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II

(Acts whose publication is not obligatory)

EUROPEAN PARLIAMENT

DECISION OF THE EUROPEAN PARLIAMENT

of 4 April 2001

concerning discharge in respect of the implementation of the general budget of the European Union for the 1999 financial year (Commission)

(2001/444/EC, ECSC, Euratom)

THE EUROPEAN PARLIAMENT,

Having regard to the consolidated revenue and expenditure account and balance sheet for the 1999 financial year (SEC(2000) 537 — C5-0310/2000, SEC(2000) 538 — C5-0311/2000, SEC(2000)1624 — C5-0313/2000) ⁽¹⁾,

Having regard to the annual report concerning the 1999 financial year and the special reports of the Court of Auditors and the Institutions' replies (C5-0617/2000) ⁽²⁾,

Having regard to the Statement of Assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0617/2000),

Having regard to the Council recommendation of 12 March 2001 (C5-0127/2001),

Having regard to Article 276 of the EC Treaty, Article 78g of the ECSC Treaty and Article 180b of the EAEC Treaty,

Having regard to the Financial Regulation of 21 December 1997, and in particular Article 89 thereof,

Having regard to Rule 93 and Annex V of its Rules of Procedure,

Having regard to the report of the Committee on Budgetary Control and the opinions of the interested committees (A5-0113/2001),

Whereas:

- A. Pursuant to Article 274 of the EC Treaty, the Commission bears responsibility for implementing the budget in accordance with the principles of sound financial management,
1. Gives the Commission discharge in respect of the implementation of the general budget of the European Union for the 1999 financial year;
 2. Records its comments in the resolution which forms an integral part of this decision;
 3. Instructs its President to forward this Decision, and the resolution that forms an integral part of it, to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank and to have it published in the Official Journal (L series).

The Secretary-General
Julian PRIESTLEY

The President
Nicole FONTAINE

⁽¹⁾ OJ C 343, 1.12.2000.

⁽²⁾ OJ C 342, 1.12.2000.

RESOLUTION**of the European Parliament containing the observations which form an integral part of the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 1999 financial year (Commission)**

THE EUROPEAN PARLIAMENT,

Having regard to Article 276 of the EC Treaty,

Having regard to Article 89(7) of the Financial Regulation of 21 December 1977, pursuant to which each Community institution is required to take all appropriate steps to act on the comments appearing in the decisions giving discharge,

Having regard to the annual report concerning the 1999 financial year and the special reports of the Court of Auditors, and Institutions' replies (C5-0617/2000) ⁽¹⁾,

Having regard to the 1999 Annual Report on protecting the Communities' financial interests — the fight against fraud (COM(2000) 718),

Having regard to the Council recommendation of 12 March 2001 (C5-0127/2001),

Having regard to the report of the Committee on Budgetary Control and the opinions of the interested Committees (A5-0113/2001),

Whereas:

- A. The decision on discharge is based on the way the Commission implemented the budget of the relevant financial year, including the question of how effectively the Commission has followed up previous recommendations by Parliament, external audits by the European Court of Auditors including its special reports, internal audits by the Financial Controller and evaluations and controls by operational Directorates-General, allegations of mismanagement by whistleblowers and reports of serious irregularity by the Anti-Fraud Office.
- B. The appraisal also depends on how well the policy of zero tolerance of fraud and irregularities is implemented by the Commission, whose members and Directors-General, under the reform programme, are fully answerable for adequate internal controls in their departments.
- C. For 1999, for the sixth successive year, the Court of Auditors declines to provide an assurance that the transactions underlying the financial statements are legal and regular, except in respect of own resources, staff expenditure of Institutions and other commitments (excluding international fisheries agreements).
- D. Considerable time and energy was expended by Commission services to reply to questions raised during the discharge procedure especially in response to requests made on 6 November 2000, set out in a first questionnaire on 5 December 2000 ⁽²⁾ and reiterated in a second questionnaire on 24 January 2001 ⁽³⁾. In full accordance with the Framework Agreement on relations between the European Parliament and the European Commission ⁽⁴⁾, recalls that, in accordance with point 14 of its resolution of 13 December 2000 on the reform of budgetary control procedures and institutions ⁽⁵⁾, annexed to the discharge report is a list of all documents received from the Commission (Annex 1), as well as a list of those requested and not yet received (Annex 2).
- E. The first transmission of executive summaries of internal audits on 12 February 2001 and follow-up action on 16 February 2001, after requests in November and December 2000 and January 2001, suggests that the Commission has insufficient human resources to respond to requests from the discharge authority and does not appear to possess an overview of all audits carried out and followed up by both the Financial Controller and operational Directorates-General.

⁽¹⁾ OJ C 342, 1.12.2000.

⁽²⁾ Letter to Commissioner Schreyer, 6 December 2000.

⁽³⁾ Letter to Commissioner Schreyer, 24 January 2001.

⁽⁴⁾ Texts adopted on 5 July 2000, point 9.

⁽⁵⁾ Texts adopted, point 15.

- F. In paragraph 8 of its abovementioned resolution of 13 December 2000, Parliament called on the Court of Auditors and the Commission to reduce the formal contradictory procedure period and hence allow for an earlier presentation by the Court of Auditors of its annual report.
- G. In the annual report for 1999, Financial Control reported that it had carried out 209 audits in that year and stated that reports generally included an executive summary and presented clearly and concisely key findings and recommendations.
- H. In accordance with the Sound and Efficient Management Programme, SEM2000, the Commission published a summary of evaluations carried out in 1999 and an evaluation of the process of evaluation of EC external aid programmes ⁽¹⁾, which stated that all Directorates-General do not systematically follow-up findings and considered that careful examination of value for money, results, impacts and sustainability of programmes and projects is rare.
- I. Parliament requested the Commission to provide, by Directorate-General, details of the receipt, investigation and follow-up of allegations made by whistleblowers, including those transmitted to the Court of Auditors or the Anti-Fraud Office.
- J. In the context of the current reform of the Commission, the dysfunction in the implementation of external measures repeatedly condemned by the European Parliament must be remedied, in particular: the inappropriate division of responsibilities between the DG for External Relations and the joint service for Community aid to non-member countries — SCR — set up by the Commission at the end of 1998 to tackle the problems in the administration of external aid programmes, where the permissible allocations in the various phases of aid projects in non-member countries were not complied with; points out that dysfunction of this kind has given rise to additional costs to the budget and reduced the effectiveness of European Union aid to non-member countries.
- K. On 12 February 2001, in view of the importance placed on transparency and public access by the Swedish presidency, a request was made to attend the Ecofin meeting of 12 March 2001 at which the Council will adopt its recommendation on discharge.

Access to information

- 1. Regrets that, even after the conclusion of the Framework Agreement, the Commission has not forwarded certain information and documents requested by the discharge authority; again reaffirms point 26(b) of its resolution of 19 January 2000 containing the comments which form an integral part of the decision giving discharge to the Commission for the implementation of the general budget of the European Union for the 1997 financial year ⁽²⁾, in which Parliament points out that it has to have at least as much access to Commission documents as the Court of Auditors; recalls that Parliament has respected the Framework Agreement when requesting information from the Commission despite the fact that the rules:

- (i) are open to very broad interpretation, in particular as to whether a document is deemed confidential;
- (ii) may cause undue delays, for example the transmission of documents on 16 February 2001 following the questionnaire of 5 December 2000;

therefore calls, in the light of this experience, for the revision of the Framework Agreement, this process to be governed by the following principles:

- (a) confirmation of the right of any Member of Parliament to demand and receive confidential information, too, where necessary, from the Commission pursuant to Article 197 of the EC Treaty;
- (b) unreserved application of the provisions of Annex VII to the Rules of Procedure on the consideration of confidential documents, which includes the right of any committee member to consider the confidential documents;
- (c) forwarding of complete original documents without prior alterations or obliterated text;

⁽¹⁾ Meta-evaluation commissioned by SCR, Final draft, 14 December 1999.

⁽²⁾ OJ L 45, 17.2.2000, p. 37.

2. Reminds the Commission of Article 80 of the Financial Regulation, pursuant to which the analysis of the financial management must supply details as to whether the principles of sound management laid down in Article 2 of the Financial Regulation have actually been complied with; regrets that that document, which is fundamental to budgetary control, contained no more than highly incomplete information for 1999 and was available in one language only; calls on the Commission to submit a complete analysis for 2000 which covers all budget headings and is available in all official languages;

Statement of Assurance

3. Questions the utility of the global Statement of Assurance for 1999 so long as the figures are not given; notes that the Court of Auditors, which expends considerable resources of both the auditor and auditee, has not published substantive and formal error rates in recent years, which would allow Parliament to gauge the success or otherwise of the Commission's management of the Union budget:
 - (i) recalls that the overall substantive error rate of the Union budget was reported as 4,0 % in 1994, 5,9 % in 1995 and 5,4 % in 1996 and not published for subsequent years;
 - (ii) notes, however, that the figures for the agriculture sector, provided for the first time by the competent Commissioner ⁽¹⁾ responsible for the expenditure of EUR 39,5 billion or 47 % of the budget, amounted to 2,52 % in 1995, 3,78 % in 1996, 1,94 % in 1997, 3,29 % for 1998 and 3,06 % for 1999 and was markedly lower than the global error rate;
 - (iii) notes that funds managed by other Directorates-General, particularly those jointly managed with Member States, suffer, as a whole, from much greater error rates; calls for all remaining Commissioners to inform Parliament of annual error rates, in their respective areas of responsibility, since 1994 and in the future;
 - (iv) welcomes the Court's willingness to undertake sectoral appraisals as an initial step towards more transparent and accurate assessments of budget utilisation rates but insists that the Court modify its approach in the direction of quantifying the error rate and specifying its results from DAS audits on both a geographical and a sectoral basis; if necessary, recommends that the Court identify the additional human and financial resources required to provide such data;
 - (v) calls on the Court of Auditors to transform the DAS into an instrument enabling the discharge and budgetary authorities to compare and monitor progress in financial management;
 - (vi) restates point 1(a) of its resolution of 13 April 2000 on the postponement of discharge to the Commission in respect of implementation of the general budget of the European Union for the 1998 financial year ⁽²⁾ that the Commission should cut the error rate of more than 5 % by a considerable rate; calls for this reduction to be made in conjunction with Member States, on the basis of a method to be discussed by the Court of Auditors, the discharge authority and the Commission; urges the Commission to ensure that it achieves a positive statement of assurance for budget year 2003 at the latest;

Council

4. Regrets that the Council:
 - (i) in spite of its attempts at greater transparency and openness to the citizens of Europe, did not accede to a request from the general rapporteur ⁽³⁾ on the 1999 discharge to attend the 12 March 2001 meeting at which the Council adopted its recommendation on the 1999 discharge; notes that unelected officials take de facto political decisions behind closed doors often without sufficient supervision by national parliaments; recalls that the Council has for years granted discharge in respect of accounts which it knew to be flawed;
 - (ii) on 15 March 1999, hours before the 'Santer' Commission resigned, despite evident problems in the management of Community funds, the Council unanimously recommended granting discharge to the Commission for 1997;

⁽¹⁾ Hearing at the Committee on Budgetary Control on 7 February 2001.

⁽²⁾ OJ C 40, 7.2.2001, p. 381.

⁽³⁾ Letter to Mr Bosse Ringholm, Swedish Minister of Finance, 12 February 2001.

- (iii) on some occasions along with the Parliament, has obstructed proposals by the Commission to minimise fraud and irregularities by improving CAP legislation including proposals applying to milk and sugar market organisations, the aid regime to flax and hemp and transmissible spongiform encephalopathies (TSE), which includes BSE; notes that in 1999 proposals for improvements were rejected for the sixth time since 1996;
- (iv) along with Parliament, has imposed tasks on the Commission, for which the latter has not the human resources, such as the EC monitoring mission to the Balkans, the reconstruction programme for central America in the wake of Hurricane Mitch and food support to Russia in 1999; therefore calls on the budgetary authority to make the resources available to the Commission to implement the tasks imposed on it;

Member States

5. Recalls that more than 80 % of the Union budget is administered by the Member States:

- (i) calls for Member States which have not yet ratified the 1995 Convention on the Protection of Financial Interests, namely Belgium, Ireland and Luxembourg, to do so as soon as possible;
- (ii) notes that, in its answers of 26 January 2001 to the questionnaire from the discharge authority, the Court of Auditors indicates that in its Annual Report following Member States are singled out for criticism;

Member State	Total	Own resources	Common agricultural policy	Structural Funds
Greece	16	1	15	
United Kingdom	15	3	12	
Spain	15	1	14	
Italy	10	2	8	
France	8	2	6	
Germany	8	3	5	
Portugal	8	2	6	
Austria	7	1	6	
Ireland	6	1	2	3
Netherlands	5	3	2	
Belgium	3	2	1	
Finland	3	1	2	
Denmark	2		2	
Sweden	2		2	
Luxembourg	2	1		1

- (iii) is surprised that figures of irregularities and fraud given by Member States ⁽¹⁾ are, as a whole, much lower than error rates drawn up by the Court of Auditors under the sectoral declaration of assurance; observes that the figures provided by Member States may give a distorted picture owing to differences in definitions and methods used by the Court of Auditors and Member States; invites the discharge authority to investigate this matter;

⁽¹⁾ COM(2000) 718, 8.11.2000.

(iv) Own resources section:

- (a) recalls that Member States reported irregularities and fraud of EUR 266,1 million, i.e. 1,92 % of the own resources budget of EUR 13,8 billion (Regulation (EEC, Euratom) No 1552/89); notes that of a total of EUR 214,8 million reported as irregularities by Member States, 48,7 % were identified by the United Kingdom and of a total of EUR 51,3 million reported as fraud by Member States, 76,8 % were identified by Germany;
- (b) points out that four Member States, namely Ireland, Luxembourg, Portugal and the United Kingdom have not reported any cases of fraud in the collection of traditional own resources;
- (c) calls on the Commission to explore the feasibility of bringing forward a financial corrections procedure for own resources adapted from the EAGGF-Guarantee clearance of accounts system;

(v) EAGGF Guarantee Section:

- (a) recalls that Member States reported irregularities and fraud of EUR 232,1 million, i.e. 0,59 % of the EAGGF Guarantee Section budget of EUR 39,5 billion (Regulation (EEC) No 595/91); notes that of a total of EUR 116,5 million reported as irregularities by Member States, 70 % were identified by Germany, Spain and Italy and of a total of EUR 115,5 million reported as fraud by Member States, 78 % were identified by Germany, France and Italy;
- (b) points out that two Member States, namely, Greece and Finland, have not reported any cases of fraud in the area of the CAP;
- (c) regrets that one Member State, Denmark, had, at 1 February 2001, built up an unacceptably high level of DKK 2,2 billion (approximately EUR 300 million) as export refund guarantees, a level that seems too high and of which DKK 6 million (approximately EUR 800 000) was deposited by companies five years ago; urges the Commission, along with the Court of Auditors, to audit the handling of export refunds by the Danish Directorate for Food, Fisheries and Agro Business;
- (d) regrets that Italy has been paying the super-levy for the breaching of milk quotas, on behalf of its farmers, thereby distorting competition across the Union; attaches great importance to the establishment of an appropriate legal basis allowing penalisation of Member States with inadequate management of the milk quota system; urges the Commission to investigate thoroughly the allegations that skimmed-milk powder subsidised by the Community may be being reprocessed as fresh milk;
- (e) regrets that Greece has not set up a vineyard register, despite a legal obligation to do so since 1992; deplores the Commission's persistent failure to set up an effective specialised control body in the wine sector, in spite of repeated requests by both the Court and Parliament; asks that conditions attached to the granting of supplementary human resources for the Commission, in the context of the 2002 budget, include specific and verifiable measures for the operation of the body in question;
- (f) calls for the Commission to extend the clearance period for which financial recoveries can be made from the current 24 months to 36 months, review the membership of the conciliation body and bring forward a proposal for a legal base enabling the Commission to apply increasing financial corrections to Member States for repeated weaknesses in control systems, including for delays in the introduction of IACS;

(vi) Structural Funds section:

- (a) recalls that Member States reported irregularities and fraud of EUR 120,6 million, i.e. 0,39 % of the Structural Funds budget of EUR 30,6 billion (Regulations (EC) No 1681/94 and (EC) No 1831/94); notes that of a total of EUR 97,3 million reported as irregularities by

Member States, 64 % were identified by Italy and the United Kingdom and of a total of EUR 23,2 million reported as fraud by Member States, 99 % were identified by Germany, Italy and the United Kingdom;

- (b) points out that nine Member States, namely, Belgium, Denmark, France, Luxembourg, the Netherlands, Austria, Portugal, Finland and Sweden, have not reported any cases of fraud in the area of Structural Funds;
- (c) takes note of the substantial improvements brought about by the new Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds ⁽¹⁾; counts on the Commission to make sure that the Regulation is applied in full and, in particular, to make the necessary financial corrections where Member States are responsible for irregularities; calls on the Commission to ensure that the decommitting procedure laid down in that Regulation is fully implemented; calls on the Commission to introduce a clearance of accounts procedure for Structural Funds;
- (d) regards the trend in the amount of outstanding commitments both in the area of structural measures and TEN projects as unacceptable; calls for the submission of an emergency reduction programme coordinated between the Member States and the Commission, in particular for pre-1994 outstanding commitments in the area of structural measures; calls for no extensions requested by Member States to be granted to payment deadlines;
- (vii) urges the Member States to comply with the eligibility criteria laid down in the new regulations, so as to avoid any recurrence of the irregularities that are highlighted each year and asks to be kept informed of the action taken by the Commission on the irregularities in European Social Fund operations in Member States, especially:
 - Netherlands: Rijnmond-Drechtsteden and Gelderland,
 - Spain: Catalonia,
 - Denmark: Kolding, recalling that the national authorities did not report the case to the Anti-Fraud Office;
- (viii) calls on Member States who have not yet done so to give their national Court of Auditors full powers to audit the use of EU-funds down to the final recipient level; welcomes the reports produced by the Netherlands Court of Auditors which have led to steps being taken by the Netherlands Government;
- (ix) notes that when examining transactions in order to draw up the declaration of assurance the Court of Auditors identified irregular payments worth EUR 418 million; invites the Commission to recover funds incorrectly paid to Member States and to propose a simplification of the infringement procedure, which allows a lump sum or penalty payment to be paid by the Member State, following a judgement by the Court of Justice, if the Commission considers that the Member State concerned has failed to fulfil an obligation under the Treaty (Article 228);

Court of Auditors

6. Invites the Court of Auditors to:

- (i) Statement of Assurance: continue to develop its methodology, based on best practice, for drawing up the Statement of Assurance and indicate what steps both the Commission and Member States will have to take in order to improve the financial management of Community funds and notably the Commission's internal control thereof; publish the actual global error rate and other statistics that will provide important benchmarks by which future Statements of Assurance can be judged;
- (ii) naming auditees: adopt a consistent approach on naming Member States and Directorates-General found to be deficient in protecting the financial interests of the Union;
- (iii) cooperation: improve coordination with national Courts of Auditors where management is shared; inform the discharge authority of work undertaken in cooperation with these bodies, both in Member States and in enlargement countries;

⁽¹⁾ OJ L 161, 26.6.1999, p. 1.

- (iv) publication: publish its observations and the replies of the auditee on facing pages in the Official Journal and, in view of their highly technical nature, publish the executive summaries of special reports in the Official Journal, crossreferencing to the full text on the Court's website;
- (v) work programme: introduce a multi annual plan, whereby all areas of the budget managed by the 29 Directorates-General are appraised over a five-year period; encourages the Court, as external auditor, to make use of work carried out by the Commission's central Internal Audit Service and the internal audit units of each Directorate-General; begin this exercise by auditing higher-risk areas such as external actions, i.e. those under the responsibility of the Enlargement, External Relations, Development, Humanitarian Office, Europe Aid and Trade Directorates-General; present its draft annual work programme to the Committee on Budgetary Control before its adoption; commission an external evaluation on how effectively the Court fulfils its mission;
- (vi) special reports: present special audits on the following topics, highlighting the strengths and weaknesses of the financial management of programmes, technical recommendations for improvements and the cost of the audit both in terms of time and funds expended including human resources;

Directorate-General for External Relations: Common Foreign and Security Policy (CFSP),
TACIS cross-border cooperation,
Kosovo,

Directorate-General for Agriculture: Integrated administration and control system
(IACS — EAGGF Guarantee Section),
Milk quotas,
Export refunds,
Bananas,

carry out special audits of programmes that may negatively affect public health if not properly implemented; draw up a special report on the administration of Community funding for town-twinning schemes (A-3 2 1);

- (vii) Code of Conduct: make public the declarations of financial interests of its Members and certify that the Code of Conduct for its Members is being adhered to;

Anti-Fraud Office

7. Underscores the urgent need for clarification of OLAF's information policy, so as to allow account to be taken of three demands, which are contradictory in some respects, in a rigorous and balanced fashion:
 - (i) a demand for transparency vis-à-vis the discharge authority;
 - (ii) a demand for confidentiality for certain information, the disclosure of which is likely to harm legitimate material and non-material interests;
 - (iii) a demand for compliance with the presumption of innocence and with the rights to defence of natural or legal persons called into question;
8. Regards it as essential in this regard to continue the debate between OLAF and its competent committee, the Committee on Budgetary Control, so as to lay down agreed, precise and binding ground rules on the matter; looks forward to receiving from the Anti-Fraud Office, under appropriate conditions of confidentiality as laid down in Annex VII of the Rules of Procedure, the final internal and external reports of investigations into programmes or organisations that fall under the responsibility of the following Directorates-General; invites the Anti-Fraud Office to indicate the date the allegation was received, the overall cost, main problems identified and recommendations to the Commission and/or other parties;

Directorate-General for Agriculture:	illicit traffic in butter-based products,
Directorate-General for External Relations:	Commission delegations including Washington, IRELA (Instituto de Relaciones Europeas Latino Americanas) ACEAL (Association pour la Coopération Europe-Amérique latine),
Humanitarian Office:	Echoflight — Africa, International Federation of the Red Cross — former Yugoslavia,
Directorate-General for Justice and Home Affairs:	European Migrants Forum,
Directorate-General for Employment and Social Affairs:	European Social Fund in the Netherlands, Spain and Denmark,
Directorate-General for Personnel and Administration:	Berlaymont building,

Commission

9. Expects the Commission to report back on developments in cases discussed below, in particular with regard to remedying underlying system weaknesses brought to light by those cases:

(i) *Retroactivity and proportionality — Fléhard affair*

(a) recalls that in 1991 a French company Fléhard agreed to transport 6 750 tonnes of Irish butter, to the former Soviet Union, upon submission of a guarantee of ECU 17 617 500 ⁽¹⁾; points out that a joint mission by DG VI and the Irish authorities, to Poland in May 1992, concluded that the transaction 'was orchestrated as a fraud from the beginning';

— notes that the Commission adopted on 22 July 1993 Regulation (EEC) No 1938/93 ⁽²⁾ under which the guarantee would be lowered to ECU 6 277 500 ⁽³⁾ and applied retroactively to Fléhard;

— understands that a decision to lower the guarantee to ECU 3 003 750 ⁽⁴⁾ was adopted during the meeting of 7 January 1994, chaired by the deputy head of Cabinet of the President of the Commission, in the presence of the Financial Controller, the Director-General of the Legal Service and the Director of EAGGF;

— points out that the Anti-Fraud Office ⁽⁵⁾, Parliament's Legal Service ⁽⁶⁾, the Court of Auditors ⁽⁷⁾, and the Committee of Independent Experts ⁽⁸⁾ have questioned the legal basis of the decision taken by the Commission to lower the penalty to ECU 3 003 750;

(b) regrets that the Commission took an ad hoc decision:

— without a sufficient legal basis,

— without carrying out a conclusive investigation into fraud,

— without the involvement of the Commission College or responsible Commissioner on the basis of a meeting of its senior officials, the minutes of which have disappeared;

(c) welcomes the fact nevertheless that the Commission has:

— acknowledged, for the first time to Parliament, that the handling of the Fléhard case is open to criticism,

— acknowledged that a more thorough investigation should have been carried out,

— realised the extent of the problems highlighted by the case;

(d) calls on the Commission to:

— state clearly and unequivocally that it would not handle a similar case in the same manner today,

⁽¹⁾ Calculated on the basis of ECU 261/100 kg of butter.

⁽²⁾ OJ L 176, 20.7.1993, p. 12.

⁽³⁾ Calculated on the basis of ECU 93/100 kg of butter.

⁽⁴⁾ Calculated on the basis of ECU 44,5/100 kg of butter.

⁽⁵⁾ Note to Mrs Theato, 9 March 1999.

⁽⁶⁾ Avis Juridique, 27 August 1999 in reply to letter of Mr Mulder.

⁽⁷⁾ Presidential letter of the Court of Auditors, 11 May 2000.

⁽⁸⁾ Analysis of current practice and proposals for tackling mismanagement, irregularities and fraud, 15 September 1999.

- bring forward, by November 2001, guidelines on the application of the principle of proportionality, as promised ⁽¹⁾,
- ensure that the College takes a formal decision in cases involving proportionality for the waiving of debts greater than EUR 1 million or EUR 100 000, if this represents a reduction greater than 25 %;

(ii) *Flax*

questions why insufficient action was taken by competent authorities in Spain, even though weaknesses in control systems were reported by the Commission (Financial Control and the Agriculture Directorate-General) and the Anti-Fraud Office; asks the Anti-Fraud Office to investigate similar irregularities in the flax sector in other Member States; asks the Committee on Budgetary Control to continue to monitor developments in those cases; expects the Commission to apply rigorous financial corrections to Spain and other Member States under the clearance of accounts procedure; expects the Commission to sanction adequately the violation of Community legislation both by the producers of flax and by the processing factories;

(iii) *Adulteration of dairy products*

Parliament is alarmed by reports of fraud, involving the adulteration of 35 200 tonnes of butter, orchestrated by a multinational organised crime syndicate; recalls that Community subsidies were paid on what was declared illegally as butter; encourages the Anti-Fraud Office to continue to coordinate controls in a number of Member States, including Italy, France and Belgium; calls on the Commission, within the clearance of accounts procedure, to apply maximum financial corrections, once the results of the investigation by the Anti-Fraud Office are finalised;

(iv) *Enlargement*

- (a) regrets, with regard to support for public administration, the lack of a strategy, the general nature of objectives and the fact that candidate countries appear not to have the capacity to apply, manage and monitor programmes to prepare for accession; welcomes, however, improvements in twinning programmes;
- (b) deplores, with regard to PHARE, that financial decisions are concentrated at the end of the year; notes that the Commission was forced to make late payments, because supplementary and amending budgets were adopted at the end of the year; is concerned about the financial impact this may have on the beneficiaries of programmes or projects; expects that the adoption of new guidelines will improve tender procedures;
- (c) calls on the Commission to ensure that, before accession to the Union, all applicant countries have introduced proper control systems in the areas of shared management of Community funds;

(v) *Food aid to Russia*

doubts the appropriateness of the programme to supply agricultural products to the Russian Federation; wonders whether the objectives pursued were realised; regrets that the Commission was unable to enforce its policy with the Russian federal authorities; expects the Commission to forward the final audit report to Parliament before the end of 2001;

(vi) *Nuclear safety*

encourages the Commission, to pursue efforts for:

- (a) operations undertaken by the European Union in the field of nuclear safety in central and eastern Europe (CEE) and in the New Independent States (NIS), to continue its efforts to improve the management of this aid in the context of the reform process, notably as foreshadowed in the document on 'Externalisation of the management of Community programmes' of 12 May 2000 by the Planning and Coordination Group on Externalisation, and

⁽¹⁾ Commission replies to the Flécharde questionnaire, 19 March 2001.

- (b) redirecting funds by creating an independent budget line with the intention of strengthening cooperation in the field of nuclear safety for TACIS countries;

(vii) *'Screening' of Delegations*

- (a) regrets that staff and resources allocated to the Commission's Delegations are not always commensurate with the Union's current political priorities or amount of aid disbursed; points out that there is an uneven attribution of resources, noting by way of example that the Delegation to Mali, responsible for an annual budget of EUR 152 million, is staffed by six officials while Barbados, with a negligible aid budget, also has six officials; notes that there are no Delegations in key regions including Singapore, Malaysia or any of the Gulf States;
- (b) notes that in view of the benefits deriving from Annex X of the Staff Regulations, the average cost of an official overseas is EUR 270 000 in the first year and EUR 207 000 in subsequent years, as compared with the average cost of officials in Brussels or Luxembourg of EUR 120 000; notes that the cost of a locally recruited expatriate is one third of the cost of an official; encourages the Commission to continue the redeployment programme launched in 1996 in which regional Delegations would be created; notes that, since 1996, 70 statutory posts were redeployed between Delegations and 50 posts from headquarters to Delegations; considers that a number of official posts in ACP countries could legitimately be replaced with locally recruited expatriates;
- (c) calls for a clear definition of the duties to be conferred on all categories of staff; considers that a coherent approach must be taken to the question of the ratio of officials to local staff; calls for a proposal on how to simplify management of auxiliary, temporary and permanent staff in order to avoid the application of different standards;

(viii) *Sarajevo Delegation*

welcomes that at Parliament's instigation the Commission gave greater powers to the Sarajevo delegation which is now a role model for other offices;

(ix) *Jerusalem Delegation*

- (a) welcomes that a further 23 Delegations have been selected to take on direct financial responsibilities, including the Delegation in Jerusalem; notes that although aid to Palestine amounts to EUR 132 million, in 1999 the Jerusalem office was essentially staffed by two A-grades, one B-grade and one C-grade official; invites the Commission, in view of its new tasks, to increase the number of staff in Jerusalem beyond the fixed ceiling of officials and experts, established by the Israeli authorities, by starting negotiations with Israel, as the Delegation itself already suggested in 1999;
- (b) stresses the importance of European Union assistance within the framework of the Middle East Peace Process; points out that both the independent external evaluation ⁽¹⁾ and the special report No 19/2000 ⁽²⁾ by the Court of Auditors, noted that the positive impact of aid was reduced by a number of factors including the fragmentation of responsibility, a lack of performance indicators and insufficient coordination with other donors; calls on the Commission, within the context of the reform of external aid, launched on 16 May 2000, to draw up an action plan following the audit and evaluation and to report on progress, the first time after six months and thereafter at least once a year;
- (c) notes that the European Union, as the Palestinian Authority's largest donor, should ensure that its assistance promotes peace and reconciliation; the Commission should ensure that its support for Palestinian education does not either directly or indirectly finance expressions of racial hatred but that, on the contrary, its desire to play a role in the peace process results in the promotion of peace and reconciliation among the younger generation in a region where peoples have been subjected to terror for too long;

⁽¹⁾ Evaluation of EC assistance to the West Bank and Gaza, CEPT II, January 1999.

⁽²⁾ OJ C 32, 31.1.2001.

(x) *Stockholm Rerepresentation*

regrets, as regards the Commission's handling of the Stockholm office affair, the lack of openness to the discharge authority, delays in the disciplinary case of involved officials and the failure to investigate other offices for similar cases:

- (a) notes that the Commission audit of the Stockholm office in March 1999 apparently revealed no problems, although allegations in November 19 following press reports of alleged malpractice proved partly true; urge the Commission to improve the quality of audits; regrets procedural delays, pointing out that whilst the Anti-Fraud Office recommended disciplinary enquiries in May 2000, three disciplinary cases were only transmitted to the disciplinary board in March 2001; expects the disciplinary proceedings to be concluded in a consistent, professional and fair manner;
- (b) calls on the Commission to inform Parliament of the rules and the application regarding officials under investigation;
- (c) welcomes that audits were carried out in the Commission's Representations in Helsinki, Vienna, Madrid and Barcelona; calls upon the Commission to initiate preventive controls in all its remaining Representations and to inform Parliament of the results;

(xi) *Washington Delegation*

- (a) notes that the Financial Controller, following a comparison with the German, United Kingdom and Netherlands embassies, pointed out highly questionable practices regarding the refurbishment of the Washington Delegation residence, the cost of which was in excess of the sale value, and the provision of temporary accommodation, at greater than average market value cost, over a two-year period;
- (b) believes that *a posteriori* approval of overspend on refurbishment by the Advisory Committee on Procurements and Contracts and approval by headquarters for lodgings of delegation staff that breach existing standards is questionable; asks the Commission to investigate this incident and review its buildings policy with respect to delegations;

(xii) *Europe Aid*

notes that the new 'Europe Aid' service is an important step towards solving existing problems of arrears in payment appropriations. None the less considers that such a step is not sufficient to achieve the desired level of efficiency; therefore invites the Commission to draw on the experience of external agencies in implementing external aid on the ground, provided that these agencies can demonstrate a higher level efficiency than the existing centralised and decentralised services; points out that in such cases the activities of these agencies must be carried out in compliance with policy guidelines set by the Commission and the European Community's legal framework with regard to financial and accounting standards;

(xiii) *IRELA*

- (a) points out that Commission services were alerted to problems regarding the management of the Europe-Latin America Institute (IRELA) by Financial Control in its report of 6 June 1997 and by the Court of Auditors in its sector letters of 12 May 1998 and 13 November 1998, as well as in its special report No 12/2000 of 18 May 2000 ⁽¹⁾, regrets that the Commission audit was only completed in 2001;
- (b) asks the Commission to give urgent consideration to the means of solving the problem of unpaid staff not involved in irregularities and mismanagement, calls on the Commission to recover EUR 4,4 million, identified by the audit, lost owing to gross mismanagement including losses incurred owing to ineligible expenditure, including non-contractual remuneration of the Director and double payments from parts A and B of the general budget and undue travel expenses;

⁽¹⁾ OJ C 230, 10.8.2000.

- (c) urges the Commission to launch administrative enquiries and, if appropriate in the light of the Anti-Fraud Office internal enquiry, disciplinary proceedings;

(xiv) *ACEAL*

carry out a thorough audit of ACEAL and an investigation of its links with Commission staff and asks the Commission not to hesitate to launch administrative or disciplinary enquiries in the event of any apparent favouritism in the granting of contracts by officials to former agents of the Commission;

(xv) *A-30 subsidies*

cooperate with the Anti-Fraud Office and the Court of Auditors in auditing institutes or centres funded almost exclusively from the Union budget and to report to Parliament in time for the second reading of the 2002 budget; calls for Members of Parliament holding positions on executive boards or similar boards of organisations that receive a majority of their funding from the Union or to declare their interest in writing before budgetary debates and votes, in line with Annex I, Article 1 of Parliament's Rules of Procedure;

- (xvi) calls on the Commission to develop an information policy which promotes dialogue by making it possible for all organisations respecting fundamental human rights to apply for funds;

(xvii) *International donor co-ordination (including the United Nations (UN))*

- (a) regrets that despite requests in both discharge questionnaires the Commission has been unable to indicate the amount of funds channelled through the United Nations as a whole, as well as individual agencies; requests details including objectives of support, amounts committed, amounts spent, impact of aid and action taken following audits and evaluations;
- (b) is concerned about funds channelled through the United Nations International Drug Control Programme, asks for information and follow-up; notes that Commission audits have revealed the high risk of double payments to beneficiaries, once through the Commission and once more via UN agencies such as via the United Nations High Commission for Refugees; regrets that the World Food Programme has not allowed audit access, leading to the delay or even blockage of projects;
- (c) regrets that the Commission has failed to ensure full compliance of EU-funded investment promotion activities with core International Labour Organisation and other international human rights standards;
- (d) calls on the Commission to ensure control and visibility of funds under mandate to international organisations; make its financial assistance provisions subject to obtaining sufficient information on the use of the funds spent by international organisations acting in parallel with the Commission and, where there is found to be too little transparency, to halt the contribution to the UN agencies concerned;

(xviii) *Non-governmental organisation*

- (a) encourages the Commission to continue its general audit plan for NGOs based on risk analysis and welcomes the action of the Development Commissioner for not hesitating to recover monies lost owing to mismanagement by various NGOs;
- (b) notes that although the Commission was aware of problems in March 2000, an audit of CLONG (Liaison Committee of NGOs to the EU) was only started in October 2000; looks forward to receiving the audit report as soon as it is finalised;

- (c) notes that CLONG has not made all documentation available to the auditors, neither during the first visit to the NGOs nor in the contradictory procedure; encourages CLONG to submit any further information immediately; calls on the Commission to take full account of any further documentation in the recovery procedure; expects the Commission to unblock the funds put on hold when the recoveries issue has been settled and sufficient guarantees as to the proper financial management have been established;
- (d) welcomes that, following allegations of misuse and diversion of humanitarian aid in Yugoslavia in November 1999, ECHO, together with the International Federation of the Red Cross, commissioned an audit of the Yugoslavian Red Cross; is concerned about the risk of double payments, excessive invoicing and weaknesses in management control systems; calls on the Commission to apply lessons from its audit of the International Federation of the Red Cross in Yugoslavia to similar operations in other countries;

(xix) *Development aid*

notes that in 1999, out of EUR 6,5 billion spent on external cooperation activities, including development aid, only 1 % of this total was spent on health; notes also that detailed figures for sectoral spending remain unavailable for category 4 in Latin America and Asia, although these have been available for over twenty years for the ACP states; urges the Commission to report fully on all external assistance according to OECD DAC methodology;

(xx) *Energy sector*

regrets the Commission's discontinuation, in 1999, which means that EUR 5 million out of EUR 15 million will remain unused, of the Synergy programme which focuses on small scale and flexible projects to favour dialogue and cooperation between the EU and third countries; calls for the best projects of the call for proposals of 1999 to be transposed immediately in order to disburse funds foreseen under the 2001 budget; calls for a new call for proposals with a lower minimum threshold but with criteria that specify high quality and allowing bigger but also small and medium-sized projects to be taken into account;

(xxi) *Internal policies*

- (a) asks the Commission to make provision for contractual penalties in the event of excessive expenses being claimed;
- (b) asks the Commission to require beneficiaries above a certain size to submit a certificate by an independent auditor attesting the correctness of the expenses claimed and the eligibility of expenditure for subsidy in accordance with contractual conditions;
- (c) calls on the Commission to draw up detailed breakdowns of implementation in the financial year 2000 of the Socrates (B3-1 0 0 1), Youth (B3-1 0 1 0) and Culture (B3-2 0 0 8) programmes;

(xxii) *Agencies*

- (a) notes that appraisals of satellite agencies by the Court of Auditors and the Commission have, on the whole, focused on purely financial matters; calls for regular independent evaluations to determine how effectively the agency fulfils its mission; calls for the results of the evaluation and recommendations to be made public;
- (b) notes, for those agencies not based in the capital city of the Member States, the substantial difference in the cost of living between the location of agencies and the capital of the corresponding Member States; calls on the Commission to re-examine the system of weightings applied to agencies;
- (c) expects the Management Board and management of the European Monitoring Centre on Racism and Xenophobia, with due regard for their respective roles, to take the measures needed to ensure that, in future, the accounting systems are modernised and that staff are recruited and supply, goods and services contracts are awarded in compliance with all the rules in force;

(xxiii) *Joint Research Centre*

recalls that, in its special report No 10/2000 on the public contracts awarded by the Joint Research Centre ⁽¹⁾, the Court of Auditors asked that all irregular, questionable and dubious practices, identified during the course of the audit, should be terminated by appropriate means; recalls that financial penalties for authorising and accounting officers have not been laid down in the Financial Regulation, which has been in existence for more than 20 years; calls on the Commission, in conjunction with the reform of the Financial Regulation, to make proposals to this end without delay;

(xxiv) *Leonardo*

notes that with regard to the Leonardo da Vinci budget heading the Commission, because of, *inter alia*, pressure from Parliament and as a result of a legal complaint to the Brussels public prosecutor's office, terminated the contract with the Agenor technical assistance office; acknowledges that the Commission has in the meantime adopted measures concerning management of Community programmes and external technical assistance; demands that the Commission provide Parliament, within six months, with a meticulous assessment of the current situation with regard to all external technical assistance;

(xxv) *Drug abuse and sex tourism*

criticises the obvious management deficiencies affecting the following budget lines:

- B7-6 2 1 0 North-south cooperation schemes in the context of the campaign against drug abuse,
- B7-6 6 3 Campaign against sex tourism in third countries;

(xxvi) *Administrative expenditure*

(a) recalls that, in 1999, the annual cost of invalidity pensions in all institutions, awarded to officials in the case of total permanent invalidity, was around EUR 114 million for approximately 2 700 officials ⁽²⁾; notes that 28 779 officials worked in all European institutions in 1999; observes that the high incidence of retirement on grounds of invalidity indicates undue use of such retirement arrangements as part of personnel policy; would welcome a comparative study of invalidity rates in Member States and other international organisations from the Court of Auditors; calls on the Commission to report on underlying causes for such problems and ensure that existing provisions are strictly enforced;

(b) recalls that an EU-USA fellowship programme was set up 20 years ago, whereby EU officials, with at least five years' experience, may be sent on long-term mission to American academic institutes; regrets that no such programme exists for European universities; calls on the Commission to carry out an evaluation of the cost-effectiveness of the programme before the start of the next discharge procedure;

10. Congratulates and encourages the Budget Commissioner who has been striving to drive through much-needed change; acknowledges that, in response to repeated calls by Parliament to reduce unacceptably high error rates, the Commission submitted action plans in February 2000 and in February 2001; is determined to closely monitor the follow-up and implementation of the action plan; regrets the absence of a 'performance scoreboard' to judge the effectiveness and efficiency of the management of taxpayers' money by the Directorates-General of the Commission under the MAP2000 and SEM2000 reform programmes; welcomes that, at Parliament's request, the Commission has embarked on comprehensive root-and-branch reform and has proposed a recasting of the Financial Regulation in order to improve financial management; expects the Commission to make a commitment to those items in the following 10-point plan that have not already been addressed by the Commission reform and report back in a progress report on Commission reform before the next discharge procedure begins in November 2001; asks the Commission to:

- I. Annual plans: submit, for the first time, a summary by Directorate-General of all completed and outstanding tasks for 2000, since annual work plans for each of the 29 Directorates-General and job descriptions of all 59 officials who occupy A 1 posts were not established for 1999, or for any prior year; welcomes that under Action 22 of the White Paper on Reform, the Commission would carry out individual performance appraisals of A 1 and A 2 officials in April 2001; regrets

⁽¹⁾ OJ C 172, 21.6.2000.

⁽²⁾ Total number of invalids: 2 741, 1 096 aged less than 60, 563 aged between 60 and 65, 1 082 aged over 65.

substantial delays whereby the first appraisal will only start by the end of 2001, as stated in the Commission Decision of 22 December 2000 on the appraisal, selection and appointment of senior Commission officials (SEC(2000) 2305); calls for the transmission of annual work plans and, on a confidential basis, appraisals of A 1 officials; asks the Commission to inform Parliament of the number of officials that have left under Articles 50 and 51 of the Staff Regulations; calls on the Commission to take into account the staff appraisals; invites the Commission to implement measures that will allow it to dismiss A1 officials whose career development reports indicate that performance is inadequate ⁽¹⁾;

II. Annual declaration: ensure that each Commissioner, Director-General and Head of Delegation signs an annual declaration of assurance, for the first time by June 2001, that adequate internal controls have been put in place; also ensure that each of these persons signs annually, for the first time by March 2002, a statement that all funds for which he/she is responsible have, as far as he/she is aware, been spent in accordance with the principles of sound and efficient management; notes that the consequences of not signing, and of not living up to the expectations deriving from such assurances and statements, as well as the consequences for the chain of responsibility would have to be clarified;

III. League table : introduce a suitable management information system to allow a qualitative and quantitative assessment to be established and thereby share best-practice across the Commission; notes that a statistical breakdown, by Directorate-General, was not available for the 2 805 commitment proposals, payments and recovery orders, rejected in 1999 by the Financial Controller and Accounting Officer, on a number of grounds including errors due to incorrect draft contracts, ineligible expenditure, ineligible beneficiaries, insufficient consideration of economy and value for money as well as duplicate payments; calls for a comparison of Directorates-General on a number of management criteria including: payment delays, *reste à liquider*, recoveries initiated and completed, actual to planned execution, hours of training, average time of vacancy of posts and action following financial audits, performance evaluations, allegations of malpractice by whistleblowers and reports by the Anti-Fraud Office;

IV. Follow-up of audits, evaluations and budgetary implementation:

- (a) Audits: transmit, on a bi-annual basis, to the discharge authority a synthesis of key findings, recommendations and follow-up of all internal audits carried out by the Commission; notes that action following audits carried out by the Financial Controller in 1999 has not always been swift, effective or comprehensive; asks the Commission to indicate what action was taken following the audits listed in Annex 3;
- (b) Sectoral evaluations: undertake regular policy evaluations by sector and present results to the Committee on Budgetary Control in the presence of the relevant policy Director-General, the relevant Member of the Court of Auditors and a delegation from Parliament's relevant specialised committee;
- (c) Implementation figures: send a representative to the Committee on Budgetary Control to present and explain the quarterly budget implementation figures, outlining and examining any trends or potential areas of concern as well as problems relating to late payments, in order to allow Parliament to fulfil its priority to monitor closely budget expenditure at regular intervals during the course of the year; regrets that the analysis for financial management for 1999 is incomplete and only available in one language; calls on the Commission to make a full analysis for subsequent years and make this available in all languages;

⁽¹⁾ Consultative document on maintaining professional standards of 28 February 2001, Annex I.

- V. 'Revolving door': tighten the interpretation of and strictly apply existing provisions ⁽¹⁾ to avoid the state of affairs where former Commissioners, cabinet appointees and officials are able to use their in-house knowledge and expertise, in an inappropriate manner, in the service of private interest groups or industry; points out that this occurred for a number of senior persons in 1999; notes that provisions ⁽²⁾ exist whereby the Commission must specify those posts which debar officials who have held them from engaging in any occupation, whether gainful or not, for a period of three years after leaving the service; asks for details of such posts and information on the application of such, or similar, provisions to former Commissioners, cabinet appointees, Heads of Delegation or Representation or Director-Generals;
- VI. Whistleblowing: ensure that the discharge authority is informed, at least on an annual basis, of all completed investigations into allegations of serious wrongdoing, including the date the allegation was made, a description of alleged wrongdoing, action taken within the Commission, date of disclosure to the Court of Auditors and/or Anti-Fraud Office and details of any follow-up action including the launching of administrative or disciplinary proceedings and measures taken to protect the legal position of the whistleblower in question; welcomes that the Commission adopted, on 29 November 2000, a consultative document on raising concerns about serious wrongdoing (SEC(2000) 2078); welcomes that the Commission has satisfactorily investigated allegations, forwarded by the Committee on Budgetary Control, including those regarding the use of Community funds in Bolivia (technical assistance), Colombia (Tumaco housing project) and Lebanon (UNRWA refugee camps);
- VII. Disciplinary proceedings and sanctions: provide summary information on closed administrative enquiries and disciplinary procedures; notes that the Commission provided information on 14 of the 26 cases opened, conducted or finalised in, or concerning expenditure from the year 1999; considers that 12 pending cases should be dealt with under the next discharge procedure; calls on the Commission to apply strictly suitable penalties against persons, be they Commissioners, cabinet appointees or officials, found to have been grossly negligent in their duties; recalls that officials may be stripped of their pension rights under the Staff Regulations ⁽³⁾; asks to be informed how the revised disciplinary procedure operates, with emphasis on external supervision; takes note of the Commission consultation paper of 29 November 2000 (SEC(2000)2079) on reform of the disciplinary procedure; notes that the proposals it contains are inadequate because:
- (a) the external element provided for is too weak: only the chairman of the disciplinary board would be appointed from outside the institution on an annually extendable contract only;
 - (b) the projected establishment of an additional Investigation and Disciplinary Office to carry out administrative inquiries will lead to overlapping remits and conflicts with the European Anti-Fraud Office, on which the Commission has already conferred responsibility for administrative inquiries in cases of serious breaches by officials of their obligations under the Staff Regulations;
 - (c) the issue of the financial liability of officials for the damage they have caused has been completely excluded and, to date, the Commission has made no proposals whatever in this connection;
- VIII. 'Black list': maintain a central database, in line with best practice in international organisations such as the World Bank, containing the names of companies and individuals found to have defrauded the Union budget so as to avoid contracts being granted by different departments to the same companies or individuals; asks that details of convicted defrauders are published on the Commission website; regrets that an early warning system, the so called grey list, is poorly understood and is not strictly enforced throughout the Commission; points out that no preferential treatment should be given to organisations with direct links to persons working or having worked in European institutions; asks that both the black and grey lists be cross-referenced to the central register of invoices foreseen in April 2001 under Action 11 of the White Paper on Reform

⁽¹⁾ Article 17 of the Staff Regulations.

⁽²⁾ Article 16 of the Staff Regulations.

⁽³⁾ Article 86 of the Staff Regulations.

(COM(2000) 200) and to the central contracts database foreseen in June 2001 under Action 74 of the White Paper on Reform; asks the Commission to put forward proposals to amend Council Regulation (EC) No 1469/95 of 22 June 1995 on measures to be taken with regard to certain beneficiaries of operations financed by the Guarantee Section of the EAGGF ⁽¹⁾ in order to list companies under suspicion of wrongdoing or fraud; asks the Commission to ensure that all external contractors indicate whether they have worked in European institutions; reserves the right to make enquiries concerning individual contracts; calls on the Commission to put forward a proposal for a legal base enabling the Commission to add the names of companies and individuals to the Black list;

- IX. Recovery of losses: ensure that there is no laxity or omission in the recovery of funds unduly paid to Member States, companies or individuals; calls for a regular progress report, at least on an annual basis, from the central recovery department, set up in July 2000, indicating, by Directorate-General, all cleared and outstanding recovery requests; urges the Commission to recover irregular payments discovered by the Court of Auditors for the financial year 1999 as soon as possible and in future to launch recovery proceedings within three months of receipt of details of irregularities from the Court; calls for the Commission College to take a formal decision, similar to those taken under the clearance of accounts procedure, for the waiving of debts greater than EUR 1 million; ensure that a 'firewall' is introduced so that decisions taken by civil servants are exempt from any political interference;
- X. Archiving: introduce, in the light of best practice in Member States and using the latest cost-effective technology, electronic archiving of all documents to avoid files being lost or mislaid; deplores that no visible action has been taken, although, in paragraph 1(e) of its abovementioned resolution of 13 April 2000 on the postponement of the discharge for the 1998 financial year, Parliament asked the Commission to present a detailed regulation on new archive routines and launch full administrative enquiries where documents are found to be missing.
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⁽¹⁾ OJ L 145, 29.6.1995, p. 1.

ANNEX 1

EXECUTIVE SUMMARIES OF AUDIT REPORTS CONCERNING THE 1999 BUDGETARY YEAR RECEIVED BY THE DISCHARGE RAPPORTEUR

Representation in Stockholm

Delegation in Prague

Delegation in Washington

Information concerning ACEAL

IRELA audit

Audit to follow up actions for external relations' DGs

European Association for Cooperation

Audit of ECHO projects

Sincom II database system

Systems audit on informatics

Civil servant allowances (salary, travel, family ...)

Contract management concerning research projects

Systems audit on economics and finance

European Migrants' Forum

Systems audit on research

European Environmental Agency in Copenhagen

European Monitoring Centre on Racism and Xenophobia in Vienna

European Foundation for the Improvement of Living and Working Conditions in Dublin

Cedefop in Thessaloniki

COMPLETE AUDIT REPORTS CONCERNING THE 1999 BUDGETARY YEAR RECEIVED BY THE DISCHARGE RAPPORTEUR

IRELA audit

Representation in Stockholm

Flax

ANNEX 2

AUDIT REPORTS REQUESTED BUT NOT YET RECEIVED BY THE RAPPORTEUR FOR THE DISCHARGE	
DIRECTORATE-GENERAL	AREA
Regional Policy	Audit and evaluations of Member States
Joint Research Centre	Internal audit reports
External Relations	All inspection reports of Delegations (Angola, Bolivia, Bosnia, Gambia, Lesotho, Malawi, Nicaragua, Pakistan, Romania, Senegal, Swaziland, Switzerland and Tanzania)
Humanitarian Aid Office (ECHO)	Report on the main recommendations of audits and on subsequent action including recovery of funds Red Cross in Yugoslavia
Enlargement	Report on the main recommendations of audits and on subsequent action including recovery of funds
Personnel and Administration	Audits of A-3 0 budget lines (Community subsidies)
Informatics Directorate	Integrated Resource Management System
Economic and Financial Affairs	Internal audit reports
Press	Audits of Representations (Helsinki, Vienna, Madrid and Barcelona)

ANNEX 3

AUDIT REPORTS CARRIED OUT BY THE FINANCIAL CONTROLLER		
Sector	Number of audits	
	1998	1999
EAGGF — Guarantee Section	43	39
ERDF	17	18
European Social Fund	24	24
EAGGF-Guidance Section	10	7
Fisheries	3	5
Structural Funds: pilot projects and direct contracting	13	7
Cohesion Fund	1	3
Internal market	3	12
Culture	1	1
Social policy	4	3
Audiovisual	0	1
Education	8	2
Information and communication	2	7
Energy	0	0
Environment	0	3
Research	10	5
European Development Fund	3	7
Humanitarian aid		1
PHARE/TACIS	8	6
Developing countries: Asia and Latin America	3	3
Developing countries	2	1
CFSP		0
ECSC	0	3
Intersectoral activities	0	0
Non-regulated subsidies	5	4
NGOs	1	1
Delegations	3	0
Agencies	14	10
Administrative expenditure	1	18
Traditional Own Resources	14	12
VAT	1	5
Other	7	1
Total	201	209

Source: Commission Financial Controller's Annual Report for 1999.

DECISION OF THE EUROPEAN PARLIAMENT

of 4 April 2001

closing the accounts in respect of the implementation of the general budget of the European Union for the 1999 financial year (Commission)

(2001/445/EC, ECSC, Euratom)

THE EUROPEAN PARLIAMENT,

Having regard to the budget of the European Union for the 1999 financial year,

Having regard to the consolidated revenue and expenditure account and balance sheet for the 1999 financial year (SEC(2000) 537 — C5-0310/2000, SEC(2000) 538 — C5-0311/2000, SEC(2000)1624 — C5-0313/2000) ⁽¹⁾,

Having regard to the annual report concerning the 1999 financial year and the special reports of the Court of Auditors and the Institutions' replies (C5-0617/2000) ⁽²⁾,

Having regard to the Statement of Assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0617/2000),

Having regard to the Council recommendation of 12 March 2001 (C5-0127/2001),

Having regard to Article 276 of the EC Treaty, Article 78g of the ECSC Treaty and Article 180b of the EAEC Treaty,

Having regard to the Financial Regulation of 21 December 1977, and in particular Article 89 thereof,

Having regard to Rule 93 and Annex V of its Rules of Procedure,

Having regard to the report of the Committee on Budgetary Control and the opinions of the interested committees (A5-0113/2001),

Whereas:

A. Pursuant to Article 275 of the EC Treaty responsibility for drawing up the revenue and expenditure account lies with the Commission,

1. Notes that the revenue and expenditure for the 1999 financial year amounted to:

(euro)	
(a) Revenue	86 908 069 717,84
(b) Expenditure	– 84 268 265 870,26
Appropriations carried over from 1998 to 1999 which lapsed	508 101 761,56
Exchange differences for the year	71 984 361,71
Total	3 219 889 970,85

⁽¹⁾ OJ C 343, 1.12.2000.

⁽²⁾ OJ C 342, 1.12.2000.

2. Notes that total revenue is broken down as follows:

	(euro)
Own resources	82 083 049 970,25
Surpluses available	3 471 880 781,99
Other revenue (Titles 4 to 9)	1 353 138 965,60
Total	86 908 069 717,84 (*)

(*) Total gross revenue for the year comes to EUR 88 447 803 041,15. When the costs incurred by the Member States in the collection of own resources (EUR 1 539 733 323,31), are taken into account, total net revenue collected in respect of 1999 comes to EUR 86 908 069 717,84.

3. Notes that total expenditure is broken down as follows:

	(euro)	(%)
1. Common agricultural policy	39 573 891 000,00	46,96
2. Structural operations	30 347 563 000,00	36,01
3. Internal policies	4 868 147 000,00	5,78
4. External action	4 725 027 000,00	5,61
5. Administrative expenditure	4 453 325 000,00	5,28
6. Reserves	300 069 000,00	0,36
Total (*)	84 268 022 000,00	100,00

(*) Explanation of difference between amount (b) in paragraph 1 (EUR 84 268 265 870) and the total in point 3 (EUR 84 268 022 000):

1. amount (b) in paragraph 1 comes from the calculation of the balance for the financial year. That calculation is determined by the own resources Regulation. As indicated in the footnote on page 13 of Volume IV: EFTA-EEA appropriations carried over from 1998 to 1999 could not be included in the calculation of the balance for the 1998 financial year, since the carry-over decision was adopted after the closure of accounts, i. e. that amount should have been part of the 1998 budget balance, but, as it was not communicated until after the accounts were closed, it should be included in the balance for the following year;
2. the total in point 3 comes from page 24 of Volume IV. Account should be taken of the footnotes on page 24, indicating that implementation of Title B6 has been underestimated by EUR 52 300, and page 13 and page 26, indicating that the amount of appropriations carried over by the Commission must be increased by an amount of EUR 192 080 and corresponds to EFTA's appropriations (see 1).

4. Notes the following consolidated balance sheet drawn up by the Commission:

ASSETS

	(euro)
I. Initial costs	0,00
II. Intangible fixed assets	6 517 892,73
III. Tangible fixed assets	3 019 119 517,68
IV. Investments	1 777 820 170,33
V. Long-term assets	2 557 209 489,14
VI. Stocks	151 863 752,23
VII. Short-term assets	5 256 704 957,33
VIII. Cash investments	40 454 375,92
IX. Disposable assets	11 254 861 205,20
X. Transitional accounts	251 026 662,54
Total	24 315 578 023,10

LIABILITIES

(euro)

I. Own capital	9 039 080 663,72
II. Provisions for risks and liabilities	1 206 681 575,52
III. Long-term liabilities	2 811 331 841,58
IV. Short-term liabilities	10 736 834 742,31
V. Transitional accounts	521 649 199,97
Total	24 315 578 023,10

5. Is concerned that the failure to draw up comprehensive financial statements indicates a lack of adequate data checks, management supervision and budget procedures; calls on the Commission to introduce an effective accounting system to allow anomalies to be discovered in good time; asks the Commission to introduce procedures to enable each Directorate-General and delegation to draw up interim aggregate financial statements every six months; notes that, under the reform programme, the system will be fully operational by 2003;
6. Recalls that the Court of Auditors, in the context of its Statement of Assurance, is of the opinion that the accounts reflect reliably the Communities' revenue and expenditure and the financial statement at the end of the year, but as in previous years, has voiced reservations regarding the effect of a number of errors and weaknesses on the consolidated revenue and expenditure account, including:
 - (a) a net understatement of fixed assets of around EUR 240 million, as buildings of the European Parliament and European Court of Justice are not included and inconsistencies in the treatment of depreciation between, and even within, different Commission Directorates-General,
 - (b) an understatement of short-term amounts receivable from Member States, in the area of own resources and EAGGF Guarantee Section debtors,
 - (c) a material understatement of sundry debtors, essentially sums paid to various intermediate bodies but not yet transferred to final recipients,
 - (d) the inaccurate and inadequate presentation of information on advances and payments on account at 31 December 1999, as a result of incorrect recording by the authorising officers and technical problems linked to the introduction of SINCOM2,
 - (e) the understatement of commitments by some EUR 2 600 million,
 - (f) the overstatement of commitments still to be settled by some EUR 940 million, since they are maintained in the accounts although they no longer represent an obligation to make further payments owing to poor monitoring by various Commission departments,
 - (g) the overstatement of potential receivable amounts;
7. Approves the closure of the accounts for the implementation of the general budget for the 1999 financial year;
8. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank and to have it published in the Official Journal (L series).

The Secretary-General
Julian PRIESTLEY

The President
Nicole FONTAINE

DECISION OF THE EUROPEAN PARLIAMENT

of 4 April 2001

concerning discharge in respect of the implementation of the general budget of the European Union for the 1999 financial year — Section I — European Parliament/Ombudsman (Annex)

(2001/446/EC)

THE EUROPEAN PARLIAMENT,

Having regard to its Rules of Procedure, and in particular Rule 184(3) thereof,

Having regard to Article 77 of the Financial Regulation and Article 13 of the Internal Rules for the implementation of the European Parliament's budget,

Having regard to the Revenue and Expenditure Account and Balance Sheet for the financial year 1999 (SEC(2000) 539 — C5-0312/2000),

Having regard to the Agreement on Administrative Cooperation concluded between the European Parliament and the European Ombudsman on 22 September 1995 and extended on 7 December 1999,

Having regard to the annual report of the Court of Auditors concerning the financial year 1999 and the Institutions' replies (C5-0617/2000) ⁽¹⁾,

Having regard to the Statement of Assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0617/2000),

Having regard to its decision of 6 July 2000 giving discharge in respect of implementation of the general budget of the European Union for the financial year 1998 — Section I — European Parliament/Ombudsman Annex ⁽²⁾, and in particular paragraph 3 thereof in which it instructed its Committee on Budgetary Control to include in its treatment of the 1999 discharge the procedures for awarding contracts, building policy, staff policy and the taking of an inventory of Parliament's property,

Having regard to the report of the Committee on Budgetary Control (A5-0099/2001),

European Parliament

1. Takes note of the figures with which the European Parliament's accounts for the 1999 financial year were closed, namely:

Use of appropriations	Appropriations for the 1999 financial year	Appropriations carried over from 1998 financial year	
		Article 7(1)(b) of the Financial Regulation	Article 7(1)(a) of the Financial Regulation
Appropriations available	927 050 439,00	117 161 721,05	150 000 000,00
Commitments entered into	917 537 429,67	—	—
Payments made	813 716 797,14	107 743 197,70	150 000 000,00
Appropriations carried over to 2000			
— Article 7(1)(b) of the Financial Regulation			
— Article 7(1)(a) of the Financial Regulation	103 820 632,53		

⁽¹⁾ OJ C 342, 1.12.2000.

⁽²⁾ OJ L 234, 16.9.2000, p. 20.

Use of appropriations	Appropriations for the 1999 financial year	Appropriations carried over from 1998 financial year	
		Article 7(1)(b) of the Financial Regulation	Article 7(1)(a) of the Financial Regulation
Cancelled appropriations	9 513 009,33	9 418 523,35	—
Balance Sheet of 31 December 1999: 1 447 634 600			

Implementation of the budget

2. Notes the improvement in the implementation of the budget as evidenced by:
- the high take-up rate of available appropriations in the 1999 financial year (98,97 %),
 - the significant increase in the use of appropriations automatically carried over from 1998 (91,96 % compared to 79,80 % from 1997 to 1998),
 - the full take-up of appropriations not automatically carried over from the same financial year;

Staff policy

3. Continues to attach maximum importance to the continuous and systematic professional training of the authorising officers and in general those who manage the appropriations with a view to further improving the implementation of Parliament's budget; while it welcomes the training measures taken so far (information seminars, circulars admonishing strict compliance with the provisions of the Financial Regulation, etc.), it considers that the recurrence of errors, such as the failure to submit proposals for the commitment of expenditure to the financial controller for approval, justifies an intensification of this training;
4. Notes that, in accordance with point 14 of its Decision of 7 October 1998 giving discharge in respect of the implementation of the budget for the financial year 1996 — Section I — European Parliament/Ombudsman Annex ⁽¹⁾ regarding the need to hold regular competitions for staff who are computer-literate and/or qualified in accounting and auditing, Parliament has jointly with other institutions organised a number of such competitions (EUR/A/154, EUR/B/164);
5. Notes that the Secretary-General is about to deliver a report to the Bureau on personnel policy, including measures dealing with staff mobility, for its April meeting; asks the Bureau to introduce elements of flexibility, qualifications and achievements into Parliament's policy of staff mobility for the purpose of fostering the goal of efficiency;
6. Expresses its satisfaction at the trends towards a reduction in the overall number and cost of missions of staff between the three working places of Parliament, and particularly between Luxembourg and Brussels;

	Total		Luxembourg—Brussels		Brussels—Luxembourg	
	1998	1999	1998	1999	1998	1999
Number of missions	31 620	30 589	8 463	7 467	2 413	2 686
Number of days	97 168	93 134	17 244	15 446	3 136	3 436
Cost (EUR million)	17,2	16,6	2,9	2,6	0,5	0,6

Supports every measure aimed at reorganising the services of the institution on a rational basis (such as, for example, the agreement concluded recently between the Luxembourg Government and Parliament on the transfer of 99 posts from Luxembourg to Brussels) which contributes to a reduction in the number of missions; stresses, in this connection, that all the services directly related to Members' activities (DG II, DG III, interpreters, the necessary number of parliamentary ushers, drivers etc.) must be based in the working place where these activities take place; welcomes the attempt to reduce Parliament's operating expenditure, including spending on missions, but considers that the quality of Parliament's work must not thereby be jeopardised; calls for consideration to be given to the widespread use of teleconferencing for cooperation between staff in Luxembourg and Brussels with a view to reducing movements of staff and the corresponding costs as far as possible;

⁽¹⁾ OJ C 328, 26.10.1998, p. 111.

7. Notes the decision of the Bureau of 11 December 2000 which clarifies the conditions governing, and specifies which supporting documents are needed for missions 'outside the establishment plan'; notes as well a similar decision taken by the Bureau on 12 March 2001 concerning missions 'within the establishment plan' which has to be implemented by the Secretary-General in consultation with the Staff Committee; instructs its Secretary-General to report on the working of the new system one year after it enters into force;
8. Welcomes the additional measures taken to ascertain whether an official really is resident in his place of employment before he is granted the expatriation allowance; calls for systematic controls to ensure the strict implementation of these measures and the periodic verification that the preconditions for granting this allowance still apply; wishes to be informed whether all the institutions and advisory bodies of the European Union apply a uniform policy in this matter;
9. Points out that, in its note on the decisions to overrule the withholdings of approval by the financial controllers of the institutions for 1999, in accordance with Article 39(3) of the Financial Regulation, the Court of Auditors comments on Cases 99/7 and 99/9 concerning Parliament, without however taking any account of the arguments on the basis of which the Bureau decided to overrule the withholdings of approval in question; points out that OLAF has been requested to conduct an investigation into this matter and it is now awaiting these findings;
10. Points out that it, together with the other institutions, has specified more clearly the conditions for determining the place of residence of retired officials; calls on the administration strictly to monitor compliance with these conditions at regular intervals; calls on the Administration to insist on the presentation of reliable supporting documents, to recover funds where payments have been made on the basis of statements which have proven to be false and to apply disciplinary procedures where applicable, in accordance with the provisions of Article 86 and Annex IX of the Staff Regulations;
11. Reiterates the statement made in point 9 of its decision of 23 May 1996 giving discharge in respect of the implementation of the budget for the 1994 financial year — Section I — European Parliament ⁽¹⁾ in which it had already called for auxiliary staff to be drawn from as large a pool of applicants as possible; looks to its Secretary-General to submit a report by 1 July 2001 setting out how account has been taken of Parliament's demand and according to which criteria and procedures staff have been selected;

The awarding of contracts

12. Notes that, according to the report by the ACPC (Advisory Committee on Procurements and Contracts) for 1999, there is an increasing trend towards competitive tendering for the award of contracts compared to the conclusion of contracts by private treaty or negotiated procedure:
 - open procedures (1998: 99 (27,5 %); 1999: 107 (33 %),
 - restricted procedures (1998: 82 (22,5%); 1999: 64 (19,7 %));
 - contracts awarded by private treaty/negotiated procedure (1998: 181 (50 %), 1999: 153 (47,35 %)).

Notes in this connection that the decline in the number of contracts awarded by private treaty or negotiated procedure compared to 1999 is still unsatisfactory and that Parliament adopted a position on this matter only in its abovementioned resolution of 6 July 2000; takes note of the statement by the Secretary-General that the number of contracts awarded by private treaty in the year 2000 was 50 % less than the number awarded in 1998; expects competitive tendering to be the normal practice, where applicable, with restricted procedures and contracts awarded by private treaty/negotiated procedure being applied only under the circumstances laid down by the Financial Regulation and bearing in mind the remarks by the Committee of Independent Experts ⁽²⁾;

⁽¹⁾ OJ C 166, 10.6.1996, p. 189.

⁽²⁾ Second report, Chapter on the award of contracts — choice of procedure, in particular points 2.2.23 and 2.2.26.

13. Recalls that, in its resolution of 13 April 2000 postponing the decision on giving discharge in respect of implementation of the general budget for the 1998 financial year — Section I — European Parliament/Ombudsman ⁽¹⁾, Parliament urged the Court of Auditors to submit a special report on the award of contracts for security services for Parliament's buildings, including a review of their economic efficiency; bears in mind the note of the Court of Auditors of 27 October 2000 on the overruling decisions by the Bureau of Parliament in the 1999 financial year in which the Court of Auditors announced that it would pursue this matter in its audit of the 2000 financial year;
14. Looks to the Secretary-General to honour his commitment to submit to the Committee on Budgetary Control quarterly reports by the ACPC from 2001 indicating the contracts and acquisitions concluded, with reference to the procedure adopted in each case;
15. Recalls that, in point 5 of its resolution of 6 July 2000 on the 1998 discharge, it called for all the institutions to include in the Revenue and Expenditure Account and Balance Sheet for every financial year comparable statistical data concerning the award of contracts; calls for this data to be provided from the financial year 2000;

Buildings policy

16. Notes that in the opinion it had requested ⁽²⁾ of 13 July 2000, the Court of Auditors points out that:
 - it has in part accepted the view of the Commission that the use of direct funding for the acquisition of buildings was not contrary to the provisions of the Treaty, and
 - that the Financial Regulation in force neither specifically allows nor specifically prohibits the use of indirect funding;
17. Emphasises that the Commission's proposal for a radical review of the Financial Regulation specifically provides for the possibility of the direct funding of the building policy of the institutions of the European Union, as the Court of Auditors has repeatedly proposed;
18. Reiterates its principal position in favour of the direct funding of building expenditure, including the acquisition of the Louise Weiss Building; pending the review of the Financial Regulation, it again urges the Council to reconsider its own position in this matter;
19. Considers it unacceptable that, while Parliament has been using the Louise Weiss Building in Strasbourg since July 1999, the final cost of this building has not yet been determined, and that it is very unlikely that this will happen in the immediate future; looks to the competent political and administrative authorities of the institution forthwith to call the contracting parties to account in order to solve this problem which has clear budgetary repercussions;
20. Reiterates the need to rule out as far as possible further logistical obstacles relating to Parliament's future building requirements resulting from the enlargement of the EU; reiterates also that future decisions in the sphere of building policy must be based on the principle of functionality and the optimum use of financial resources; stresses also that the principle of functionality applies not only to the concentration of Parliament's services in the individual working places, but also to the concentration of the various buildings at each working place;

Inventory of Parliament's property

21. Expresses its regret that the first phase of implementation (1 December 1999 to 31 May 2000) of the new system of making an inventory and managing Parliament's property (ELS) (which already operates in the Court of Auditors) has fallen markedly below expectations, despite some improvements compared with the previous system, IMMO; recalls that during the 1998 discharge procedure, the Secretary-General acknowledged this and undertook to notify the Committee on Budgetary Control about the performance of this system during the first year of implementation as part of the closure of accounts for 2000; takes note of the report submitted by the Secretary-General on 22 February 2001 indicating the improvement achieved by the systematic use of ELS and the steps that still need to be taken, mainly in the six months ahead; stresses that it will continue to monitor very closely issues relating to the inventory of Parliament's property;

⁽¹⁾ OJ C 40, 7.2.2001, p. 398.

⁽²⁾ See point 11 of the resolution of 13 April 2000.

The canteens, bars, restaurants and shops (CBRS) sector

22. Asks for a report to be drawn up, in time for the first reading of the 2002 draft budget, concerning the running of the imprest accounts, with particular reference to the CBRS sector (as well as the information offices) and on the steps taken to avoid repetition of past problems in this sphere;
23. Calls for the policy on reduction of subsidies for the CBRS sector to be reviewed on the basis of real facts as they have evolved in recent years;

The political groups

24. Points out that, in response to the comments by the Court of Auditors on the funding of the political groups, Parliament has set up a new budgetary item (3 7 0 1) and that the Bureau adopted the rules for the utilisation of appropriations for this item on 13 December 2000;
25. Regrets the fact that the Court of Auditors did not undertake any audit of the expenses of the political groups' spending in 1999, the year of the last European elections; reminds the Court of Auditors of its position taken in the abovementioned resolution of 13 April 2000 that the Court of Auditors conduct an audit of the political groups' finances every two years and calls on it to dedicate any extra resources, if necessary, to auditing money spent by political groups during European election years;

The case relating to the Members' Cash Office

26. Points out that the procedure provided for in Article 22 of the Staff Regulations has been initiated and is at a preparatory stage with a view to defining responsibilities in connection with the discrepancy of BEF 4 136 125 between the actual cash situation and their corresponding accounts in 1982;

Evaluation of the human and financial resources provided to enable Parliament to play its institutional and political role

27. Considers that the annual evaluation of the use of available resources, except for the financial resources relating to buildings policy, must concentrate primarily on those services which are directly linked to its institutional responsibilities; stresses in this connection the legislative powers conferred on it by the Treaties and the new opportunities presented by the Treaty of Nice, which is in the process of ratification;
28. Notes the measures that have been taken to ensure that the administrative structures and services provided are in keeping with its institutional and political priorities of Parliament and stresses the need further to strengthen the professional training programmes;
29. Takes the view that these measures — and any additional measures to the same end — must produce comparable quantitative and qualitative results relating to its contribution to shaping and implementing the legislative work of the European Union;
30. Emphasises that its 'image' is reflected in the quality of the texts produced which, however, are the result of internal processes which involve cooperation between many services;
31. Considers, therefore, that the method of measuring its influence on the legislative work of the EU must not be limited to primary statistical data (for example, the number of amendments approved in plenary sitting), but should include the processing of these data with a view to achieving a more specialised and structured evaluation of its legislative work;

Information policy

32. Takes the view that this form of quality approach to legislative work must also be borne in mind in the policy in respect of the visitors' programme; stresses in particular the need to record and evaluate primary information on European Union issues of interest to the general public which Parliament can gather from visitors' groups; calls for a report to be submitted by the first reading of the 2002 draft budget on the measures to be taken in this direction;

33. Demands the creation of a task force consisting of the responsible vice-presidents and the respective rapporteurs of the competent Committees to examine the effectiveness of Parliament's spending on information policy, especially within the Member States, and if necessary, propose new priorities;

Other business

34. Expresses its satisfaction at the fact that the issue of the purchase of a second computer for Members' offices has been settled ⁽¹⁾;
35. Recalls point 24 of its resolution of 19 January 2000 ⁽²⁾ and point 27 of its resolution of 16 January 2001 ⁽³⁾, in which it instructed its Secretary-General to make proposals for the creation of a secure archive; notes that the proposals were adopted by the Bureau on 14 February 2001; calls on the Secretary-General to implement the Bureau decision without delay, thus ensuring facilities in Brussels and Strasbourg; emphasises that secure transport facilities are a prerequisite for the new system;
36. Recalls point 24 of its resolution of 13 December 2000 on reform of budgetary control procedures and institutions ⁽⁴⁾, in which it mandated the Bureau to put in place a fully operational internal audit service by 1 January 2002; asks its Secretary-General to inform the Committee on Budgetary Control by 1 July 2001 on progress made in implementing this mandate;
37. Expresses its satisfaction at the Euroscola Programme as a means of bringing Parliament closer to the people it represents and who elected it, but calls for information on the way this programme is managed, its various phases, the schools selected and the timetable of visits; recalls point 18 of Parliament's resolution of 26 October 2000 on the draft general budget of the European Union for 2001 ⁽⁵⁾, in which it was decided to increase funding for this programme;
38. Urges that, as a general rule, documents related to Delegations' meetings be printed in the place of those meetings (Brussels), to ensure timely availability of those documents to Delegation members;
39. Considers that the follow-up to the decision granting discharge must always take place within the framework of a permanent dialogue between the competent authorities of Parliament and the Committee on Budgetary Control, represented by the rapporteur for discharge and the Member responsible for Parliament's administrative expenditure;

Ombudsman

40. Points out that, having been urged to do so by Parliament within the framework of the 1999 budgetary procedure, the Ombudsman has drawn up a plan for restructuring his secretariat with a view to gradually converting most temporary posts into permanent posts and separating the administrative and legal services; expects that the permanent posts, thus created will be filled in accordance with Article 29 of the Staff Regulations;
41. Points out the need to avoid the cancellation of a significant part of the available appropriations, as occurred in 1999:
- 1999 appropriations: 14,46 % (1998: 8,58 %),
 - appropriations automatically carried over from 1998: 38,09 % (from 1997 to 1998: 36,05 %).
- Calls on the Ombudsman to improve the take-up of the funds placed at his disposal by the budgetary authority.
42. Gives its Secretary-General discharge in respect of the implementation of the budget for the 1999 financial year;
43. Authorises the giving of discharge to the Accounting Officer for the 1999 financial year;

⁽¹⁾ See point 28 of the resolution of 13 April 2000.

⁽²⁾ European Parliament resolution containing the comments which form an integral part of the decision giving discharge to the Commission for the implementation of the general budget of the European Union for the 1997 financial year (OJ L 45, 17.2.2000, p. 37).

⁽³⁾ European Parliament resolution on the Commission report on the measures taken in the light of the observations of the European Parliament in its 1997 discharge (Texts adopted, point 6).

⁽⁴⁾ Texts adopted, point 15.

⁽⁵⁾ Texts adopted, point 2.

44. Instructs its President to forward this Decision to the Commission, the Council, the Court of Justice, the Court of Auditors and the European Ombudsman, and to have it published in the Official Journal (L series).

The Secretary-General

Julian PRIESTLEY

The President

Nicole FONTAINE

DECISION OF THE EUROPEAN PARLIAMENT**of 4 April 2001****concerning discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions (Dublin Foundation) in respect of the implementation of its budget for the 1999 financial year**

(2001/447/EC)

THE EUROPEAN PARLIAMENT,

Having regard to the report of the Court of Auditors on the financial statements and management of the European Foundation for the Improvement of Living and Working Conditions (Dublin-Foundation) for the financial year ended 31 December 1999 (C5-0686/2000) ⁽¹⁾,

Having regard to the Council Recommendation of 12 March 2001 (C5-0127/2001),

Having regard to the EC Treaty and in particular Article 276 thereof,

Having regard to Rule 93 and Annex V of its Rules of Procedure,

Having regard to the report of the Committee on Budgetary Control (A5-0108/2001),

Whereas:

- A. The Dublin Foundation pursues its mission 'to contribute to the planning and establishment of better working conditions through action designed to increase and disseminate knowledge likely to assist this development' by following six mid-term research priorities, namely, in the areas of employment practice, worker participation, equal opportunities, social cohesion, health and well-being and sustainable development.
- B. There appears to be a certain degree of overlap between the work of the Foundation and the activities of the European Agency for Safety and Health at Work in Bilbao; takes note of the memorandum of understanding between both agencies.
- C. In accordance with the Code of Conduct of 14 July 1998, the Committee on Employment and Social Affairs is charged with monitoring the Dublin Foundation which received an annual subsidy of EUR 14,5 million and the Bilbao Agency which received an annual subsidy of EUR 6,5 million.
- D. Parliament gave discharge to the Administrative Board of the Foundation on 13 April 2000 ⁽²⁾ for the 1998 financial year calling on:
 - (i) the Foundation to present the results of its evaluation exercise and new strategy and action plan for 2001 to 2004 before 31 December 2000;
 - (ii) the Court of Auditors to follow up systematically the decisions of the discharge authority and to produce a comprehensive analysis of the audits of all Agencies;
 - (iii) the Foundation and Court of Auditors to reduce the duration of the contradictory procedure to ensure that the annual report can be presented to Parliament before 15 July of the year following the financial year in question.
- E. The Foundation did not complete the evaluation exercise before the adoption of its four-year programme for 2001 to 2004.
- F. The Court of Auditors has tended to conduct financial rather than performance appraisals, has not carried out a comprehensive analysis of the results of all Agency audits and has not reduced the length of the contradictory procedure in order to allow Parliament to take its findings into consideration before voting on the budget for the subsequent year.
- G. The Court of Auditors has obtained reasonable assurance that the annual accounts for the financial year ended 31 December 1999 are reliable and the underlying transactions are, as a whole, legal and regular, subject to a reservation on the carry-over of commitments,

⁽¹⁾ OJ C 373, 27.12.2000, p. 39.

⁽²⁾ OJ C 40, 7.2.2001, p. 384.

- Notes the following figures for the accounts of the European Foundation for the Improvement of Living and Working Conditions:

1999 financial year

(EUR thousands)

(a) Revenue	14 621
1. Subsidy from the Commission	14 500
2. Miscellaneous revenue	107
3. Revenue from services rendered against payment	14
(b) Expenditure	14 518
<i>Title I — Staff expenditure</i>	
1. Payments for the year	6 934
2. Appropriations carried over	56
<i>Title II — Administrative expenditure</i>	
1. Payments for the year	1 195
2. Appropriations carried over	180
<i>Title III — Operating expenditure</i>	
1. Payments for the year	2 748
2. Appropriations carried over	3 405
Balance for the year	- 1 859
Out-turn for the year ((a) - (b))	103
Amount received from the Commission	- 2 148
Appropriations carried over from the previous year which lapsed	202
Exchange rate differences for the year	- 16

Dublin Foundation

- Calls on the Foundation to carry out an external evaluation, for the first time since its creation on 26 May 1975 by Council Regulation (EEC) No 1365/75 on the creation of the European Foundation for the improvement of living and working conditions⁽¹⁾; calls for the presentation of an action plan, in the light of the evaluation, before the end of 2001; requests that the evaluation assess how key stakeholders, including the Parliament, Commission, Member States, industry and academia, rate the Foundation; requests that the evaluation includes an assessment of the impact of the Foundation's activities;
- Calls for an evaluation to assess the existing cooperation between the agencies and to analyse the advantages/disadvantages of a merger between the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety and Health at Work; however, before the Commission examines any possible merger between the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety and Health at Work, it should analyse the conclusions and proposals which will be contained in the external evaluations of the two agencies, work which is scheduled to begin in mid-April 2001;
- Welcomes the introduction of the SI2 budgetary accounting system in January 2001; notes that since 1 July 2000 the Foundation chairs the Common Support Service, a forum which brings together users of SI2, namely nine agencies, the Economic and Social Committee and the Committee of the Regions;

⁽¹⁾ OJ L 139, 30.5.1975, p. 1.

5. Encourages the Foundation to further reduce its reliance on imprest accounts for payments and welcomes the fact that usage has decreased from 40 % of total expenditure excluding salaries in 1997 (EUR 3,89 million), to 37 % in 1998 (EUR 3,40 million) and, following further cuts, to 18 % in 1999 (EUR 2,94 million); notes that the Foundation will seek to reduce usage to a minimal level;
6. Notes that the Foundation has been able to transform seven translation posts into A-grade posts by making greater use of the Translation Centre in Luxembourg;
7. Is concerned about the high level of carry-over of credits from 1999 to 2000, which amounted to EUR 3 640 497 or approximately 25 % of the Community subsidy of EUR 14 500 000;

Parliament

8. Calls on its specialised committees to monitor closely the activities and impact of the Dublin Foundation and Bilbao Agency to assess how well they fulfil their respective mandates;

Court of Auditors

9. Invites the Court of Auditors to submit individual audits before 15 July of each year following the financial year in question; calls on the Court to report findings of a horizontal nature in the subheading on decentralised agencies in the chapter on administrative expenditure in its Annual report; would welcome a shift of emphasis from purely financial audits to performance audits, whereby the Court would address the following questions:
 - (i) added-value of the agency: including an assessment of the timeliness of the output and an evaluation of its quality and overall impact;
 - (ii) effectiveness: including an investigation into how efficiently and effectively the agency goes about fulfilling its mission;
 - (iii) comparative advantage: including suggestions of ways to avoid any possible overlap or duplication between various agencies;

Discharge decision

10. Gives discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its budget for the 1999 financial year, on the basis of the report of the Court of Auditors;
11. Instructs its President to forward this Decision to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions, the Council, the Commission and the Court of Auditors and to have it published in the Official Journal (L series).

The Secretary-General
Julian PRIESTLEY

The President
Nicole FONTAINE

DECISION OF THE EUROPEAN PARLIAMENT**of 4 April 2001****concerning discharge to the Management Board of the European Centre for the Development of Vocational Training in respect of the implementation of its budget for the 1999 financial year**

(2001/448/EC)

THE EUROPEAN PARLIAMENT,

Having regard to the report of the Court of Auditors on the statements and management of the European Centre for the Development of Vocational Training (Cedefop — Thessaloniki) for the financial year ended 31 December 1999 (C5-0687/2000) ⁽¹⁾,

Having regard to the Council recommendation of 12 March 2001 (C5-0127/2001),

Having regard to the EC Treaty and in particular Article 276 thereof,

Having regard to Rule 93 and Annex V of its Rules of Procedure,

Having regard to the report of the Committee on Budgetary Control (A5-0108/2001),

Whereas:

- A. The Thessaloniki Centre pursues its mission of promotion and development of vocational education and training at Community level by compiling and disseminating documentation, conducting research and providing a discussion forum.
- B. The existing cooperation memorandum aims at clarifying the responsibilities and ensuring complementarity between the work of the Centre in candidate countries and the activities of the European Training Foundation, based in Turin, during the transition period of the Union's enlargement.
- C. In accordance with the Code of Conduct of 14 July 1998, the Committee on Employment and Social Affairs is charged with monitoring the Thessaloniki Centre which received an annual subsidy of EUR 12,4 million and the Turin Foundation which received an annual subsidy of EUR 19,9 million.
- D. Parliament gave discharge to the Management Board on 13 April 2000 ⁽²⁾ for the financial year 1998 calling on:
 - (i) the Centre to launch an external evaluation and report on progress in following recommendations made in its last evaluation of February 1995;
 - (ii) the Centre to replace the old and complex system for drawing up its budget and balance sheets before 1 July 2000 and reduce its reliance on the imprest accounts;
 - (iii) the Court of Auditors to follow up systematically decisions of the discharge authority and to produce a comprehensive analysis of the audits of all Agencies;
 - (iv) the Centre and Court of Auditors to reduce the duration of the contradictory procedure to ensure that the annual report can be presented to Parliament before 15 July of the year following the financial year in question,
- E. The Centre only launched an evaluation in December 2000, following delays by the Commission to select the external consultants, whereas this evaluation on the external impact and internal management will be finished in April 2001.

⁽¹⁾ OJ C 373, 27.12.2000, p. 27.

⁽²⁾ OJ C 40, 7.2.2001, p. 387.

- F. The Court of Auditors has tended to conduct financial rather than performance appraisals, has not carried out a comprehensive analysis of the results of all Agency audits and has not reduced the length of the contradictory procedure in order to allow Parliament to take its findings into consideration before voting on the budget for the subsequent year.
- G. The Court of Auditors has obtained reasonable assurance that the annual accounts for the financial year ended 31 December 1999 are reliable and the underlying transactions are, as a whole, legal and regular, subject to a reservation on the carry-over of commitments,
1. Notes the following figures for the accounts of the European Centre for the Development of Vocational Training:

1999 financial year

(EUR thousands)

(a) Revenue	12 717
1. Subsidy from the Commission	12 415
2. Miscellaneous revenue	150
3. Earmarked revenue	152
(b) Expenditure	14 596
<i>Title I — Staff expenditure</i>	
1. Payments for the year	6 226
2. Appropriations carried over	395
<i>Title II — Administrative expenditure</i>	
1. Payments for the year	1 658
2. Appropriations carried over	1 058
<i>Title III — Operating expenditure</i>	
1. Payments for the year	3 021
2. Appropriations carried over	2 238
Balance for the year	– 520
Out-turn for the year ((a) – (b))	– 1 879
Balance carried over from the previous year	697
Appropriations carried over from the previous year which lapsed	760
Exchange differences for the year	– 98

Thessaloniki Centre

2. Takes note of the external evaluation that was launched in December 2000; calls for the presentation of an action plan, in the light of the evaluation, before the end of 2001; requests that the evaluation assess how key stakeholders, including the Parliament, Commission, Member States, industry and academia, rate the Centre;
3. Points out that there is perhaps a danger of overlap between the work of the European Centre for the Development of Vocational Training and the European Training Foundation; recalls that the work of the European Training Foundation has been financed, to an important degree, through PHARE, TACIS and Tempus programmes; calls for the evaluation to assess the existing cooperation between the agencies and to analyse the advantages and disadvantages of a merger between the European Centre for the Development of Vocational Training and the European Training Foundation, takes the view, however, that before examining the possible merger of the European Centre for the Development of Vocational Training and the European Training Foundation, the Commission must first have at its disposal and study the conclusions and proposals of the external evaluation of both agencies, a procedure which is still underway;
4. Recalls that the Centre expended scarce resources in 1997, 1998 and 1999 to develop a tailor-made computer system to manage its budget and accounts, rather than employ a decentralised application developed by the Commission, SI2, which is used by nine other Agencies; welcomes that the old system was fully replaced before 1 July 2000 and vetted by the Commission;

5. Regrets weaknesses in the management of contracts of electronic media projects including the lack of consultation with the Centre's own informatics departments and a failure to follow administrative and financial procedures for invitations to tender; expects the newly created contracts management unit will ensure that problems do not re-occur;
6. Acknowledges efforts to reduce further its reliance on imprest accounts for payments from 47 % in 1997 (EUR 6,6 million), 46 % in 1998 (EUR 5,9 million) to 21 % in 1999 (EUR 3,1 million);
7. Congratulates the Centre on savings of EUR 1,2 million in the construction of its seat; notes that this is due to concerted action with the Greek Government and Commission; calls on the Greek authorities to finalise the formal transfer of the property and to change their plans for highway construction immediately in front of Cedefop building, which would be damaging and contravene the written promises given in 1995 to Cedefop;

Parliament

8. Calls on its specialised committees to monitor closely the activities and impact of the Thessaloniki Centre and Turin Foundation to assess how well they fulfil their respective mandates;

Court of Auditors

9. Invites the Court of Auditors to submit individual audits before 15 July of each year following the financial year in question; calls on the Court to report findings of a horizontal nature in the subheading on decentralised agencies in the chapter on administrative expenditure in its Annual report; would welcome a shift of emphasis from purely financial audits to performance audits, whereby the Court would address the following questions:
 - (i) added-value of the agency: including an assessment of the timeliness of the output and an evaluation of its quality and overall impact;
 - (ii) effectiveness: including an investigation into how efficiently and effectively the agency goes about fulfilling its mission;
 - (iii) comparative advantage: including suggestions of ways to avoid any possible overlap or duplication between various agencies;

Discharge decision

10. Gives discharge to the Management Board of the European Centre for the Development for Vocational Training in respect of the implementation of its budget for the 1999 financial year;
11. Instructs its President to forward this Decision to the Management Board of the European Centre for the Development for Vocational Training, the Council, the Commission and the Court of Auditors and the Greek Government and to have it published in the Official Journal (L series).

The Secretary-General
Julian PRIESTLEY

The President
Nicole FONTAINE

DECISION OF THE EUROPEAN PARLIAMENT**of 4 April 2001****concerning discharge in respect of the implementation of the general budget of the European Union for the 1999 financial year: Section IV — Court of Justice, Section V — Court of Auditors, Section VI — Part B — Committee of the Regions**

(2001/449/EC)

THE EUROPEAN PARLIAMENT,

Having regard to the revenue and expenditure account and the balance sheet for the 1999 financial year (SEC(2000) 539 — C5-0312/2000),

Having regard to the Annual Report of the Court of Auditors concerning the financial year 1999, with the replies of the institutions (C5-0617/2000) ⁽¹⁾, and the Special Report No 5/2000 on the Court of Justice's expenditure on buildings (Annex Buildings Erasmus, Thomas More and Annexe C), together with the Court of Justice's replies ⁽²⁾,

Having regard to the Statement of Assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0617/2000),

Having regard to the Council's recommendation of 12 March 2001 (C5-0127/2001),

Having regard to Article 272(10) of the EC Treaty,

Having regard to Article 22(2) and (3) of the Financial Regulation,

Having regard to the report submitted to Parliament on the management of Article 270 (Official Journal) of the budget of the Court of Auditors,

Having regard to the report submitted to Parliament by the Committee of the Regions on all appropriations carried over automatically from 1997 to 1998 and from 1998 to 1999 for which the cancellation rate was higher than 10 % (Section VI — Part B of the general budget),

Having regard to the report of the Committee on Budgetary Control (A5-0108/2001),

Whereas:

- A. Parliament, in its capacity as budgetary control authority, has a duty to evaluate the proper and effective use of the Community budget and act on the detailed reports from the European Court of Auditors.
- B. This evaluation should involve not only an assessment of the way in which taxpayers' money is spent (i.e. that there have been no irregularities or fraud) but also a regular examination of the effectiveness and impact of the Community budget in carrying out the policies and goals laid down in the Treaties and in secondary legislation.
- C. All Institutions, advisory bodies and specialised agencies should be equally concerned at providing an efficient and beneficial service, in essence — value for money.
- D. The nature of expenditure in the Council has changed from purely administrative to more operational in view of new responsibilities in the areas of Common Foreign and Security Policy and Justice and Home Affairs.
- E. It has been possible for the Court of Auditors to provide error rates in the field of agricultural expenditure and this has been highly useful in improving budgetary control,

⁽¹⁾ OJ C 342, 1.12.2000.

⁽²⁾ OJ C 109, 14.4.2000, p. 1.

Court of Justice

Buildings policy

1. Notes that the construction of the Annexes to the Palais Building (Annex A or Erasmus, Annex B or Thomas More and Annex C Buildings) was a reaction to constantly increasing accommodation needs of the Court of Justice rather than part of a comprehensive building programme;
2. Regrets the circumstances which led to what the Court of Justice calls the 'formal irregularity' of occupying these buildings without a written lease agreement between 1989 and 1994 at a cost of about ECU 35 million by way of advances on rent payments to be adjusted, in conditions contrary to the rules set down in the Financial Regulation;
3. Takes note of the fact that the relevant Luxembourg authorities only submitted a draft lease on the Erasmus building in 1989, i.e. almost five years after the decision to construct it was taken and six months after the entry into occupation of that building;
4. Notes the Court of Justice's wish, as expressed in the Registrar's letter of 8 May 1989 to the relevant Luxembourg authorities, to avoid occupation of the Thomas More and Annex C Buildings without written leases and the excessive rental conditions asked by the Luxembourg authorities in respect of those buildings, a factor which could only prolong the negotiations;
5. Notes the Court of Justice's remarks, in particular as regards the conditions under which the cost of construction and financing the three buildings was monitored (paragraph 4.1.2); takes the view that, in light of those remarks and of the previous paragraphs, the Luxembourg authorities failed to display the degree of constructive cooperation legitimately to be expected from a host country actively promoting a policy of establishment of Community institutions on its territory; consequently considers that the Luxembourg authorities bear a share of responsibility for the fact that the Court of Justice occupied premises without written leases as well as for a number of deficiencies highlighted by the Court of Auditors (inadequate monitoring, etc.);
6. Recalls that, following a request by the budgetary authority, the Court of Auditors drew up a technical opinion in 1996 concerning the financial commitments governing the Court of Justice's buildings; recalls, furthermore, that the above opinion contained no criticism of the legal and financial arrangements of the lease-option agreement of 1994 between the Court of Justice and Luxembourg, a fact which enabled the Parliament's Committee on Budgets to authorise an advance payment pursuant to that agreement (see transfer of appropriations No 27/96); wonders why the reservations of the Court of Auditors on those arrangements, as summarised in point 20 e of its Special Report No 5/2000, were not aired in its 1996 technical opinion;
7. Believes that, almost seven years after the conclusion of the lease-option agreement of 15 November 1994, the time is ripe for the final statement of account to be determined; notes that, in order to facilitate that task, the Court of Justice and the Luxembourg authorities jointly appointed an expert whose job includes, *inter alia*:
 - the determination of those items of expenditure which will not be part of the final statement of account,
 - the carrying out of detailed investigations with regard to the invoicing irregularities uncovered by the Court of Auditors, and
 - an assessment as to whether in general the financial interests of the Community have been adequately protected;

expects to be informed of the expert's conclusions as soon as possible and in any case in good time for the first reading of the 2002 draft budget;

Implementation of Article 270 (Official Journal)

8. Notes the report submitted by the Court of Justice on the implementation of Article 270 ⁽¹⁾; encourages the Court of Justice to ensure that the Office for Official Publications of the European Communities processes and dispatches the statements of account concerning the texts published by the Court of Justice in the Official Journal in an orderly way, thus contributing to the optimum management of the appropriations related to the heading in question;

⁽¹⁾ See point 3 of European Parliament Decision of 13 April 2000 granting discharge in respect of the implementation of the general budget of European Union for the 1998 financial year: Section IV — Court of Justice, Section V — Court of Auditors, Section VI — Part B — Committee of the Regions (OJ C 40, 7.2.2001, p. 389).

Financial control and internal audit

9. Calls on the Court of Justice to analyse the option of appointing an Internal Auditor who is independent from the Financial Controller, and to report to the European Parliament on the outcome of this analysis;

Court of Auditors

10. Is concerned that the Court of Auditors has not yet agreed to formally accept Parliament's demand for 'naming and shaming' those Member States that fail to perform, feels that this could provide a valuable tool for improving budgetary control over Community spending;
11. Welcomes the increasing trend by the Court of Auditors not only to measure the accountability of the European Union's activities, but also their efficiency and their impact;
12. Rejects the Court of Auditors' refusal to quantify the error rate and insists that the Court specify its results from DAS audits on both a geographical and a sectorial basis;
13. Calls on the Court of Auditors to develop a 'Richter scale' of errors, which differentiates between small administrative oversights and full-fledged fraud and various errors in between, in order to allow a better appraisal of the scale of the errors;
14. Invites the Court to develop further its relations with national audit bodies in the Member States, as well as the candidate countries, with a view to deepening the audit work they carry out on those areas of Community revenue and expenditure where management responsibility is shared;
15. Recalls paragraph 2 of its decision of 7 October 1998 giving discharge in respect of the implementation of the general budget of European Union for the 1996 financial year: Section IV — Court of Justice, Section V — Court of Auditors, Section VI — Part B — Committee of the Regions ⁽¹⁾, asking the Court of Auditors to instruct its Member responsible for administrative matters systematically to include the Court of Auditors in all its horizontal audits, starting with the 1997 financial year; regrets that subsequent Annual Reports including the one on 1999 bear no witness to the fulfilment of that request;
16. Asks the Court of Auditors to continue to improve its working and reporting methods with a view to facilitating the task of the discharge authorities and especially to ensure its continuity from year to year;
17. Calls on the Court of Auditors to analyse the option of appointing an internal auditor who is independent from the Financial Controller, and to report to the European Parliament on the outcome of this analysis;
18. Calls on the members of the Court of Auditors to publish their declarations of financial interests on the Internet;
19. Requests the Court of Auditors to extend, as a matter of course and starting from the current financial year, its auditing activities to the Council, thus enabling Parliament, if appropriate, to make observations on the implementation of that institution's budget in the framework of the discharge procedure;

Committee of the Regions

20. Welcomes the efforts of the Committee of the Regions to present an evaluation of the impact of its work, and calls on its partner institutions to assist in this evaluation, including recommendations to improve the input of the Committee of the Regions to policy development at a European level; looks forward to receiving annual assessments which address, *inter alia*, the following questions:
 - the timeliness of opinions to the other institutions,
 - optimisation of staff deployment,

⁽¹⁾ OJ L 308, 18.11.1998, p. 39.

- the functioning of the cooperation agreement with the Economic and Social Committee,
 - interinstitutional cooperation, particularly with a view to improving the efficient use of administrative expenditure through economies of scale in areas such as recruitment, security, documentation services, building management and catering facilities;
21. Notes the report submitted to Parliament on appropriations carried over automatically from 1997 to 1998 and from 1998 to 1999 for which the cancellation rate was higher than 10 % ⁽¹⁾; believes that a great deal of the cancellations were due to rules that need tightening (late submission of supporting documents concerning Members' language courses), inadequate planning at administrative and political level (cancellation or even overestimation of mission orders, cancellation of commission meetings at the end of the year), the late billing by the Joint Interpreting and Conference Service (JICS), overestimates to avoid the risk of insufficient availability of appropriations etc.; asks the Committee of the Regions to take the appropriate action to remedy that situation, where appropriate in cooperation with the other institutions concerned;
22. Notes the Court of Auditors' observation (point 6.23 of the 1999 Annual Report) according to which in February 2000 the Committee of the Regions tightened again its rules on expenses and the travel and meeting allowances of its Members;
23. Notes that 1999 was the last year of the Common Organisational Structure with the ESC which was replaced, on 1 January 2000, by a Cooperation Agreement (to be subjected to an annual review) between the two committees which maintains joint operations in the majority of departments but establishes autonomy in the financial and staff departments; expects the annual review to assess proven and foreseeable needs of both committees;
24. Notes that during the 1999 financial year, the Economic and Social Committee and the Committee of the Regions pursued their negotiations with the owners of the Belliard Complex Building and that, in accordance with the policy of the budgetary authority, they reimbursed Parliament its rental payments for the premises; further notes that these negotiations finally resulted in a lease-purchase agreement in December 2000; undertakes to examine the conditions of this agreement in next year's discharge procedure;
25. Welcomes the substantial savings to the European Union budget resulting from joint services with the Economic and Social Committee and encourages other institutions to follow this example, for instance by sharing library facilities;
26. Calls on the Committee of the Regions to analyse the option of appointing an Internal Auditor who is independent from the Financial Controller, and to report to the European Parliament on the outcome of this analysis;
27. Notes that the decision taken by the Committee of the Regions on the terms and conditions for internal investigations in relation to the prevention of fraud, corruption and any illegal activity detrimental to the Communities' interests departs from the Interinstitutional Agreement of 25 May 1999 ⁽²⁾, though there is no technical need to do so; notes further that this deprives Members and staff of the Committee of the Regions of the right, laid down in the Interinstitutional Agreement, to approach OLAF directly without notifying the President or Secretary-General;

Agencies

28. Calls on the Commission to:
- (i) ensure that experience with regard to setting up Agencies is pooled, so that lessons learned may be applied in the setting up of new Agencies (e.g. the European Food Authority and the European Maritime Safety Agency);
 - (ii) develop a decentralised system which would allow activity-based management for Agencies, comprising monitoring, auditing or evaluation of personnel, missions, documents and inventory, on the lines of the Integrated Resources Management System (IRMS);

⁽¹⁾ See paragraph 6 of the European Parliament Decision of 13 April 2000 (OJ C 40, 7.2.2001, p. 389).

⁽²⁾ OJ L 136, 31.5.1999, p. 15.

- (iii) transmit to the discharge authority and Court of Auditors on a systematic basis all audits carried out by the Financial Controller or operational Directorates-General, in respect of the following agencies:
1. Centre for Development of Vocational Training, Thessaloniki;
 2. Foundation for Improvement of Living and Working Conditions Dublin;
 3. Environment Agency, Copenhagen;
 4. European Training Foundation, Turin;
 5. Monitoring Centre for Drugs and Drug Addiction, Lisbon;
 6. Agency for the Evaluation of Medicinal Products, London;
 7. Agency for Safety and Health at Work, Bilbao;
 8. Monitoring Centre for Racism and Xenophobia, Vienna;
 9. Reconstruction Agency for Kosovo (OBNOVA), Thessaloniki;
 10. Office for Harmonisation in the Internal Market, Alicante;
 11. Community Plant Variety Office, Angers;
 12. Translation Centre for Bodies of the EU, Luxembourg;
29. Recalls that, in its resolution of 13 April 2000, under the discharge exercise for 1998, Parliament asked the Court of Auditors to produce a comprehensive analysis of audits of all Agencies; regrets that the Court has not done so; invites the Court of Auditors to:
- (i) carry out performance, rather than purely financial, audits;
 - (ii) present a comparative analysis of Agencies, based on best practice;
 - (iii) coordinate its audit activities with the Commission (Financial Control and operational directorates-general);
30. Regrets that three of the Agencies (those in Turin, Lisbon and Angers) have not submitted a budget for the year 1999 and that eight of the other agencies submitted these in December of 1999; calls on the Agencies to submit their budgets before the beginning of the new financial year;
31. Calls on the Agencies to conduct and publish evaluations of their work on a regular basis;
32. Calls on its specialised committees to scrutinise the quality and impact of the work of the various Agencies and to provide the Budget Control Committee with timely input on these Agencies for the Annual discharge procedure;

Discharge decision

33. Grants discharge to the Registrar of the Court of Justice and the Secretaries-General of the Court of Auditors and the Committee on the Regions in respect of the implementation of their budgets for the 1999 financial year;
34. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice, the Court of Auditors, the Committee of the Regions and to all the decentralised agencies mentioned in this Decision and to have it published in the Official Journal (L series).

The Secretary-General
Julian PRIESTLEY

The President
Nicole FONTAINE

EUROPEAN PARLIAMENT DECISION
of 4 April 2001
concerning the discharge in respect of the implementation of the budget of the European Coal and
Steel Community (ECSC) for the 1999 financial year

(2001/450/ECSC)

THE EUROPEAN PARLIAMENT,

Having regard to the Court of Auditors' report on the financial statements of the European Coal and Steel Community at 31 December 1999 ⁽¹⁾,

Having regard to the Court of Auditors' annual report on the ECSC for the financial year 1999 (including the statement of assurance concerning the ECSC), together with the Commission's replies (C5-0654/2000) ⁽²⁾,

Having regard to the ECSC Treaty and, in particular, Article 78g thereof,

Having regard to Rule 93 and Annex V to its Rules of Procedure,

Having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Industry, External Trade, Research and Energy (A5-0097/2001),

1. Grants discharge to the Commission in respect of the management of the ECSC for the figures relating to the implementation of the budget for the 1999 financial year, shown in the Annex below;
2. Records its observations in the attached resolution;
3. Instructs its President to forward this Decision, and the resolution which forms an integral part thereof to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Investment Bank and the ECSC Consultative Committee and to have them published in the Official Journal (L series).

The Secretary-General

Julian PRIESTLEY

The President

Nicole FONTAINE

⁽¹⁾ OJ C 281, 4.10.2000, p. 26.

⁽²⁾ OJ C 347, 4.12.2000, p. 1.

RESOLUTION**of the European Parliament containing the observations which form an integral part of the decision concerning the discharge in respect of the implementation of the budget of the European Coal and Steel Community (ECSC) for the 1999 financial year**

THE EUROPEAN PARLIAMENT,

Having regard to Articles 78g and 97 of the ECSC Treaty,

Having regard to the report of the European Court of Auditors on the financial statements of the European Coal and Steel Community at 31 December 1999 ⁽¹⁾,

Having regard to Article 89(7) of the Financial Regulation of 21 December 1977, pursuant to which each of the institutions of the Community is required to take all appropriate steps to act on the observations appearing in the discharge decisions,

Having regard to the Court of Auditors' annual report on the ECSC for the financial year 1999 (including the statement of assurance concerning the ECSC), together with the Commission's replies (C5-0654/2000) ⁽²⁾,

Having regard to the Council recommendation of 12 March 2001,

Having regard to the Council resolutions of 20 July 1998 ⁽³⁾ and 21 June 1999 ⁽⁴⁾,

Having regard to the Commission's communication to the Council, the European Parliament, the ECSC Consultative Committee, the Economic and Social Committee and the Committee of the Regions, 'Expiry of the ECSC Treaty: Financial activities after 2002' (COM(2000) 518),

Having regard to the Commission's communication to the Council, the European Parliament, the ECSC Consultative Committee, the Economic and Social Committee and the Committee of the Regions, 'The future of structured dialogue after the expiry of the ECSC Treaty' (COM(2000) 588),

Having regard to the follow-up report on the 1998 financial year presented by the Commission,

Having regard to the conclusions of the Amsterdam Council on growth and employment,

Having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Industry, External Trade, Research and Energy (A5-0097/2001),

Whereas:

- A. Article 2 of the ECSC Treaty lays down objectives of economic expansion, growth of employment and a rising standard of living.
- B. In view of the forthcoming expiry of the ECSC Treaty, the ECSC's financial activities (notably loans) have all but ceased.
- C. Since 1 January 1998, the ECSC levy on coal and steel products, which was until then one of the main resources of the ECSC budget, has been set by the Commission at 0 %, but is still included in the budget.
- D. The ECSC's main source of funding is now represented by the net balance from the management of the various reserves and positions.
- E. The balance sheet of the ECSC, which has continued to decline since 1997, shows a fall of EUR 539 million from 1998, with 55,1 % as loans and 41,1 % as liquid assets.
- F. The profit and loss account posted a fall of EUR 130 million from the previous year, losses on financial operations fell from EUR 73 million to EUR 33 million, and on the income side interest received fell from EUR 345 million to EUR 254 million while income relating to the operating budget fell from EUR 145 million to EUR 104 million.

⁽¹⁾ OJ C 281, 4.10.2000, p. 26.

⁽²⁾ OJ C 347, 4.12.2000, p. 1.

⁽³⁾ OJ C 247, 7.8.1998, p. 5.

⁽⁴⁾ OJ C 190, 7.7.1999, p. 1.

- G. The Commission has fixed a solvency ratio of 100 % to apply at the moment of expiry of the ECSC Treaty.
- H. This solvency ratio currently stands at 37,8 %, and is expected to reach 100 % by 23 July 2002.
- I. The resolution of the European Council on growth and employment adopted in Amsterdam on 16 and 17 June 1997 and the abovementioned Council resolution of 21 June 1999 on the future of the ECSC call for the revenues of outstanding reserves to be used for a research fund for activities related to the coal and steel industries.
- J. Under current forecasts it is estimated that in 2002 the ECSC's reserves will amount to approximately EUR 1,6 billion (from which sum should be deducted approximately EUR 495 million allocated to the repayment of outstanding debts, leaving approximately EUR 1,1 billion).
- K. The remaining sum could be considered as own resources which should yield annual interest to the sum of approximately EUR 45 million, to be allocated to research related to the coal and steel industries (outside the framework programme for research).
- L. Having regard to the Commission's explanations concerning the property acquired with ECSC funds and ECSC loans to officials, pursuant to the request made in the resolution of 13 April 2000 on the ECSC discharge for 1998 ⁽¹⁾.
- M. OLAF has replied to the comments in the abovementioned resolution of 13 April 2000 concerning charges of fraud which have proved to be unfounded.
- N. The expiry of the ECSC Treaty on 23 July 2002 will entail the complete disappearance of the ECSC's legal regime and procedures and the dissolution of the Consultative Committee set up by that Treaty.
- O. The Annual Report on the ECSC for the 1999 financial year was adopted by the Court of Auditors on 11 and 12 October 2000.
- P. The Court of Auditors concludes that the financial statements of the ECSC at 31 December 1999 give a true and fair view of the assets and financial situation of the ECSC at 31 December 1999 and of the results of its operations for the financial year ending at the same date.
- Q. The Court of Auditors states that the legality and regularity of the transactions, on the whole, are adequately guaranteed, and therefore proposes a positive statement of assurance,

Winding-up of the ECSC

1. Requests the Commission to gauge the impact of ECSC interest subsidies on the competition situation in the coal industry and their significance compared to the State aids paid by certain Member States;
2. Reiterates its demand made concerning the 1998 discharge, for the Commission to evaluate, prior to the expiry of the ECSC Treaty on 23 July 2002, to what extent the ECSC has fulfilled the objectives of economic expansion, growth of employment and a rising standard of living laid down in the Treaty;
3. Takes into account the fact that the solvency rate of 100 %, fixed for 23 July 2002 by the Commission, is considered realistic by the Court of Auditors which is following its evolution very carefully and wishes to be kept informed about it;
4. Looks to the Commission to assure Parliament that sufficient reserves will be available after 2002, so there will be no risk for the loan operations, when they come to an end;
5. Stresses that Parliament will continue to monitor the effective use of taxpayers' money even after the winding-up of the ECSC;
6. Notes the strength of the balance sheet of the ECSC, which stood at EUR 4,488 billion at the end of 1999;

⁽¹⁾ OJ C 40, 7.2.2001, p. 392.

7. Welcomes the fact that, in line with the recommendations made by Parliament in the abovementioned 1998 discharge resolution, the Commission has presented a proposal for a Council Decision laying down the multiannual technical guidelines for the research programme of the Coal and Steel Research Fund ⁽¹⁾, published in 2000 a 'five-year assessment' of the ECSC Steel RTD (Research and Technological Development) ⁽²⁾ drawn up by a panel of independent consultants specialised in applied scientific, industrial and social research, and now publishes criteria against which ECSC steel research projects are selected, monitored and appraised;
8. Asks the Commission to explain why a similar assessment does not exist for the coal sector;
9. Reiterates its call to the Commission, in the context of the 1998 discharge, to carry out an assessment of real staffing needs with a view to the expiry of the ECSC Treaty, to reorganise the services concerned if necessary, and to submit such a plan to Parliament prior to expiry of the Treaty;
10. Calls on the Commission to urge the Member States to ensure that the composition and operating methods of the Economic and Social Committee, which will assume responsibility for the structured dialogue after expiry of the ECSC, reflect the specific expertise of the coal and steel industries;
11. Calls on the Commission, in view of enlargement, to negotiate with the countries concerned the conditions of their participation in the new research fund;

Follow-up to previous recommendations — liquid asset management performance

12. Considers unacceptable that the financial report for 1999 lacks any data making it possible to assess the quality of the financial management; calls on the Commission to provide the Court of Auditors and Parliament, as promised, with all necessary information, beginning with that dating back to the year 1999 and in any event not later than the year 2000, so that the financial performance of the liquid asset management can be evaluated in the framework of market conditions;
13. Considers that this information is of primary importance to the evaluation of the net revenue from the management of ECSC assets, which will be allocated to the research fund after expiry of the Treaty; therefore asks the Commission to make concrete proposals to Council and Parliament concerning the future resources of the research fund and the management costs of this fund;

Cancellation of dormant commitments

14. Regrets the Commission's belated cancellation of considerable sums, which highlights inadequate management by the services of the Commission;

Repayment of taxes levied at source

15. Notes the loss suffered by the ECSC in unpaid legal interest thanks to the system prevailing in Italy, and notes that this situation will not recur, but considers again that this is due to poor management by the services of the Commission;

Loans to officials

16. Expresses surprise at the fact that the accounts relating to loans to officials were still drawn up in 1999 on the basis of estimates and not real figures; takes into account the fact that the Commission has submitted a plan for ending new loans to officials after expiry of the ECSC Treaty;
17. Calls on the Commission to draw up a plan to enable the system of loans to officials, based on the old ECSC pension fund, to be converted at the lowest possible cost into loan capital for use in the outside banking sector;
18. While welcoming the broadly positive assessment by the Court of Auditors of the Commission's management of the ECSC budget in the financial year 1999, as well as the Commission's undertaking on the provision of information concerning the average rate of yield on liquid assets in the ECSC's annual report from the financial year 2000 onwards, stresses the necessity for the Commission to ensure maximum transparency in the disclosure of data affecting the value of the ECSC's assets, particularly in the approach to the expiry of the ECSC Treaty and the creation of the Research Fund for Coal and Steel.

⁽¹⁾ OJ C 29 E, 30.1.2001, p. 254.

⁽²⁾ EUR report No 19301

ANNEX

ECSC BALANCE SHEET AT 31 DECEMBER 1999

(euro)

ASSETS	31 December 1999	31 December 1998
Balance with central banks	95 385	27 373
Loans/advances to credit institutions	1 007 935 493	1 665 753 225
Loans/advances to customers	1 683 067 740	1 680 676 255
Fixed income securities	1 768 229 093	1 559 191 292
Tangible and intangible assets	710 287	1 293 461
Others assets	21 094 201	8 083 389
Prepayments and accrued income	106 529 763	121 505 439
Total assets	4 487 661 962	5 026 530 434
Off balance sheet commitments	427 969 333	372 924 076
LIABILITIES		
Amounts owed to credit institutions	1 404 681 748	1 847 547 032
Debts evidenced by certificates	1 027 547 730	958 179 659
Other liabilities	27 764 503	29 591 303
Accruals and deferred income	84 524 667	93 919 208
Provisions for liabilities and charges	113 461 382	122 906 181
Commitments for ECSC operating budget	556 154 370	695 662 822
Total liabilities vis-à-vis third parties	3 214 134 400	3 747 806 205
Provisions for financing ECSC operating budget	434 735 261	476 042 442
Provisions for large exposures	18 000 000	23 000 000
Reserves	802 014 946	777 340 723
Value adjustment reserve	16 946 242	
Surplus brought forward	666 841	1 195 230
Surplus for the financial year	1 164 272	1 145 834
Net total	1 273 527 562	1 278 724 229
Total liabilities	4 487 661 962	5 026 530 434
Off balance sheet commitments	415 913 293	497 605 519

PROFIT AND LOSS ACCOUNTS FOR YEAR ENDING 31 DECEMBER 1999

(euro)

	31 December 1999	31 December 1998
Interest payable and similar charges	179 314 809	232 061 730
Commissions payable	439 353	561 449
Net losses on financial operations	33 227 071	73 457 022
Administrative expenditure	5 000 000	5 000 000
Value adjustments (tangible assets)	328 378	407 994
Other operating charges	308 312	267 708
Value adjustments (loans/advances/provisions)	2 874 287	30 102 913
Total operating charges	234 971 675	374 193 186
Extraordinary charges	2 984 370	137 845
Conversion difference		2 735 343
Allocation to value adjustment reserve	16 946 242	
Legal commitments for the financial year	145 553 799	153 992 955
Allocation to provision for ECSC operating budget	34 000 000	26 000 000
Allocation to the guarantee fund	23 000 000	30 000 000
Total charges	457 456 086	587 059 329
Surplus for the financial year	1 164 272	1 145 834
Total	458 620 358	588 205 163
INCOME		
Interest received and similar income	254 449 772	346 079 959
Net profit on financial operations	17 415 474	24 256 800
Value adjustment (loans/advances/provisions)	39 891 747	63 963 378
Other operating income	455 630	2 729 291
Extraordinary income	14 166	22 262
Total operating income	312 226 789	437 321 690
Conversion difference	15 556 247	
Withdrawal from the value adjustment reserve		313 119
Income related to ECSC operating budget	104 837 322	146 570 354
Withdrawal from provisions for large exposures	5 000 000	4 000 000
Withdrawal from provision for budget variations	21 000 000	
Total income	458 620 358	588 205 163

IMPLEMENTATION OF THE ECSC OPERATING BUDGET

(euro)

BUDGET OUT-TURN	31 December 1999	31 December 1998
Expenditure		
Administrative expenditure	5 000 000	5 000 000
Legal commitments	145 553 799	153 992 955
Financing of future operational budgets	34 000 000	26 000 000
Total	184 553 799	184 992 955
Revenue		
Levy		
Fines	16 605 836	6 686 169
Interest subsidies	2 557 049	4 808 477
Miscellaneous	320 008	831 970
Cancellations of legal commitments	85 354 429	134 243 738
Net balance for the year	79 716 477	38 422 601
Total	184 553 799	184 992 955
Budget out-turn	0	0
Result for financial year		
Result from non-budgetary operations after deducting the net balance allocated to the operating budget	3 164 272	31 145 834
Out-turn of the budget	0	0
Total	3 164 272	31 145 834
Allocation to provision for operating budget/budget variations	21 000 000	
Allocation to the Guarantee Fund	- 23 000 000	- 30 000 000
Result before allocation	1 164 272	1 145 834

EUROPEAN PARLIAMENT RESOLUTION**of 4 April 2001****on the discharge in respect of the financial management of the sixth, seventh and eighth European Development Funds for the 1999 financial year**

(2001/451/EC)

THE EUROPEAN PARLIAMENT,

Having regard to the balance sheets and accounts of the sixth, seventh and eighth European Development Funds for the 1999 financial year (COM(2000) 357 — C5-0257/2000),

Having regard to the annual report of the Court of Auditors for 1999 together with the replies of the institutions (C5-0618/2000) ⁽¹⁾,

Having regard to the statement of assurance for the European Development Funds for the financial year 1999 presented by the Court of Auditors and the special report on this subject (C5-0618/2000),

Having regard to the Council recommendations of 14 March 2001 (C5-0122/2001, C5-0123/2001, C5-0124/2001),

Having regard to Article 33 of the Internal Agreement ⁽²⁾ between the representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of the Community aid under the Second Financial Protocol to the fourth ACP-EC Convention,

Having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ⁽³⁾,

Having regard to Rule 93 and Annex V of its Rules of Procedure,

Having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (A5-0109/2001),

Whereas:

A. Pursuant to Article 74 of the Financial Regulation of 16 June 1998, the Commission is required to make every effort to remove, as soon as possible, the obstacles to the discharge decision, when the discharge cannot be given by 30 April,

1. Postpones the discharge in respect of implementation of the sixth, seventh and eighth European Development Funds for the 1999 financial year for the following reasons:

- (a) in point 1 of its resolution of 13 April 2000 postponing the discharge for implementation of the sixth, seventh and eighth European Development Funds for the 1998 financial year ⁽⁴⁾, the European Parliament requested a full list of the administrative and/or disciplinary inquiries concerning Delegation staff, which needed to be carried out in the light of audits of structural adjustment programmes and other development assistance. In reply to this request the Commission set up a Committee of Inquiry under the supervision and chairmanship of the Internal Audit Service to carry out a broad administrative inquiry into the effectiveness of monitoring and control arrangements. The Commission announced that any individual negligence and wrongdoing uncovered in the course of this inquiry would be followed up. After the irregularities and abuses referred to in the 1998 discharge procedure, this administrative inquiry has high priority. Moreover, it is the first test case for the effectiveness of the new Internal Audit Service. On 21 December 2000 the Commission announced that the Internal Audit Service's report would be completed by the end of February 2001. It has suddenly been announced that the report will probably not be completed until May;

⁽¹⁾ OJ C 342, 1.12.2000, p. 205.

⁽²⁾ OJ L 156, 29.5.1998, p. 108.

⁽³⁾ OJ L 191, 7.7.1998, p. 53.

⁽⁴⁾ OJ C 40, 7.2.2001, p. 383.

- (b) in connection with the administrative inquiry referred to above, the Commission also undertook to provide a list of the cases in which the anti-fraud office OLAF has been called in. On 21 December 2000, in answer to the questionnaire submitted by the rapporteur, the Commission further announced that this list would be submitted at an early stage. However, it was not received until 7 March 2001, which was too late for it to be taken into account in the preparation of the report. There is reason to assume that OLAF does not currently have the capacity to investigate cases of fraud in the EDF sector. Consequently, thorough discussion is required before the discharge can be given;
2. Notes that postponement of the discharge will also provide an opportunity to examine, on the basis of the figures to be made available in May 2001, to what extent the Commission, in accordance with the action plan produced following the 1998 discharge, is ensuring measurable progress with regard to the volume and effectiveness of Community aid in the health sector in the context of poverty reduction;
 3. Instructs its President to forward this resolution to the Commission, the Council, the Court of Justice, the Court of Auditors, the European Investment Bank and the other Community institutions, and to have it published in the Official Journal (L series).

The Secretary-General

Julian PRIESTLEY

The President

Nicole FONTAINE
