recasting of the Financial Regulation which should result, *inter alia*, in: - a clearer and more transparent text concentrating on the general principles applicable to the establishment, implementation and control of the implementation of the budget; - a clarification of the roles and responsibilities of the various financial actors; - the establishment of an activity-structured budget; - the creation of a framework for outsourcing to enable the Commission to retain its full responsibility over the implementation of the budget; - the rationalisation of the commitment procedures; - the simplification of the procurement rules in accordance with the Directives concerned.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 23/12/2002

COMMUNITY MEASURE : Commission Regulation 2343/2002/EC Euratom on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation 1605/2002/EC, Euratom on the Financial Regulation applicable to the general budget of the European Communities.

CONTENT : the Community bodies set up to assume the burden of carrying out certain Community activities have legal personality and hence their own budget governed by specific financial rules. In order to finance the main order to guarantee a certain degree of consistency in these rules compared with Regulation 1605/2002/EC, Euratom and pursuant to Article 185 of that Regulation, this framework Financial Regulation must lay down the rules governing the establishment, implementation and scrutiny of the budget of the said Community bodies which actually receive grants charged to the Community budget. It is on the basis of this framework Financial Regulation that each of those Community bodies will adopt its own financial rules, which, as indicated in the abovementioned Article 185, may depart from the framework Financial Regulation in accordance with the specific management needs of those bodies, but only with the Commission's consent. Like the general Financial Regulation, this framework Financial Regulation confines itself to stating the broad principles and basic rules governing the whole of the budgetary sector concerned, while detailed provisions may subsequently be adopted by these bodies in order to make their financial rules easier to read.

General budget of the European Communities: recasting of the financial regulation

2000/0203(CNS) - 25/06/2002 - Final act

PURPOSE : to adopt the new Financial Regulation applicable to the general budget of the European Communities. COMMUNITY MEASURE : Council Regulation (EC, Euratom) 1605/2002. CONTENT : following a conciliation meeting with the European Parliament on 4 June 2002, the Council adopted the Financial Regulation applicable to the general budget of the European Communities. The Regulation reaffirms the four fundamental principles of budgetary law (unity, universality, specification, annuality), and the principles of budget accuracy, equilibrium, unit of account, sound financial management and transparency. The Regulation confines itself to stating the broad principles and basic rules governing the whole budgetary sector covered by the Treaty. The implementing provisions are moved to a Regulation on rules for the implementation (CNS/2002/0901) in order to produce a better hierarchy of rules and make the Financial Regulation easier to read. Accordingly, the Council has authorised the Commission to adopt the implementing rules.