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Legislation

Contents

I Acts whose publication is obligatory

.....

II Acts whose publication is not obligatory

EUROPEAN PARLIAMENT

2002/444/EC, ECSC, Euratom:

- ★ **Decision of the European Parliament of 10 April 2002 concerning discharge in respect of the implementation of the general budget of the European Union for the 2000 financial year (Commission)** 1

Resolution of the European Parliament containing the comments 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 financial year 2000 (Commission) .. 3

2002/445/EC, ECSC, Euratom:

- ★ **Decision of the European Parliament of 10 April 2002 closing the accounts in respect of the implementation of the general budget of the European Union for the financial year 2000 (Commission)** 23

Price: EUR 18,00

(Continued overleaf)

EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other Acts are printed in bold type and preceded by an asterisk.

- ★ **Decision of the European Parliament of 10 April 2002 on the discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2000 financial year** 26

Resolution of the European Parliament containing the comments which form part of the decision giving discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the financial year 2000 28

- ★ **Decision of the European Parliament of 10 April 2002 on closing the accounts of the sixth, seventh and eighth European Development Funds for the financial year 2000** 34

- ★ **Decision of the European Parliament of 10 April 2002 concerning discharge in respect of the implementation of the budget of the European Coal and Steel Community (ECSC) for the 2000 financial year** 35

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 budget of the European Coal and Steel Community (ECSC) for the financial year 2000 39

- ★ **Decision of the European Parliament of 10 April 2002 concerning discharge in respect of the implementation of the general budget of the European Union for the 2000 financial year (Section I — European Parliament)** 43

- ★ **Decision of the European Parliament of 10 April 2002 concerning 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 2000 financial year** 55

- ★ **Decision of the European Parliament of 10 April 2002 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 2000 financial year** 59

- ★ **Decision of the European Parliament of 10 April 2002 concerning discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the 2000 financial year** 62

- ★ **Decision of the European Parliament of 25 April 2002 concerning discharge in respect of the implementation of the general budget of the European Union for the 2000 financial year — Section II — Council, Section IV — Court of Justice, Section V — Court of Auditors, Section VI — Economic and Social Committee, Section VII — Committee of the Regions, Section VIII — Ombudsman and concerning discharge in respect of the implementation of the general budget of the European Union for the 1996 to 1999 financial years, Section VI — Economic and Social Committee** 66

II

(Acts whose publication is not obligatory)

EUROPEAN PARLIAMENT

DECISION OF THE EUROPEAN PARLIAMENT

of 10 April 2002

concerning discharge in respect of the implementation of the general budget of the European Union for the 2000 financial year (Commission)

(2002/444/EC, ECSC, Euratom)

THE EUROPEAN PARLIAMENT,

- Having regard to the revenue and expenditure account, the analysis of financial management and the balance sheet for the financial year 2000 (SEC(2001) 528 — C5-0234/2001, SEC(2001) 529 — C5-0235/2001, SEC(2001) 531 — C5-0236/2001),
 - Having regard to the annual report for the financial year 2000 and the special reports of the Court of Auditors, accompanied by the replies of the institutions audited (C5-0617/2001) ⁽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 (C5-0617/2001),
 - Having regard to the Council recommendation of 5 March 2002 (C5-0124/2002),
 - 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 of and Annex V to its Rules of Procedure,
 - Having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A5-0103/2002),
- A. Pursuant Whereas: to Article 275 of the EC Treaty, responsibility for drawing up the accounts lies with the Commission,
1. Gives discharge in respect of the implementation, by the Commission, of the general budget of the European Union for the financial year 2000;

⁽¹⁾ OJ C 359, 15.12.2001.

2. Records its comments in the resolution which forms part of this decision;
3. Instructs its President to forward this decision, and the resolution which 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 of the European Communities* (L series).

The Secretary-General

Julian PRIESTLEY

The President

Pat COX

RESOLUTION**of the European Parliament containing the comments 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 financial year 2000 (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 of the Court of Auditors concerning the financial year 2000, accompanied by the replies of the institutions audited (C5-0617/2001)⁽¹⁾, and the special reports of the Court of Auditors,
 - Having regard to the Council recommendation of 5 March 2002 (C5-0124/2002),
 - Having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A5-0103/2002),
- A. Whereas the discharge decision is based on the way in which the Commission has implemented the budget during a given financial year, including the extent to which the Commission has genuinely acted on Parliament's budgetary priorities and political guidelines regarding budget implementation, as well as on earlier recommendations adopted under the discharge procedure and earlier external audits by the Court of Auditors, including its special reports, internal audits by the Financial Controller, assessments and checks by the operational directorates-general, allegations of bad management by Commission staff and Anti-Fraud Office reports on serious irregularities;
- B. Whereas an appraisal also depends on the extent to which the policy of zero tolerance of fraud and irregularities has genuinely been implemented by the Commission, whose Members are accountable to the European Parliament, and whose directors-general, according to the reform programme, are responsible for carrying out appropriate internal checks within their departments;
- C. Whereas the budget had a surplus of EUR 11,6 billion;
- D. Whereas, in view of all the results of its audit, the Court of Auditors is of the opinion that the transactions underlying the financial statements, taken as a whole, are legal and regular in respect of revenue, commitments and administrative expenditure but declines to provide the assurance in respect of the other payments, as was the case for the financial year 1999 and earlier years;
- E. Whereas the Court of Auditors still cannot give a positive Statement of Assurance (DAS) for the whole budget; whereas declining to do so reflects the inability of the Court and Parliament to ascertain that the transactions carried out by the Commission, and above all by the Member States, are regular;
- F. Whereas it must be appreciated that Commission departments replied promptly by the deadline (21 December 2001) to the questions forwarded on 5 December 2001 by the members of the Committee on Budgetary Control in connection with the discharge procedure;

⁽¹⁾ OJ C 359, 15.12.2001.

- G. Whereas the outstanding feature of the financial year 2000 was the exceptionally high budget surplus (EUR 11,6 billion, or 14 % of the budget), which reveals a major failure of budget forecasts (revenues exceeded projections) but also reveals the failure of the 1999 structural actions reform to provide timely and efficient mechanisms for the smooth operation of the Structural Funds;
- H. Whereas management of the budget for the financial year 2000 falls in its entirety under the responsibility of the new Commission appointed in 1999;
- I. Whereas the financial year 2000 marks the start of a new programming period extending to 2006, both for the Structural Funds and for pre-accession aids, and the introduction of new rules (Council Regulation (EC) No 1260/1999 ⁽¹⁾ plus Sapard and Ispa rules);
- J. Whereas the financial year 2000 was marked by the proposals for Commission reforms, in accordance with the recommendations in the White Paper, in particular as regards the Financial Regulation, external actions (communication of 16 May 2000) and improvement of financial management and control within departments (global strategy of 1 March 2000 on administrative reform, COM(2000) 200);
- K. Whereas although the management of 85 % of the Community budget is shared with Member States, it is the Commission — under Articles 274 and 275 of the EC Treaty — which is solely responsible for controlling and supervising the utilisation of the budget and therefore ensuring that the Member States take full responsibility for any mismanagement which takes place at their level; whereas the Commission must therefore give itself the means to ascertain failures by Member States to fulfil their obligations and not hesitate to penalise them and inform the discharge authority what their precise responsibilities are;
- L. Whereas 2000 was marked by a significant increase in the volume of fraud and irregularities identified by Member States and OLAF (EUR 2 billion), EUR 1,4 billion involving traditional own resources, EUR 885 million expenditure, including EUR 580 million involving agricultural spending, and EUR 156 million external actions, and the fact that these figures have risen, which reveals an alarming situation, might partially be the result of greater efforts to combat fraud and improved controls ⁽²⁾;
- M. Whereas three Member States, namely Belgium, Ireland and Luxembourg, have not yet ratified the 1995 Convention on the Protection of Financial Interest;
- N. Whereas in its resolution of 28 February 2002 ⁽³⁾ Parliament criticised the follow-up to the 1999 discharge, in particular the lack of adequate audit follow-up by the Commission; whereas Parliament made the following recommendations with regard to the follow-up to the 1999 discharge, in particular;
- revision of the Framework Agreement on access to confidential documents,
 - more 'user friendly' reporting on budget implementation,
 - regular presentation of evaluation results,

⁽¹⁾ OJ L 161, 26.6.1999, p. 1.

⁽²⁾ Protection of the Communities' financial interests — Commission, see annual report for 2000 (COM(2001) 255, point 12).

⁽³⁾ P5_TA(2002)0084.

- classification of individual directorates-general according to their performance,
 - following the practice of international organisations such as the World Bank and publishing a list of persons convicted of fraud against the European Union on the Commission website,
 - the urgent need for a reform of the disciplinary procedure;
- O. Whereas the Commission, in its follow-up report to the abovementioned 1999 discharge follow-up resolution, stated that it would 'be happy to present results of evaluations carried out' (COM (2001) 696) the Parliament now urges the Commission to submit each quarter the completed evaluations to its Committee on Budgetary Control and to announce which evaluation reports it expects to be concluded in the course of the next quarter;
- P. Whereas, in considering budget implementation in 2000, the fundamental question is to establish, firstly, the Community management features which should be the basis for effectiveness but are deficient, and, secondly, the components within the system which are conducive to fraud and irregularity;
- Q. Whereas this discharge seeks not to concentrate excessively on details in individual sectors, even if details can illustrate systematic problems, but to look in a more global and horizontal way at practices which in the past created problems and to identify solutions;
- R. Whereas it is important to consider difficulties created by bad legislation and to note solutions proposed by the Court, it is also necessary to make distinctions between bad regulations on the one hand and poor administration for which the Commission alone is responsible; whereas it is also necessary to identify as clearly as possible the cases of fraud or error, caused by national or regional authorities and to support the Commission in enforcing improved management practices where Community resources are involved;
- S. Whereas the intra-EU multinational nature of several EU irregularities and fraud involving food products for the falsification, export refunds and payments under Integrated Administration and Control System (IACS) calls for an enhanced role for the EU institutions in preventing fraud and irregularities and this role cannot be decentralised to Member States or any other sub-European authority,

I. **Effectiveness**

1. Notes that Commission effectiveness must be gauged on the basis of three criteria in relation not only to compliance with the objectives laid down by the political authority, but also to the speed and simplicity of the administrative and budgetary measures taken to realise those objectives, and to the best possible use of the budget resources deployed;
2. Takes the view that the following bases for that effectiveness must be examined as a matter of priority: the administrative machinery of the Commission; the various regulatory procedures and the system of checks; the respect by the Commission of the political priorities and budget guidelines as defined by the European Parliament;

The administrative machinery of the Commission

3. Believes that Commission departments must be structured to ensure management with the utmost integrity and effectiveness; notes the administrative reform under way, some basic aspects of which were launched in the financial year 2000, and encourages the Commission to continue its efforts to ensure that results become visible as quickly as possible with regard, in particular, to reform of the external service according to the political guidelines adopted by the European Parliament and to the reform of financial management and control within departments;

4. Notes a delay, however, in implementing some of the White Paper actions, as emerges from the implementation scoreboard forwarded by the Commission (Annex 5 to the replies to the questionnaire), because of ongoing interinstitutional procedures, concerning both the Financial Regulation and the Staff Regulations of Officials; notes concerning Action 96 (recovery of unduly paid funds) that the Commission, in its December 2000 Communication has established a new organisational structure for treatment of recoveries; notes also that the internal procedures concerning enforced recovery are in preparation and wishes to be informed about the effectiveness of this new control system, in an area which is a matter of priority for the Budgetary Control Committee;
5. Asks that the competent committees of the European Parliament be regularly informed about implementation of certain reform actions and management decisions, in particular:
 - a precise review, and a genuine forward schedule, of operations to discontinue or extend the life of Technical Assistance Offices (TAO) and equivalent bodies and set up new ones in particular as regards the Community equal opportunities programme under heading B3-4012, the management of which was much criticised by the Court (annual report — paragraph 3.95),
 - in connection with the executive agencies entrusted with certain tasks in the management of Community programmes (COM(2000) 788), specific tasks identified by the various directorates-general as being outsourceable,
 - the regulatory instruments laying down the Community programmes where the method of management is the use of a network of national agencies; asks to be consulted on these regulatory instruments,
 - the Commission's management policy for the EU financial assistance to the different world regions including deconcentration towards the delegations and decentralisation in favour of external agencies, as well as their impact on improving EU external aid,
 - the establishment of a European College of Administration and of a European Recruitment Office,
 - the multiannual programme to convert temporary posts into permanent posts, and the sectors concerned,
 - strengthening of the external element in the disciplinary procedure,
 - a reform of the invalidity pension arrangement especially with regard to the weighting system;
6. Asks the Commission, in view of the recent proliferation of decentralised bodies, to propose a review mechanism for Agencies, based on the cost-benefit ratio and the added value compared to other alternatives;
7. Stresses that any measure involving amendment of the Staff Regulations of Officials and the Conditions of Employment of Other Servants, such as the new career system, underperformance, flexible retirement, and the rules governing whistleblowing must comply with the principles of independence, neutrality and continuity of the European civil service and modern standards of administration, especially providing service and openness towards the citizens;
8. Expects that the human resources allocated to the various aspects of the reform will be sufficient to ensure that it is introduced quickly and effectively, e.g. staff allocated for reform of the external service and staff affected by that reform; likewise, as regards reform of financial management and control within Commission's departments and delegations, wishes to know what recruitment problems, if any, the Commission faces;

9. Takes the view that a motivated workforce is essential to the success of the policies implemented by the Commission and asks the Commission to ensure maximal consultation with all levels of staff; welcomes the fact that agreement has been reached between the Commission and trade unions representing a large majority of staff to the proposed amendment of the staff regulations which it considers to be an essential part of the Commission reform process and invites all parties concerned to cooperate constructively in the reform process;
10. Calls on the Commission to make sure the process of reform does not have any adverse impact, e.g. as regards a reduction in the on-the-spot checks carried out by the Commission (see paragraph 3.72 of the Court of Auditors' annual report);
11. Asks the Commission to assess the cost-benefit of introducing the reform, including the cost of professional training (in particular in the field of financial management), the cost of recruitment and of termination-of-service arrangements (regarding Article 50 of the Staff Regulations of Officials) and to inform it of the results;
12. Considers that the 'management declarations' by each director-general, introduced under the new internal-management system (and effective as of May 2002), will provide a welcome new tool in assessing the performance of Commission Directorates-General and will make it easier to identify areas where further improvements need to be made; underlines that the management declarations do not in any way diminish the individual or collective responsibility of Members of the Commission;
13. Expects the Commission to inform the European Parliament in the event of any other reforms under way;

The procedures

14. Notes, as the Court of Auditors' annual report stresses, that procedures are not commensurate with the objectives pursued; in particular:
 - (a) deplores a weakness of linkage between the Commission and the Member States: the lack of uniformity of own-resources-related information forwarded to the Commission by the Member States in connection with, for instance, fraud, irregularities established and checks introduced to prevent them (see paragraph 1.61 of the Court of Auditors' annual report), the failure by some Member States to forward data in connection with the clearance of accounts (see EAGGF, Guarantee Section, paragraph 2.59 of the annual report) and the same failing concerning the Structural Funds, and the lack of statistics at the Commission on premiums within the sheepmeat and goatmeat CMOs (see 2.117 of the Court of Auditors' annual report);
 - (b) notes the Commission's acknowledgement of this state of affairs (in its reply to paragraph 2.117); does not accept, however, that a shortcoming detected in one sector may be used as an excuse with regard to others, and therefore calls on the Commission to make the necessary representations to the Member States in time for the next discharge to ensure that they meet their obligations on time and that, in all Member States, the information forwarded matches standard definitions (in particular where fraud or irregularities are involved);
 - (c) deplores certain Member States' resistance to applying certain strategies, as was the case concerning the measures taken by the Commission to detect and eradicate BSE, and as exposed by the Court of Auditors (Special Report No 14/2001 ⁽¹⁾), and the lack of emergency rules allowing such situations to be put right promptly, (proceedings before the Court of Justice not being appropriate for managing emergencies);

⁽¹⁾ OJ C 324, 20.11.2001.

- (d) notes that some of the errors detected by the Court (see paragraphs 2.36 to 2.41 of the Court of Auditors' annual report 2000) proved to be systemic. The principle type of systemic error observed concerns unwarranted deductions from aid payments (paragraph 2.36). Notes that the Court mentions examples of unwarranted deductions from aid payments in Sweden, Greece and Spain; notes that the Commission is currently investigating the administrative fees introduced in Denmark on applications for export refunds; asks the Commission to be fully informed on developments in this case;
 - (e) regrets that in the area of external aid the Tacis programme for transborder cooperation failed, after four years of implementation to fulfil one of the main objectives, namely improvement of living conditions in the border areas (e.g. Court of Auditors Special Report No 11/2001 ⁽¹⁾); asks the Commission to reinforce the cooperation between the different programmes (Tacis, Interreg, Phare) and to give priority to projects for a better living environment; asks to be informed about the concrete results, by July 2002, of the programme, which the Commission expected for the year 2001;
 - (f) notes that the Commission has improved the administrative procedures of Echo, in order to be able to better handle emergencies (e.g. Special Report No 2/2001 ⁽²⁾ — humanitarian aid for victims of Kosovo); asks for an assessment report to be made on the management of recent humanitarian crises (payment timing, decision-making capacity, cooperation with NGOs and evaluation of the aid);
 - (g) considers that in the framework of the CSFP, as is highlighted in the Special Report No 13/2001 of the Court of Auditors ⁽³⁾, the present arrangement is unsatisfactory; asks the Council and the Commission to produce immediately, as indicated by the Commission (see reply to the questionnaire 5.1), an agreed definition of administrative and operational expenditure for EU Special Representatives (EUSR); asks that clear rules on remuneration and salary related-costs be clearly established for staff working in the EUSR offices and that clear arrangements be made on adequate reporting, auditing and evaluation;
 - (h) recommends that the Council and the Commission present to the European Parliament, a proposal for the criteria for the definition of operational and administrative expenditure in CFSP, and a proposal for an interinstitutional agreement clarifying the role of the Commission in determining the financial and operational framework of budgetary implementation and presenting the auditing and evaluation systems setup in this area;
15. Asks the Commission to carry out special audits of the representations in the Member States in the light of the allegations of malpractice in the Stockholm representation; asks to be fully and adequately informed of the result of the disciplinary cases in relation to the Stockholm representation;
16. Calls on the Commission to improve budget forecasts and reduce the divergences between estimates and out-turn and improve communication between Commission and Member states, especially in the framework of the budget network for information exchange;
17. Takes the view that the Commission must equip itself with tools to improve budget forecasts and make greater use of the budget network, in order to prevent a recurrence of excessive budget surpluses;
18. Is convinced that the management method of the present-day Union, and the enlarged Union of tomorrow, must continue to rely on the principle of decentralisation; this demands comparable and equally efficient management capacity on the part of the various national administrations, as required by the new rules on the Structural Funds (Regulation (EC) No 1260/1999) launched in 2000, which also involve a clarification of the respective roles of the Commission, the Member States and the various partners referred to in article 8 of the regulation; notes, however, when a

⁽¹⁾ OJ C 329, 23.11.2001.

⁽²⁾ OJ C 168, 12.6.2001.

⁽³⁾ OJ C 338, 30.11.2001.

budgetary action involves several Member States in several operations of the CAP, more intervention by the Commission may be required; insists that the success of the decentralised management of Sapard and Ispa in the candidate countries and of the activity of their national administration will depend on the EU commitment to support these countries in improving their administrative capacity; encourages the Commission to continue its training efforts in the formation (via twinning with applicant countries) and information (such as round tables with the responsible bodies in the Member States);

Contractual management procedures and Community subsidies

19. Asks the Court of Auditors to assess to what extent contractual management procedures for Community appropriations (invitation to tender, awarding of contracts) comply with transparency principles, in terms of objectives, selection board make-up, candidate selection, compliance with procedures and reasons for decisions, and in particular has concerns about invitation-to-tender procedures in the research sector; notes, that the Court of Auditors, in its annual report, has come to positive conclusions concerning the procurement procedures used by the institutions to purchase services, supplies and work and stresses the need for increased use of long term environmental and social benefit criteria in selection procedures; in particular, asks the Court of Auditors to assess the transparency of present Commission arrangements regarding external aid, such as the establishment of a set of shortlists where the same companies are supposed to be always the most efficient solution to apply Community grants of up to EUR 200 000 in every corner of the world;
20. Calls on the Commission to always use the most appropriate procedure, having regard both to the difficulties for applicants, particularly with research projects and costs; underlines however, that research is a high risk sector and requires very intensive controls;
21. Asks the Commission to explain, in connection with the selection procedure for the Media and Media Plus proposals, what type of TAO carries out preparatory work on which the Commission makes a final selection of the beneficiaries of programmes and decides on the support to be granted (see Council Decision 2000/821/EC ⁽¹⁾); asks the Commission to indicate what the geographical breakdown of programme beneficiaries was for 2000;
22. Takes the view, as regards the current procedures for granting Community subsidies to specific organisations, namely in the context of A-3 0 2 lines, that a system of both earmarking and calling for proposals is unsatisfactory and calls on the Commission to suggest to the budgetary authority a more transparent system, which also might help to avoid the state of permanent insecurity which hangs over some organisations, without creating dependence on Community funds for their survival; notes that activity based budgeting may help end the present system; calls on the Commission to ensure new organisations that wish to bid for money are not excluded from doing so; asks the Commission to cooperate with OLAF and the Court of Auditors in auditing associations or centres funded almost exclusively from the Union budget;
23. Notes that in year 2000, EUR 800 000 earmarked under budget line A-3 0 4 0 towards the operating cost and the work programme for European Migrants Forum; notes that an investigation has begun by OLAF after allegations of fraud and mismanagement in this organisation and that OLAF sent the case to the Belgian judicial authorities in June 2001; expects to be fully informed of the conclusions of the Belgian authorities; asks the Commission to ensure that this body and others funded under A-3 Community subsidies are effective in meeting their objectives;

⁽¹⁾ OJ L 336, 30.12.2000, p. 82.

The complexity of procedures and legislation

24. Agrees with the Court of Auditors that, more often than not, Community rules are too complex, causing difficulties for beneficiaries, and asks the Commission to develop a systematic assessment of the efficiency of the various regulatory instruments in achieving the policy objectives as defined in the Treaty or otherwise approved by the European institutions;
25. Notes that the Commission, in the new regulation on Structural Funds (EC) No 1260/1999, has declared its intention to simplify the rules; hopes that this will be verified in 2001, but deplores the under-implementation of the Structural Funds in 2000 due to delays in programming (itself accounting for much of the budget surplus); points out that the same difficulties occurred in the first year of the previous programming period (1994); also wonders whether the present system is the best system for planning the future of structural measures after 2006; calls on the Commission and the Member States to rationalise and simplify the procedures for implementing structural measures in order to prevent the same difficulties from recurring when new programmes are established;
26. Considers that the lack of adoption of Community Initiative Programmes in 2000 is due to the late approval of Council regulations, to delay in publishing the user manual and late publication by the Commission, the long period taken by other institutions to give their opinion, and also to late reaction from the Member States;
27. Notes with dissatisfaction that due to these delays, transfers, carry-forwards and rebudgetisation were the norm rather than the exception; reiterates its critical view of transfer 40/2000 resulting in a reduction of EUR 164 million and of the rebudgetisation resulting in another EUR 30 million reduction in appropriations for innovative measures;
28. Is particularly concerned at the serious delays in launching the Community initiative EQUAL, and calls on the Commission and Member States to provide assistance in establishing development partnerships and transnational connections;
29. Also notes that the complexity of the rules and overlapping between measures under the various funds and under Community policies may bring about an incoherent situation, which can reduce the effectiveness of funds and programmes as is criticised by the Court in its Special Reports No 1/2001 ⁽¹⁾ and No 12/2001 ⁽²⁾ and in its annual report (paragraph 3.121);
30. Comes to the same conclusion as regards the Sapard and Ispa regulations, the complexity of whose implementation was underestimated by the Commission and poses a genuine challenge for the candidate countries; also acknowledges the efforts made by the Commission for 'institution building' within the Sapard system and for better internal coordination of pre-accession aid programmes; but regrets that only half of the applicant states will be in a position to put the programmes into effect at the latest by 2002;
31. Calls on the Commission to ensure, as a matter of priority, that procedures are simplified and that clear rules and objectives are laid down which are transparent and understandable to the citizens; calls on the Commission to make simplification of legislation, rules and procedures an intrinsic part of the midterm review of the agricultural and structural policies; acknowledges however, the difficulties faced by the Commission in fulfilling this goal in the specific case of the adoption of rules of implementation for certain programmes, such as the control procedures for the Structural Funds, where the comitology procedure is applied; notes that often these committees, representing the administrative interests of the Member States, tend to contribute to the complexity of such rules;

⁽¹⁾ OJ C 124, 25.4.2001.

⁽²⁾ OJ C 334, 28.11.2001.

32. Points out that it will scrutinise carefully during the next discharge exercise the extent to which the Commission has properly respected the political priorities and budgetary guidelines as defined by the European Parliament, and fulfilled the undertakings it has given in response to criticism by the Court of Auditors (see paragraph 3.122 — annual report);

The controls

33. Notes that the very complexity of the rules makes effective controls difficult;
34. Calls on the Commission to substantially increase the number of 'sunset clauses' and detailed business impact assessments included in legislation;
35. Notes that the system of checks is marked by weaknesses, such as:
- (a) inadequacy or complete lack of checks by the Commission (e.g. the Court of First Instance judgment of 10 May 2001 on the 'Turkish television sets' case pointed up the serious failings of the Commission in monitoring application of the EC-Turkey Association Agreement and Additional Protocol);
 - (b) inadequacy or lack of checks by Member States in the area of agricultural spending (export refunds) and structural measures (application of Commission Regulation (EC) No 2064/97 ⁽¹⁾ as regards financial control by Member States of operations co-financed by the Structural Funds);
36. Is concerned at the Court of Auditors' findings (Special Report No 10/2001 ⁽²⁾) that the application of Regulation (EC) No 2064/97 posed difficulties for both the Commission and the Member States because there was insufficient coordination between the Commission DGs responsible, and the Member State bodies who are not familiar with the audit manual, which the Commission submitted too late;
37. Calls, in view of these findings, for each Member State to designate a single national ministry with responsibility for monitoring progress in achieving the 5 % control rate laid down for every individual Structural Fund programme in Commission Regulations (EC) No 2064/97 and (EC) No 438/2001 ⁽³⁾; calls also for action to be taken to provide uniform coordination of controls in Member States with autonomous regional authorities; proposes that such coordination can best be achieved through the existing coordinating agencies and that those agencies can also serve as the basis both for information exchange between the regions and for coordinating and forwarding all information to the Commission;
38. Urges the Commission and Member States to improve financial control of the Structural Funds, in view of the findings of Special Report No 10/2001 of the Court of Auditors; in particular, calls for:
- an increase in the resources of the departments responsible for financial control,
 - an increase in on-the-spot inspections,
 - better coordination not only by the Member States but also by the Commission,
 - the creation of standard procedures for dealing with irregularities and the exchange of information on them ;
39. Asks the Court of Auditors to assess the present total cost of internal and external checks on Community funds, distinguishing between costs to the Community budget and to national budgets and comparing the cost of the various types of control carried out in each expenditure area with the amounts involved in known instances of fraud and irregularities and recoveries made in each chapter;

⁽¹⁾ OJ L 290, 23.10.1997, p. 1.

⁽²⁾ OJ C 314, 8.11.2001, p. 26.

⁽³⁾ OJ L 63, 3.3.2001, p. 21.

40. Takes the view that the Commission ought to be concerned to ensure that checks are economically effective, and takes note, to that end, of the Commission's internal reforms concerning the 'management declaration' by directors-general, by which they will be bound, and the setting up of the Commission's internal audit system; considers that the impact of these changes on control effectiveness should be assessed during forthcoming discharge exercises;
41. Calls on the Commission to try to find the perfect balance in terms of the cost of controls and the benefit of reduced level of error such controls lead to;
42. Considers that the successful management of the Agency for Reconstruction in Kosovo was due to the closeness of the operations to the beneficiaries, focus on a small number of sectors and one structure for project identification to evaluation and to a large extent to the fact that *ex ante* financial control was carried out by the Agency's internal financial services, which allowed quick implementation of measures; notes that the Commission's amended proposal for a new Financial Regulation (COM(2001) 691) provides for the decentralisation of *ex ante* financial control across all Commission departments; calls on the Council to expedite its work on the Commission's amended proposal;
43. Recommends, furthermore, that the Commission make further moves towards good institutional cooperation with the Court of Auditors and its audit bodies, but also with the Member States and their national audit bodies; wishes to be informed of progress made;
44. Takes the view that a coordination of planning controls would make it possible to prevent unnecessary duplication of effort and allow better division between internal and external checks, between system audits and project controls, in the light of the risks and funding involved;
45. Recognises that the actual method used by the Court of Auditors does not enable it to give a rate of error for each sector of Community expenses, and takes the view that the DAS should aim to give this information, as repeatedly asked by Parliament's Committee on Budgetary Control, with a distinction between fraud and error, with consideration also of differences in inherent risk between different sectors and taking into consideration corrections made by the Commission, including comparison from year to year, in order to make this instrument useful not only for the discharge authority, but also for the Commission, which should arrive at a positive DAS as soon as possible; believes, however, that on the basis of its present methodology, the Court of Auditors is unlikely to be able to give the Commission a positive DAS in the near future;
46. Questions the utility of the global Statement of Assurance for 2000 so long as the figures are not given; notes that the Court of Auditors has not published substantive and formal error rates in recent years, recalls that the competent Commissioner for the agricultural sector provided the figures for the period 1995 to 1999 at a hearing at the Committee on Budgetary Control on 7 February 2001, asks the Court of Auditors and the Commission to provide the figures for 2000;
47. Calls on the Court of Auditors to release a Statement of Assurance and error rate for each individual DG in order to highlight problem areas and substantially increase Commission and Member State accountability;
48. Notes that the control and audit activities in relation to the EU budget are characterised by a large number of auditors and audit services, each carrying out visits and drawing up reports almost independently but often on the basis of different standards; asks the Commission to draw up a report on the feasibility of introducing a single audit model in relation to the EU budget in which each level of control builds on the preceding one, with a view to reducing the burden on the auditee and enhancing the quality of audit activities, but without undermining the independence of the audit bodies concerned; asks the Court of Auditors to prepare an opinion on the same subject; similarly requests the Commission to see to what extent controls and in particular on-the-spot controls could be organised in a more rational manner;

49. Following Parliament's resolution of 17 May 2001⁽¹⁾, and in particular point 22 regarding adulteration of olive oil, its resolution of 4 April 2001⁽²⁾, and in particular point 9(iii) regarding adulteration of milk products, and the Court of Auditors' Special Report No 7/2001 regarding export refunds⁽³⁾, asks the Commission to report to the Parliament on the state of play regarding adulteration of agricultural products with a direct or indirect impact on the Community budget, addressing the regulatory framework, minimum percentage of physical analysis by sector, technical methods to detect adulteration and future actions envisaged by the Commission to deal with the situation;

Own resources

50. Takes note of the trend towards a greater reliance on GNP-based contributions to the Community budget and corresponding decline in the importance of traditional own resources; observes that this is partly due to the capping of the third resource (VAT) and the Community's international commitments to reduce customs duties; points nevertheless to the difficulties in accurate revenue forecasting based largely on GNP wealth in Member States and asks the Commission to assess how this is likely to be affected after enlargement;
51. Notes with concern the misgivings of both the Court of Auditors and the Commission that the VAT system is seriously affected by fraud although this does not necessarily lead to losses to the Community budget. Points to the fact that Member States identified EUR 534 million worth of fraud and irregularities in 2000, corresponding to 3,5 % of own resource revenue that year, though mainly explicable by the case of New Zealand butter in the United Kingdom which accounts for half of the total; notes that Greece was alone in not informing the Commission of any irregularity detected that year in the area of own resources and questions whether this is due to a 100 % clean record, late transmission of data or that irregularities simply went undetected;
52. Underlines the criticism of the Court of Auditors that recovery measures by Member States are neither efficient nor evenly applied, indicating a reluctance or a difficulty in tackling the problem; notes, in this regard, that OLAF opened 120 files on suspected fraud in own resources collection in 2000 for a total amount of EUR 608,7 million; urges the Commission to bring forward the necessary proposals to amend Commission Decision 97/245/EC⁽⁴⁾, Euratom⁽⁴⁾ on transmission of data from Member States with a view to creating equivalent standards of reporting in all Member States;
53. Recalls that Member States have now ratified the new Own Resources Decision, raising the collection costs from 10 % to 25 %; calls on the Member States to ensure that this will lead to a crackdown on customs fraud and better detection of irregularities so far detected in the area of own resources;

II. Regularity, combating fraud and protection of financial interests

54. Recognises that the present system of protection of the Communities' financial interests and prevention of fraud has to be strengthened;

⁽¹⁾ OJ C 34 E, 7.2.2002, p. 367.

⁽²⁾ OJ L 160, 15.6.2001, p. 2.

⁽³⁾ OJ C 314, 8.11.2001, p. 1.

⁽⁴⁾ OJ L 97, 12.4.1997, p. 12.

55. Notes that it is incumbent upon the Commission to make use of the same standards and rules across all sectors of Community expenditure in combating fraud and other irregularities if it is to fulfil the spirit of Article 280 of the EC Treaty and guarantee an equivalent level of protection of the financial interests of the Community ;
56. Considers that some common policies are themselves conducive to fraud, particularly where guide prices are fixed and export refunds are used to support the export of surpluses mainly for dairy products, sugar, cereals and beef;
57. Considers that one of the main objectives of the Common Agricultural Policy as established by the Treaty is to insure 'a fair standard of living for the agricultural community' and this objective makes imperative for the Commission to monitor carefully the patterns of the distribution of the Common agricultural budget by farmers and other beneficiaries;
58. Considers that transparency rules that make it imperative for the Commission to disclose the names of final recipients of its subventions in domains like science and technology or the Cohesion Fund, should also be applied to other budgetary lines and in particular to the common agricultural policy;

Export Refunds

- notes that expenditure on export refunds rose from EUR 5 695 million in 1980 (50,3 % of the EAGGF Guarantee budget)⁽¹⁾ to EUR 10 159 million in 1993 (29 % of the EAGGF Guarantee budget) and then fell to EUR 5 646 million (14 % of the EAGGF Guarantee budget) in 2000⁽²⁾; notes, however, the relativity of these figures due to the changes in the dollar rate,
- notes that the export refunds system is still important in the common agricultural policy and that it has a considerable, although not clear, impact on agricultural and food markets in the EU and third country markets,
- notes that according to the Commission the phasing-out of the export refund system is dependent on the forthcoming WTO negotiations; urges the Commission in the meantime to make a radical effort to simplify legislation and procedures for more transparency,
- notes that since 1990 the Court of Auditors has drawn up no less than eight Special Reports dealing directly or indirectly with the control of export refunds which shows that the Court regards this as a sector which needs to be watched very closely, also, that the Court of Auditors, in Special Report No 2/1990, stated that 'export refunds are a high risk area' due to 'the complexity of the governing legislation and the size of the sums which can be involved in individual transactions' (point 3.5),
- regrets that the Commission on several points has not followed the Court of Auditors' previous recommendations as regards physical checks of agricultural products attracting export refunds (annual report 2000, point 2.104),
- calls on the Commission, in the light of the findings in the Court of Auditors' Special Report No 7/2001, to examine the eventual need for reinforcement of Council Regulations (EEC) No 4045/89⁽³⁾ and (EEC) No 386/90⁽⁴⁾,
- recalls its position in its resolution of 13 November 2001⁽⁵⁾ on protection of animals during transport as regards the repeated infringement of the directives concerning animal welfare during transport and Member States' inadequate monitoring policies; insists that the Commission carries out systematic control of the implementation of EU animal welfare legislation in the Member States and requests the phasing-out of export refunds on slaughter animals as soon as possible,

⁽¹⁾ Information provided by the Commission by mail of 7 February 2002.

⁽²⁾ Court of Auditors' Special Report No 2/1990 and note from DG IV: 'Restitutions à l'exportation', p. 6.

⁽³⁾ OJ L 388, 30.12.1989, p. 18.

⁽⁴⁾ OJ L 42, 16.2.1990, p. 6.

⁽⁵⁾ Texts Adopted, Item 11.

- urges the Commission to apply to export refunds the same policy of transparency already used in other domains, such as science and technology, by making public in electronic form, the names of all the undertakings and the amounts paid under this scheme,
- in line with the above considerations as well as with paragraph 24 above, asks the Commission to undertake a global appraisal of alternative instruments to export refunds capable of achieving in a more efficient way the policy objectives set out in the Treaty while meeting the European Union's commitments under the WTO,
- welcomes the fact that the Commission, following the Court of Auditors' Special Report No 7/2001 and discussions in the Budgetary Control Committee on the report in the framework of the discharge 2000, has presented an action plan aimed at:
 - (1) modification of Commission Regulation (EC) No 800/1999 ⁽¹⁾ before the end of the first semester 2002 along the following lines:
 - (a) when approval is withdrawn from a supervisory company, suspension of approval will apply in all Member States to the other companies within the same group, until the necessary investigations of each company have been completed;
 - (b) effective penalties for irregular proofs of arrival issued by supervisory companies to be provided for by Member States;
 - (c) provisions of the Commission's working document VI/2705 of 26 October 1999 concerning the rules on approval of surveillance agencies to be incorporated in the horizontal regulation;
 - (d) rules to be observed by Member States' embassies on issuing certificates on unloading;
 - (e) doubling of the *de minimis* limits by which payment claims involving small amounts of refunds may be exempted from the production of proof of import;
 - (2) inclusion of audit visits to the most important supervisory companies in the inquiry on differentiated refunds before the end of 2002;
 - (3) creation of a catalogue of customs forms and stamps used in a number of third countries within the next one and a half years;
 - (4) visits to transport companies in order to evaluate the potential use of the container movement databases for control purposes before the end of 2002;
- expresses the following comments on the action plan:
 - ad 1 (b)* takes the view that the Commission has to provide for the penalties and assure through systematic controls that Member States apply them,
 - ad 1 (e)* agrees that the Commission, under present circumstances only, partially responds to the Court of Auditors' recommendation that proofs of arrival should only be required in cases of doubt or for high risk destinations; is nevertheless of the opinion that the Commission should seriously explore ways of improving the actual system which clearly is not satisfactory;
 - ad (3)* would welcome more information on this measure, including a cost/benefit analysis in the light of the need for such a catalogue to be constantly updated,
- regrets that the action plan does not address the recommendations of the Court of Auditors in the following respects:
 - transport documents and commercial invoices should be presented to paying agencies for all claims exceeding the *de minimis* limit,

⁽¹⁾ OJ L 180, 15.7.1999, p. 53.

a posteriori checks on placing on the market should be intensified,

refunds should not be paid on products which are subject to reduced rates of import duty in non-member countries where this creates the possibility of carousels;

59. Asks the Commission to ensure that the calculation of the refund rates to potato and cereal starch follows predictable and transparent criteria, as recommended by the point 40a) of Special Report No 8/2001 of the European Court of Auditors;
60. Welcomes all the steps announced by the Commission in its reply to the Budgetary Control Committee's questionnaire in order to publish data on concentration of CAP funds per farmer and or per working unit, and asks the Commission to start presenting this data as soon as possible;
61. Notes that, according to point 2.145 of the annual report of the Court of Auditors, the recent reform on the fresh fruit and vegetables sector concentrated Community funds in more developed countries and regions;
62. Notes that some rules introduce neither verification mechanisms nor penalties, which may encourage fraud or simply involve public health risks;
63. Calls, for instance, as regards the sheepmeat and goatmeat CMO, for the introduction of a mandatory electronic identification system for animals in order to enable information-gathering on premiums and verification thereof;
64. Calls, as regards the milk quotas regime, for a harmonised application of the rules for penalties for milk producers failing to comply with milk quotas, which, 17 years after they were introduced, are still not correctly applied in all Member States (see paragraph 2.193, Court of Auditors' annual report); regrets that Italy has been paying the superlevy for the breaching of the milk quotas, on behalf of its farmers, thereby distorting competition across the Union;
65. Calls, as regards application of BSE legislation by the Member States (see Court of Auditors' Special Report No 14/2001) and measures concerning the prevention of foot and mouth disease, for procedures to be established to impose financial corrections or fines and penalties concerning veterinary expenditure or market-related measures financed by the European Union where Member States fail to comply with veterinary legislation;
66. Calls on the Commission to consider whether it ought to have additional powers for special emergency situations where human and animal health are at risk;
67. Notes that some rules have produced unwanted effects and that the Commission responded late to the Court of Auditors' warnings, and cites in this connection aid for fibre flax growing, in respect of which the Court of Auditors recommended as long ago as 1992 ⁽¹⁾ that the Commission avoid any further encouragement of fibre flax production, since there was already 'a production surplus for which no buyer could be found' ⁽²⁾; deplores the way the Commission and the Member States reacted to the situation and the length of time; notes that Council and Parliament have in some cases obstructed proposals by the Commission to improve CAP legislation;
68. Condemns rules which give rise to 'premium hunting' with unintended, pernicious effects on the Community budget; again presses, as it did in its resolution of 19 January 2000 ⁽³⁾ on discharge 1997, for systematic and careful follow-up to the Court of Auditors' recommendations;

⁽¹⁾ OJ C 309, 16.11.1993.

⁽²⁾ Annual report of the Court of Auditors, paragraph 2.77.

⁽³⁾ OJ L 45, 17.2.2000, p. 33.

69. Asks the Court of Auditors to assess to what extent the system of trade preferences is also a source of irregularities adversely impacting on Community resources (see judgment on the case involving television sets from Turkey), and calls on the Commission to develop alternatives to the present system as soon as possible;
70. Deplores the situation where trafficking in adulterated butter, organised by professional criminals could have led to health risks and represents a potential loss for the budget; calls for appropriate penalties to be imposed on the adulterators and European firms involved and for all information on this affair to be forwarded as soon as possible to the European Parliament; regrets that the Commission has failed to warn the consumer against possible health hazards after the case became public knowledge in July 2000; expects the Commission in the future to give public health concerns priority over all other investigations; notes that nearly two years after the scandal was made public by OLAF, no Community financial corrections of any sort have yet been passed against the responsible undertakings involved in this affair, which is in sharp contrast with what happens with any violation of much lesser gravity (such as to produce milk over the allocated milk quota);
- considers that the present situation is contrary to the principles of equitable protection of Community financial interests, and asks the Commission to ensure that criminal offences are not treated in more favourable conditions than administrative offences,
 - asks the Commission to monitor this affair closely, and to report to the European Parliament all major developments;
71. Notes that detecting irregularities or fraud comes under the responsibility of the Member States (which are obliged to report them to the Commission), Commission departments, OLAF and the Court of Auditors, but that the Member States, as is pointed out in Court of Auditors' Special Report No 10/2001, by no means meet their obligation in full to report irregularities relating to the Structural Funds and that the figures established are likely to be much higher in reality;
72. Calls upon the Commission to evaluate and revise the existing arrangements for import of agricultural produce below EU prices from third countries to be processed in the EU and re-exported to third countries;
73. Calls for Member States, including regional administrations, to be made more aware of action to combat irregularities, given that, in particular in the field of structural measures, negligent or irregular use of Community budget appropriations is mirrored by equally negligent use of funds provided by cofinancing from national budgets;
74. Urges the Commission to apply financial corrections in accordance with Commission Regulation (EC) No 448/2001 ⁽¹⁾ in connection with structural measures where there are irregularities;
75. Takes note of the figures transmitted, at its request, by the Commission, concerning the amount of irregularities per Member State and the amount of recovery for the Structural Funds since the implementation of Commission Regulation (EC) No 1681/94 ⁽²⁾; takes note of the significant amounts owing from some Member States (Italy, Spain, United Kingdom, Germany) and wishes to be informed about the reasons for the low recovery from those countries;

Corrections

76. Recommends again (see Parliament's resolution of 4 April 2001 on discharge 1999) concerning the clearance of accounts (EAGGF), that the procedure be improved especially through increased financial corrections for Member States where there are repeated weaknesses in the control system, including delay in the setting up of the IACS, and through extending the deadline for conformity decisions from the current 24 months to 36 months, as already proposed in its abovementioned resolution on discharge 1999; asks the Commission to come forward with the necessary proposals;

⁽¹⁾ OJ L 64, 6.3.2001, p. 13.

⁽²⁾ OJ L 178, 12.7.1994, p. 43.

77. Asks the Commission to make proposals before the next discharge, so that non-respect of the criteria by the paying agencies in the Member States can be properly sanctioned (such as reduction of advances or financial corrections);
78. Questions again if the current system of financial correction is sufficient to encourage Member States to combat fraud and irregularities; invites the Commission again 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 judgment by the Court of Justice, if the Commission considers that the Member State concerned has failed to fulfil its obligations under the Treaty (Article 228);
79. Calls on the Commission to inform Parliament more fully on progress towards more effective recovery of unduly paid funds (action 96 of the internal reform of the Commission); repeats its regret (see its abovementioned resolution of 28 February 2002) that the Commission has not followed Parliament's recommendation and introduced a requirement to launch recovery proceedings within three months of receipt of details of irregularities from the Court of Auditors;
80. Congratulates the Commission on its guidelines on the application of the principle of proportionality to the waiving of debt recovery; is pleased that the guidelines introduce clear and transparent procedures for the writing-off of debt in accordance with Parliament's wishes;
81. Demands that, once the Commission decision has been taken, the Commission informs the European Parliament of the basis for calculating the financial correction applied on the one hand to the Netherlands, in the framework of the ESF, on the other hand to Spain, in the framework of the flax case;
82. Expects Commission decision-making procedures for financial corrections to be open and transparent; recalls Article 213 of the Treaty, which states that Members of the Commission 'shall be completely independent in the performance of their duties' and 'shall refrain from any action incompatible with their duties'; recalls the Code of Conduct for Commissioners, which states that 'ruling out all risks of a conflict of interests' helps Members 'to guarantee their independence'; notes that according to the Code of Conduct, the role of Members' private offices is 'to act where necessary as the interface between Commissioners and the departments they are responsible for, but without interfering in departmental management'; expects the Members of the Commission and their private offices to continue to observe this set of rules; reminds the Commission of its undertaking to report in detail on any specific financial correction, and on the procedures followed, at the request of Parliament;

As regards the Anti-Fraud Office

83. Notes the limits on action by OLAF, as set out in the annual report (Chapter III, point 3.2) of the OLAF Supervisory Committee since it was unable to provide precise information on the action taken by the competent national authorities on the various cases concerned, on the imposition of any administrative or criminal law penalties or on the recovery of funds; notes also the limits on its scope for action, (for example the VAT sectors stated by the Court of Auditors, point 1.90 of the annual report 'another element likely to increase the risk of fraud is the absence of a clear basis for international coordination of VAT investigations by OLAF/Commission');
84. Notes with concern the finding in the Supervisory Committee report (Chapter IV, point 3.1.1) that although a large proportion of OLAF cases involve criminal elements, the Office forwarded reports or information to the competent national judicial authorities in a tiny number of instances only;

85. Asks to be informed about the exact role of OLAF in the context of fraud-proofing of legislation;
86. Is seriously concerned at the current application of Article 7 of Regulation (EC) No 1073/1999 of the Council and of the European Parliament ⁽¹⁾ on OLAF's investigations as regards the communication of information between Union bodies and institutions;
87. Regards it as imperative that the revision of the regulation referred to above settle the question of national authority 'recognition' of OLAF investigations and of how they should be followed up;
88. Deplores the fact that the establishment of a European Public Prosecutor (cf. COM(2000) 608), was not taken up at the Nice European Council in December 2000; welcomes very much the Green Paper submitted in December 2001 (COM(2001) 715) as requested on several occasions by the European Parliament and considers that the establishment of the European Public Prosecutor is essential for effective combating of Community budget fraud; calls for the establishment of the European Public Prosecutor to be included within the Convention so that it can be enshrined in the Treaty in good time ahead of enlargement;
89. Asks to be kept fully and adequately informed of developments as regards the 'illicit traffic in butter-based products', 'European Migrants Forum', 'ESF', 'Berlaymont', 'ACEAL' and 'IRELA'; regrets that the results of OLAF's internal investigation on possible disciplinary action in relation to IRELA has not yet been finalised;

Enlargement

90. Considers that combating fraud and the effective protection of the Community's financial interests must be top priorities in the candidate countries and invites the Commission to make special efforts to ensure that, prior to accession, all candidate countries have introduced genuine accounting, auditing and control systems in accordance with the EU standards, in the areas benefiting from EU financial assistance and in particular where there is shared management of Community appropriations; insists that the annual country progress reports include clear and detailed information on the implementation of the financial pre-accession aid, on the measures taken to monitor it and on the outcome of auditing and checks on the spot and on Chapter 28 (financial control); notes in this respect the importance of stronger EU financial and technical assistance with a view to improving the candidate countries administrative capacity;
91. Is deeply concerned to note how little progress has been made towards computerising the the Community transit system since Parliament's committee of inquiry; expects the Commission to come forward with concrete proposals for improvement in the context of the follow-up to the 2000 discharge; demands that all possible necessary measures are taken before any candidate country joins the European Union and calls its Committee on Budgetary Control to review the situation as a matter of urgency and points to the recommendation of 13 March 1997 of the European Parliament Committee of Inquiry into the Community Transit System;

Involvement of Parliament

92. Instructs its President, at this early stage, to champion its rights before the Court of Justice of the European Communities if the Council includes provisions in the new Financial Regulation which in any way at all attach provisos to the right of Parliament, under Article 276 of the EC Treaty, to have access to information and thus constrain its control powers;

⁽¹⁾ OJ L 136, 31.5.1999, p. 1.

*Spending sectors**Justice and Home Affairs Sector (JHA)*

93. (a) Calls on the Court of Auditors to give explicit recognition to Title B5-8, 'Area of freedom, security and justice', in its list of internal policy actions and to devote the necessary attention to it;
- (b) Notes that the 2000 budget implementation rate in respect of Title B5-8, 'Area of freedom, security and justice', analysed in the light of the objective factors which delayed the implementation of certain measures and the fact that there were no emergencies, is acceptable, but no more than that;
- (c) Notes with satisfaction the large increase in the number of Commission-conducted audits of contracts managed by DG JHA;
- (d) Notes that, in the JHA sector, amounts recoverable or reduced payments as a result of audits exceed 10 % of the total value of the contracts audited, whereas the overall average rate for Commission-conducted audits is in the region of 2 %;
- (e) Calls on the Commission to step up its efforts, if necessary through contractual penalties, to combat the improper use of subsidies and/or overstatement of actual costs;
- (f) Notes with satisfaction that, at the end of its report on the financial statements of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) for the financial year 2000, the conclusion of the Court of Auditors is that the annual accounts are reliable and that the underlying transactions, taken as a whole, are legal and regular;
- (g) Calls on the EMCDDA's management bodies to act on the Court's specific observations, in particular as regards:
- fixed asset accounting management and inventory-keeping,
 - the keeping of personnel records: job descriptions, career records, staff assessments and information for staff;
- (h) Notes with satisfaction that, at the end of its report on the financial statements of the European Monitoring Centre on Racism and Xenophobia for the financial year 2000, the conclusion of the Court of Auditors is that the annual accounts are reliable and that the underlying transactions, taken as a whole, are legal and regular, bearing witness to the genuine efforts made by the Monitoring Centre in 2000 to improve its internal control system;
- (i) Calls on the management bodies of the European Monitoring Centre on Racism and Xenophobia to act on the Court's specific observations, in particular as regards:
- fixed asset accounting management, inventory-keeping and controlling recovery operations,
 - systematic data matching between the budget accounts and the general accounts in order to ensure better monitoring of financial management during the year;
94. Takes the view that the low implementation rate for budget heading B5-5 0 3 was predominantly due to the strict conditions in the invitation for the submission of proposals; takes the view that the condition of transnationality, as a prime requirement for entitlement to support, must generally not exceed the requirement that there is a transnational partnership, with partners from three Member States;

Agencies

95. (a) Takes the view that efficient assessment of the agencies' financial requirement in the budget procedure and scrutiny of their funding under the discharge procedure requires close cooperation between the committees involved;
- (b) Welcomes in this connection the appointment of a standing rapporteur for the agencies on the committee responsible for budget matters and proposes a revision of the present guidelines for cooperation between the committees responsible for the specialist agencies;
- (c) Takes the view that revision of the guidelines should concentrate on the following aspects:
- ensuring there are adequate control mechanisms in the specialist committees,
 - ensuring there is transparency in the budget procedure,
 - strengthening the mutual duty to inform,
 - clear division of powers between the relevant committees;

Daphne programme

96. Asks the Commission to draw up an evaluation report on the Daphne programme, as laid down in Decision No 293/2000/EC of the Council and of the European Parliament ⁽¹⁾, without delay; expects the Commission to incorporate into the report the results of the evaluations, as well as, information on Community financing in the different fields of action implemented under the programme; invites the Commission to report, in particular, on the low utilisation of payment appropriations in the financial year 2000;

Trans European transport

97. Notes that the 2000 budget implementation rate for the Trans-European transport network budget line is satisfactory; recommends a further reduction in the number of projects by concentrating on those projects where important bottlenecks in the TEN-transport network are removed and thus a European added value is immediately ascertainable;

Cooperation

98. (a) Notes that poverty reduction is the fundamental objective of Community development policy and in order to achieve that objective it must be adapted to the terms and calendar adopted at the Millennium Summit;
- (b) Notes that the Commission has lifted its reservation concerning sectoral targets as introduced in the 2002 budget and that it has begun to fulfil its commitments in relation to the DAC (Development Assistance Committee) classification system;
- (c) Notes, nevertheless, that the information is still imprecise; trusts that, in future budgetary procedures, the figures provided will be totally reliable and asks, in particular, for the terms and results of the application of social conditionality in relation to structural adjustment aid to be clarified;
- (d) Points out that information on the results of Community participation in the HIPC strategy for debt reduction is poor; calls on the Commission to urge the African Development Bank to speed up negotiations on agreements with the beneficiary countries; asks the Commission to provide clarification by country and outcome concerning the implementation of its contribution to the HIPC strategy;

⁽¹⁾ OJ L 34, 9.2.2000, p. 1.

- (e) Regrets that, according to the Commission's preliminary estimates for 2000, the funds set aside for infrastructure and social services are unacceptably low; recalls the results of the budgetary procedure for 2002, through which the Commission has undertaken to amend this situation in line with the objectives set;
- (f) Stresses that a transparent information system which complies with DAC standards is a first step towards an approach more closely geared to results, and stresses that indicators showing development results in relation to the objectives must be a priority for the Commission; calls for Parliament to be comprehensively informed and consulted on this process;
- (g) Takes the view that complementarity with Member State development policies and coordination with other donors are a key element in achieving the above objectives; calls, in this context, for the Commission to provide Parliament, in future discharge procedures, with specific information on actions carried out jointly with other donors, and on their results;
- (h) Notes the delays in the implementation of projects co-financed with NGOs; asks the Commission to provide information on the simplification and harmonisation of procedures.
- (i) Notes the continuing tendency for traditional cooperation in the form of projects to be replaced by a system whereby a growing proportion of funds known as rapid disbursement instruments, chiefly aid for structural adjustment, is allocated to direct support for budgets, believes that the Commission and Parliament must undertake a detailed analysis of the advantages and disadvantages of this approach and urges the Commission to submit a communication on this subject;

Access to documents

99. (a) Asserts that Parliament, as the discharge authority, must have the same access to Commission documents as the Court of Auditors;
- (b) Reiterates that the rules in the existing Framework Agreement concerning access to confidential documents have proven unsatisfactory for Parliament as discharge authority and instructs its President to open negotiations without delay on the revision of the Framework Agreement and to ensure that the new agreement is in accordance with the principles adopted by Parliament in its resolution of 4 April 2001 on the discharge 1999;
- (c) Warns the Council not to adopt new financial regulations limiting Parliament's untrammelled right of access to the information necessary for the exercise of its tasks related to discharge;
- (d) Instructs its President to bring an action before the Court of Justice if the Council should adopt financial regulations limiting Parliament's budgetary control powers.
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DECISION OF THE EUROPEAN PARLIAMENT

of 10 April 2002

closing the accounts in respect of the implementation of the general budget of the European Union for the financial year 2000 (Commission)

(2002/445/EC, ECSC, Euratom)

THE EUROPEAN PARLIAMENT,

- Having regard to the budget of the European Union for the financial year 2000,
 - Having regard to the revenue and expenditure account and the consolidated balance sheet for the financial year 2000 (SEC(2001) 528 — C5-0234/2001, SEC(2001) 529 — C5-0235/2001, SEC(2001) 531 — C5-0236/2001) ⁽¹⁾,
 - Having regard to the annual report for the financial year 2000 and the special reports of the Court of Auditors, accompanied by the replies of the institutions audited (C5-0617/2001) ⁽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 (C5-0617/2001),
 - Having regard to the Council recommendation of 5 March 2002 (C5-0124/2002),
 - 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 of and Annex V to its Rules of Procedure,
 - Having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A5-0103/2002),
- A. Pursuant: Whereas: to Article 275 of the EC Treaty, responsibility for drawing up the accounts lies with the Commission;
1. Notes that the revenue and expenditure authorised for the financial year 2000 amounted to:

	(EUR)
(a) Revenue (*)	92 724 422 418,05
(b) Expenditure (**)	82 867 869 808,54
Appropriations carried over from 1999 to 2000 which lapsed	1 953 041 236,86
Exchange differences for the year	- 190 520 017,81
Total	11 619 073 828,56

(*) The gross volume of revenue for the financial year is EUR 94 420,77 million, taking account of the costs incurred by the Member States in collecting own resources (EUR 1 696,35 million).

(**) The gross volume of budgetary expenditure for the financial year is EUR 86 666,07 million, taking account of the negative expenditure chargeable to the EAGGF Guarantee Section (EUR 3 798,2 million).

⁽¹⁾ OJ C 370, 27.12.2001.

⁽²⁾ OJ C 359, 15.12.2001.

2. Notes that total revenue breaks down as follows:

	(EUR)
Own resources	86 637 043 467,40
Surpluses available	4 541 233 800,45
Other revenue (Titles 4 to 9)	1 546 145 150,20
Total	92 724 422 418,05

3. Notes that total expenditure breaks down as follows:

	(EUR)	(%)
1. Common agricultural policy	40 466 689 400,02	50,88
2. Structural operations	20 089 532 780,79	25,26
3. Internal policies	6 008 273 460,93	7,55
4. External action	4 986 774 469,38	6,27
5. Administrative expenditure	4 685 921 539,15	5,89
6. Reserves	186 290 500,00	0,23
7. Pre-accession aid	3 112 433 238,83	3,91
Total	79 535 915 389,91	100,00

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

	ASSETS	(EUR)
I. Initial costs		0,00
II. Intangible fixed assets		3 319 803,29
III. Tangible fixed assets		3 261 254 218,12
IV. Investments		1 856 483 517,61
V. Long-term assets		2 236 322 170,79
VI. Stocks		82 368 240,13
VII. Short-term assets		4 050 765 994,66
VIII. Cash investments		28 372 890,52
IX. Disposable assets		17 312 576 774,01
X. Transitional accounts		83 729 930,21
Total		28 915 193 539,34

	LIABILITIES	(EUR)
I. Own capital		17 867 727 577,82
II. Provisions for risks and liabilities		1 497 353 116,63
III. Long-term liabilities		2 886 469 565,04
IV. Short-term liabilities		5 968 181 979,75
V. Transitional accounts		695 461 300,10
Total		28 915 193 539,34

5. Approves the closure of the accounts for the implementation of the general budget for the financial year 2000;

6. 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 of the European Communities* (L series).

The Secretary-General

Julian PRIESTLEY

The President

Pat COX

DECISION OF THE EUROPEAN PARLIAMENT**of 10 April 2002****on the discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the 2000 financial year**

(2002/446/EC)

THE EUROPEAN PARLIAMENT,

- Having regard to the balance sheets and accounts of the sixth, seventh and eighth European Development Funds for the financial year 2000 (COM(2001) 233 — C5-0209/2001),
 - Having regard to the annual report of the Court of Auditors on the activities of the sixth, seventh and eighth European Development Funds for 2000 together with the institutions' replies (C5-0618/2001) ⁽¹⁾,
 - Having regard to the Court of Auditors' Statement of Assurance on the European Development Funds (C5-0618/2001),
 - Having regard to the Council's recommendations of 5 February 2001 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2000 (5787/2002 — C5-0118/2002, 5788/2002 — C5-0119/2002, 5789/2002 — C5-0120/2002),
 - Having regard to Article 33 of the Internal Agreement 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 ⁽²⁾,
 - Having regard to Article 276 of the EC Treaty,
 - 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 (A5-0088/2002),
- A. Whereas, in its Statement of Assurance on the European Development Funds, the Court of Auditors concludes that, with certain exceptions, the accounts for the financial year 2000 reliably reflect the revenue and expenditure for the financial year and the financial situation at the end of the year;
- B. Whereas the Court of Auditors has examined the underlying transactions on the basis of the documentation available but did not carry out any on-the-spot audits to ACP States in order to verify the reality of the works, supplies or services underlying the documentation;
- C. Whereas the Court of Auditors finds that with certain exceptions these transactions underlying the financial statements are, taken as a whole, legal and regular,

⁽¹⁾ OJ C 359, 15.12.2001, p. 417.⁽²⁾ OJ L 156, 29.5.1998, p. 108.⁽³⁾ OJ L 191, 7.7.1998, p. 53.

1. Gives discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the financial year 2000;
2. Presents its comments in the attached resolution;
3. Instructs its President to forward this decision, and the resolution which forms an integral part of 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

Pat COX

RESOLUTION**of the European Parliament containing the comments which form part of the decision giving discharge to the Commission in respect of the implementation of the budget of the sixth, seventh and eighth European Development Funds for the financial year 2000**

THE EUROPEAN PARLIAMENT,

- Having regard to the balance sheets and accounts of the sixth, seventh and eighth European Development Funds for the financial year 2000 (COM(2001) 233 — C5-0209/2001),
- Having regard to the annual report of the Court of Auditors on the activities of the sixth, seventh and eighth European Development Funds for 2000 together with the institutions' replies (C5-0618/2001) ⁽¹⁾,
- Having regard to the Court of Auditors' Statement of Assurance on the European Development Funds (C5-0618/2001),
- Having regard to the Council's recommendations of 5 February 2001 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2000 (5787/2002 — C5-0118/2002, 5788/2002 — C5-0119/2002, 5789/2002 — C5-0120/2002),
- Having regard to Article 33 of the Internal Agreement 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 ⁽²⁾,
- 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 (A5-0088/2002),
- A. Whereas, pursuant to Article 74 of the Financial Regulation of 16 June 1998, the Commission is required to take all appropriate steps to act on the observations appearing in the discharge decisions;
- B. Whereas EC development cooperation has poverty reduction as its central objective;
- C. Whereas, with the conclusion of the Cotonou Agreement on 23 June 2000 ⁽⁴⁾, the partnership between the ACP States and the EU has been put on a new footing, which should also entail reform of financial cooperation;
- D. Whereas aid will more and more shift towards sectoral budget support programmes instead of aid earmarked for specific projects;

⁽¹⁾ OJ C 359, 15.12.2001, p. 417.

⁽²⁾ OJ L 156, 29.5.1998, p. 108.

⁽³⁾ OJ L 191, 7.7.1998, p. 53.

⁽⁴⁾ OJ L 317, 15.12.2000, p. 3.

- E. Whereas information is still imprecise; trusts that, in future budgetary procedures, the figures provided will be totally reliable and asks, in particular, for the terms and results of the application of social conditionality in relation to structural adjustment aid to be clarified;
- F. Whereas aid will more and more focus on key sectors and heavy investment in a limited number of programmes;
- G. Whereas the Commission has taken tangible steps within the framework of an action plan (creation of EuropeAid, strengthening of Commission delegations, simplification of procedures) to satisfy the demands the Parliament made in its resolution of 6 July 2000 containing its comments accompanying the European Parliament decision giving discharge to the Commission in respect of the sixth, seventh and eighth European Development Funds for the financial year 1998 ⁽¹⁾;
- H. Whereas it is still too early to assess the effectiveness of these measures, which were to improve the performance of Commission services and delegations;
- I. Whereas the budget 2000 had been the first to be implemented under the sole responsibility of the present Commission which took office in September 1999,

Budget and Budgetary Implementation in 2000

- 1. Regrets that, according to the Commission's preliminary estimates for 2000, the funds set aside for infrastructure and social services are unacceptably low; recalls the results of the budgetary procedure for 2002, through which the Commission has undertaken to amend this situation in line with the objectives set;
- 2. Notes that in 2000 both the level of commitments and the level of payments were markedly higher than in the previous year:
 - (a) in 2000 commitments amounted to EUR 3 758 million, compared with 2 692 million in 1999;
 - (b) in 2000 payments totalled EUR 1 548 million, compared with 1 275 million in 1999;
- 3. Notes that in 2001 there was a further and significant increase in payments;
- 4. Welcomes this trend but believes that it is too early to predict whether the fundamental problem of delays in implementing the EDF will be definitively solved in the coming years;

Monitoring of aid

- 5. Stresses that a transparent information system which complies with Development Assistance Committee (DAC) standards is a first step towards an approach more closely geared to results, and stresses that indicators showing development results in relation to the objectives must be a priority for the Commission; calls for Parliament to be comprehensively informed and consulted on this process;

⁽¹⁾ OJ L 234, 16.9.2000, p. 37.

6. Reaffirms its view⁽¹⁾ that the granting of further aid should be made conditional upon the submission and effective implementation of reform programmes to improve the quality of public financial management in the beneficiary countries; highlights again the importance of the following points:
 - (a) ongoing assessment of implementation of the measures designed to reform the public administration;
 - (b) monitoring of the progress achieved in key sectors (health and education) with the aid of meaningful indicators (e.g. increase in the number of teachers or doctors);
 - (c) annual audit of accounting and sound management of resources on the basis of samples;
 - (d) clearly defined sanctions (reduction or suspension of payments) in cases where the agreed reform measures are not complied with;
7. Stresses that the Commission has to increase and improve its audit capacities in a very substantial manner in order to meet these requirements;
8. Welcomes the reply delivered on 15 March 2002 on points of concern regarding the number and nature of audits carried out by the Commission in 2000; is pleased with the thorough, systemic explanation on how the Commission's audit activities are supposed to work; regrets however that the Commission is not able to supply any additional information on the list of audits carried out in 2000 as DG-AIDCO 'keeps a rather simple inventory of decentralised audits' (see Commission reply dated 13 March 2002);
9. Asks the Commission if, on the basis of the system in place, it is able to give a declaration of assurance that all EDF funds have been spent legally and regularly and in accordance with the principles of sound and efficient management especially as regards:
 - (a) internationally recognised audit standards applied in all terms of reference for private audit firms as well as Commission audits;
 - (b) audits foreseen in all financing agreements;
10. Asks the Commission to explain how the current control system will ensure that EDF money is spent legally and regularly with the increased use of direct budget support;
11. Calls on the Commission to transmit to Parliament its indicative programme of audits of expenditure under the EDF for 2002 by its central services or under their close supervision, it being understood that these on-the-spot audits shall assess the implementation of measures designed to improve public administration in the ACP States and shall verify the reality of works, supplies or services financed from the EDF;
12. Deplores that the follow-up of audit results by the Commission services has not yet improved; agrees with the Court that the follow-up audits carried out on the instructions of the Commission itself or of the EDF authorising officers must be given a special place;
13. Calls on the Commission to provide a more persuasive explanation as to why the cases of ineligible expenditure amounting to some EUR 14 million identified in a Court of Auditors study⁽²⁾, have not yet been brought to a satisfactory conclusion;

⁽¹⁾ See paragraphs 20 and 21 of the European Parliament resolution of 24 October 2001 on EDF discharge for 1999 (OJ L 321, 6.12.2001, p. 25).

⁽²⁾ See paragraph 58 of the Court of Auditors' annual report 2000.

14. Asks the Commission to suspend payments to Senegal until a verdict from the Senegalese Court has been enforced regarding the misappropriation of around EUR 6 million of funds from the seventh EDF uncovered by an audit in 1995 ⁽¹⁾;
15. Notes the continuing tendency for traditional cooperation in the form of projects to be replaced by a system whereby a growing proportion of funds known as rapid disbursement instruments, chiefly aid for structural adjustment, is allocated to direct support for budgets; believes that the Commission and Parliament must undertake a detailed analysis of the advantages and disadvantages of this approach and urges the Commission to submit a communication on this subject;
16. Asks to be fully informed by OLAF of all enquiries started, conducted or finished in 2000; notes that OLAF is currently providing assistance to Kenya in connection with a criminal investigation into serious allegations concerning a tendering procedure; asks to be updated on this case;
17. Notes that no disciplinary proceedings have been launched so far following the administrative enquiry into the effectiveness of monitoring and control arrangements on the use of counterpart funds in Ivory Coast, Tanzania and Togo; recalls ⁽²⁾ that there had been obvious fraud with, amongst other things, overpriced medical equipment in the Ivory Coast totalling about EUR 28 million; expects to be informed of possible future cases as soon as they occur;
18. Takes the view that complementarity with Member State development policies and coordination with other donors are a key element in achieving the above objectives; calls, in this context, for the Commission to provide Parliament, in future discharge procedures, with specific information on actions carried out jointly with other donors, and on their results;
19. Notes the delays in the implementation of projects co-financed with NGOs; asks the Commission to provide information on the simplification and harmonisation of procedures;

Centre for Development of Enterprise (CDE)

20. Notes that the EDF contribution for the CDE in 2000 was EUR 18 738; deplores that there have been serious problems with the management of the Centre including lack of monitoring of contracts, high representation expenses and costly travel arrangements during the period 1997 to 1999; regrets that the report on the audit of the 1999 financial year by the auditors appointed by the ACP-EC Committee of Ambassadors revealed that overall there was no improvement in the financial management of the Centre in 1999; welcomes the fact that the Commission has initiated an additional audit for the period 1997 to 1999; looks forward to receiving a copy when finalised; informs the Commission that it will come back to the matter in the framework of the 2001 discharge;

ACP Secretariat

21. Disapproves that the Commission signed on 9 March 2000 an EUR 18 million financing agreement for 2000 to 2004 for the benefit of the Brussels-based ACP Secretariat representing a 50 % increase per annum compared with the previous funding period,
 - (a) without linking this fixed-rate funding to workload or expected results;
 - (b) without making transparent to what extent ad hoc projects financed from the EDF continue to contribute to the running costs of the ACP Secretariat;

⁽¹⁾ See paragraph 60 of the Court of Auditors' annual report 2000.

⁽²⁾ See Commission press release No JP/00/64 of 20.1.2000.

- (c) without insisting that the ACP Secretariat finally comply with judgements of the Belgian courts since 1995 requiring it to pay compensation to a former employee;
- 22. Asks the Commission to inform the ACP Secretariat that it must, in all cases, respect the final rulings of the Belgian Courts on matters still pending;
- 23. Asks the Commission to comply with the recommendation of the Court of Auditors⁽¹⁾ and to request from the ACP Secretariat not only annual financial accounts and external audit reports but also activity reports, incorporating performance indicators in order to monitor progress towards results and to support claims for funding;

Parliament's budgetary and legislative powers with regard to the EDF

- 24. Reaffirms its view⁽²⁾ that the present situation, in which the European Parliament is called upon to take an annual discharge decision in respect of the EDF without having corresponding budgetary and legislative powers, is an anomaly; calls once again for EDF resources to be included in the development cooperation section of the general budget of the European Union;

Statement of Assurance

- 25. Notes that the Court gives a positive Statement of Assurance, but that the Court states that in the case of payments made in the ACP countries the financial audits show that ineligible transactions can be charged to the EDFs (see legality and regularity of the underlying transactions); notes that no on-the-spot audits were carried out by the Court in the ACP States; questions therefore the utility of the Statement of Assurance;

Decentralisation

- 26. Calls on the Commission to report to Parliament in full on the launching of the deconcentration process as regards delegations in developing countries, and on the results for the management of aid by the delegations;
- 27. Insists that Parliament must be fully involved in evaluating the pilot delegations selected for the deconcentration process, and that it must be informed of the assessment of the delegations' performance, which will be a crucial element in future staffing decisions;

Access to documents

- 28. Notes that the EDF 2000 discharge exercise has once again shown that the rules in the existing Framework Agreement concerning access to confidential documents are unsatisfactory for Parliament as discharge authority; the rules,
 - are unclear concerning different levels of confidentiality;
 - are open to very broad interpretation, in particular as to whether a document is deemed confidential;
 - cause undue delays in handing-over of confidential information;

⁽¹⁾ See paragraph 51 of the Court of Auditors' annual report 2000.

⁽²⁾ See paragraph 30 of the European Parliament resolution of 24 October 2001.

29. Asserts that Parliament needs to have access to complete original documents without prior alterations or obliterated text;
 30. Instructs its President to open negotiations without delay on the revision of the Framework Agreement and to ensure that the new agreement is in accordance with the principles adopted by Parliament in its resolution of 4 April 2001 on the discharge for 1999 ⁽¹⁾;
 31. Warns the Council not to adopt new financial regulations limiting Parliament's untrammelled right of access to the information necessary for the exercise of its tasks related to discharge;
 32. Instructs its President to bring an action before the Court of Justice if the Council should adopt financial regulations limiting Parliament's budgetary control powers;
 33. Asks the Commission to report on steps taken to act on the observations in this resolution by 31 May 2002; asks its Committee on Budgetary Control to analyse this information and draw up a follow-up report to the discharge resolution 2000.
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⁽¹⁾ OJ L 160, 15.6.2001, p. 2.

DECISION OF THE EUROPEAN PARLIAMENT

of 10 April 2002

on closing the accounts of the sixth, seventh and eighth European Development Funds for the financial year 2000

(2002/447/EC)

THE EUROPEAN PARLIAMENT,

- Having regard to the balance sheets and accounts of the sixth, seventh and eighth European Development Funds for the financial year 2000 (COM(2001) 233 — C5-0209/2001),
 - Having regard to the annual report of the Court of Auditors on the activities of the sixth, seventh and eighth European Development Funds for 2000 together with the institutions' replies (C5-0618/2001) ⁽¹⁾,
 - Having regard to the Court of Auditors' Statement of Assurance on the European Development Funds (C5-0618/2001),
 - Having regard to the Council's recommendations of 5 February 2001 concerning the discharge to be given to the Commission in respect of the implementation of the operations of the European Development Funds for the financial year 2000 (5787/2002 — C5-0118/2002, 5788/2002 — C5-0119/2002, 5789/2002 — C5-0120/2002),
 - Having regard to Article 74 of the Financial Regulation of 16 June 1998 applicable to development finance cooperation under the fourth ACP-EC Convention ⁽²⁾,
 - 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 Development and Cooperation (A5-0088/2002),
1. Notes that the financial situation of the sixth, seventh and eighth EDF as at 31 December 2000 was as follows:

(EUR million)

Financial situation of the EDF as at 31 December 2000	6th EDF	7th EDF	8th EDF	Total
Net resources	7 829,1	11 608,5	13 308,8	32 746,4
Use	7 496,1	10 754,5	8 348,1	26 598,7
Balance available for new decisions	333,0	854,0	4 960,7	6 147,7

2. Instructs its President to forward this decision and the resolution containing its observations to the Commission, the Council, the Court of Auditors and the European Investment Bank, and to have them published in the Official Journal (L series).

The Secretary-General

Julian PRIESTLEY

The President

Pat COX

⁽¹⁾ OJ C 359, 15.12.2001, p. 417.

⁽²⁾ OJ L 191, 7.7.1998, p. 53.

DECISION OF THE EUROPEAN PARLIAMENT**of 10 April 2002****concerning discharge in respect of the implementation of the budget of the European Coal and Steel Community (ECSC) for the 2000 financial year**

(2002/448/ECSC)

THE EUROPEAN PARLIAMENT,

- Having regard to the financial statements of the ECSC at 31 December 2000 ⁽¹⁾ and the Court of Auditors' report thereon ⁽²⁾,
 - Having regard to the Court of Auditors' annual report on the ECSC for the 2000 financial year (including the statement of assurance on the ECSC), and the Commission's replies (C5-0043/2002) ⁽³⁾,
 - Having regard to the ECSC Treaty, and in particular Article 78g 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 (A5-0079/2002),
1. Grants discharge to the Commission in respect of the management of the ECSC for the figures relating to the implementation of the operating budget for the 2000 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

Pat COX

⁽¹⁾ OJ C 185, 30.6.2001, p. 2.⁽²⁾ OJ C 363, 19.12.2001, p. 40.⁽³⁾ OJ C 366, 20.12.2001, p. 1.

ANNEX

ECSC BALANCE SHEET AT 31 DECEMBER 2000

ASSETS	(EUR)	
	31 December 2000	31 December 1999
Balance with central banks	84 650	95 385
Loans/advances to credit institutions	645 009 949	1 007 935 493
Loans/advances to customers	1 501 804 675	1 583 067 740
Fixed income securities	1 723 746 372	1 768 229 093
Tangible and intangible assets	0	710 287
Other assets	5 170 347	9 025 480
Prepayments and accrued income	96 173 610	106 529 763
Total assets	3 971 989 603	4 475 593 241
Off-balance-sheet commitments	430 881 628	427 969 333

Liabilities	(EUR)	
	31 December 2000	31 December 1999
Amounts owed to credit institutions	981 630 568	1 408 815 543
Debts evidenced by certificates	1 062 076 396	1 027 547 730
Other liabilities	7 494 034	23 630 708
Accruals and deferred income	91 947 305	89 402 188
Total liabilities vis-à-vis third parties	2 143 148 303	2 549 396 169
ECSC operating budget	835 516 282	949 154 370
Guarantee Fund	565 000 000	553 000 000
Provisions for major exposures	17 000 000	18 000 000
Other provisions	158 663 347	155 196 643
Total provisions	740 663 347	726 196 643
Special Reserve	176 055 284	176 055 284
Former Pension Fund	74 577 321	72 959 662
Surplus brought forward	213 454	666 841
Surplus for the financial year	1 815 612	1 164 272
Total reserves and surplus	252 661 671	250 846 059
Total liabilities	3 971 989 603	4 475 593 241
Off-balance-sheet commitments	426 626 265	415 913 293

PROFIT AND LOSS ACCOUNTS FOR YEAR ENDING

	(EUR)	
EXPENDITURE	31 December 2000	31 December 1999
Interest payable and similar charges	170 536 669	179 314 809
Commission paid	439 219	439 353
Exchange difference	862 006	1 429 678
Losses on bonds and other fixed-income securities	6 703 555	3 940 390
Value adjustments for bonds and other fixed-income securities	2 960 265	36 720 808
Value adjustments for shares and other variable-income securities	13 920 110	0
Total	24 445 936	42 090 876
Administrative overheads	5 000 000	5 000 000
Value adjustments for land and buildings	166 180	328 378
Other operating charges	315 884	308 312
Value adjustments for loans and advances	12 590 342	13 479 465
Allocation to the Guarantee Fund	12 000 000	23 000 000
Allocation to other provisions for liabilities and charges	17 134 135	2 874 287
Total	41 724 477	39 353 752
Extraordinary charges	270 668	2 984 370
Legal commitments for the financial year	129 942 347	145 553 799
Allocation to the provisions for financing the ECSC operating budget	0	34 000 000
Total charges	372 841 380	449 373 649
Surplus for the financial year	1 815 612	1 164 272
Total	374 656 992	450 537 921
Income		
Interest receivable and similar income	248 795 316	254 449 772
Commissions received	93 400	0
Net profit on financial operations	26 444 507	24 889 284
Withdrawals of value adjustments for loans and advances and from the provisions	14 155 711	65 891 747
Other operating income	2 122 461	455 630
Extraordinary income	2 427 191	14 166
Income relating to the ECSC operating budget	74 618 406	104 837 322
Withdrawal from the provision for financing the ECSC operating budget	6 000 000	0
Total income	374 656 992	450 537 921

IMPLEMENTATION OF THE ECSC OPERATING BUDGET

	(EUR)	
BUDGET OUT-TURN	31 December 2000	31 December 1999
<i>Expenditure</i>		
Administrative expenditure	5 000 000	5 000 000
Legal commitments	129 942 347	145 553 799
Financing of future operating budgets	0	34 000 000
Total	134 942 347	184 553 799
<i>Revenue</i>		
Levy		
Fines		16 605 836
Repayment of interest subsidies	1 955 203	2 557 049
Miscellaneous	1 035 599	320 008
Financing of future operating budgets	6 000 000	
Cancellations of legal commitments	71 627 605	85 354 429
Net balance for the year	54 323 940	79 716 477
Total	134 942 347	184 553 799
Budget out-turn	0	0
Result for financial year		
Result from non-budgetary operations after deducting the net balance allocated to the operating budget	27 815 612	3 164 272
Out-turn of the budget	0	0
Total	27 815 612	3 164 272
Withdrawal from provisions for financing the operating budget/budgetary contingencies	- 14 000 000	21 000 000
Allocation to the Guarantee Fund	- 12 000 000	- 23 000 000
Result before allocation	1 815 612	1 164 272

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 budget of the European Coal and Steel Community (ECSC) for the financial year 2000**

THE EUROPEAN PARLIAMENT,

- Having regard to Article 78g and Article 97 of the ECSC Treaty,
- Having regard to the Protocol annexed to the Treaty establishing the European Community on the financial consequences of the expiry of the ECSC Treaty and on the research fund for coal and steel, agreed at Nice on 26 February 2001 ⁽¹⁾,
- Having regard to the ECSC Financial Report for the year 2000, published by the Commission's Directorate-General for Economic and Financial Affairs (Financial Operations Service),
- Having regard to the financial statement of the ECSC at 31 December 2000 ⁽²⁾ and the Court of Auditors' report thereon ⁽³⁾,
- Having regard to Article 89(7) of the Financial Regulation of 21 December 1977, pursuant to which each of the Community institutions is required to take all appropriate steps to act on the observations appearing in the discharge decisions,
- Having regard to the Court of Auditors' report on the ECSC for the 2000 financial year (including the statement of assurance on the ECSC), together with the Commission's replies (C5-0043/2002) ⁽⁴⁾,
- Having regard to the Joint Declaration of the European Parliament, the Council and the Commission concerning post-ECSC arrangements adopted on 21 November 2001 in the context of the 'trialogue' budgetary procedure (Council of the European Union) ⁽⁵⁾,
- Having regard to the Council recommendation of 5 March 2002 (C5-0124/2002),
- Having regard to the Council resolutions of 20 July 1998 ⁽⁶⁾ and 21 June 1999 ⁽⁷⁾,
- 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), containing proposals for Council Decisions, now amended to take account of the Protocol to the Treaty of Nice (COM(2001) 121),
- Having regard to the follow-up report on the 1999 financial year presented by the Commission (COM(2001) 735),
- Having regard to the report of the Committee on Budgetary Control (A5-0079/2002),
- A. Whereas, in view of the forthcoming expiry of the ECSC Treaty, the ECSC has ceased to grant new loans out of borrowed funds since 1997 and did not engage in any borrowing activity in 2000, although loans outstanding amounted to EUR 1 851 million from borrowed funds and EUR 130 million from own funds at 31 December 2000;

⁽¹⁾ OJ C 80, 10.3.2001, p. 67.

⁽²⁾ OJ C 185, 30.6.2001, p. 2.

⁽³⁾ OJ C 363, 19.12.2001, p. 40.

⁽⁴⁾ OJ C 366, 20.12.2001, p. 1.

⁽⁵⁾ SN 4609/01 Rev 1.

⁽⁶⁾ OJ C 247, 7.8.1998, p. 5.

⁽⁷⁾ OJ C 190, 7.7.1999, p. 1.

- B. Whereas the ECSC continued in 2000 to finance research and redeployment of workers with an additional EUR 81 million committed from its operating budget for the first and EUR 31 million for the second of these purposes and with a further commitment of EUR 19 million to the Rechar programme of social measures in the coal industry;
- C. Whereas, 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 %;
- D. Whereas the ECSC's main sources of funding are now represented by the net balance from the management of the various reserves and the cancellation of commitments which have not been implemented;
- E. Whereas the balance sheet of the ECSC, which has continued to decline since 1997, shows a fall of EUR 504 million from 1999, with loans to credit institutions and to customers representing 54,1 % of total assets in 2000;
- F. Whereas the profit and loss account posted a fall of EUR 75,3 million from the previous year, with net losses on financial operations falling from EUR 42 to EUR 24 million, while on the income side interest received fell from EUR 254 to EUR 249 million and income relating to the operating budget fell from EUR 105 to EUR 75 million;
- G. Whereas the level of reserves is expected to reach 100 % of loans still outstanding which are not covered by government guarantees by 23 July 2002, and whereas the Guarantee Fund stood at EUR 565 million on 31 December 2000 or 98,8 % of such loans;
- H. Whereas 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;
- I. Whereas the Commission indicated in its abovementioned Communication (COM(2000) 518) that the ECSC's assets in liquidation will amount to EUR 1,6 billion in 2002,;
- J. Whereas the sum remaining after deduction of repayment of outstanding debt should be considered as EU budgetary '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 Programmes for research);
- K. Whereas 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;
- L. Whereas the Annual Report on the ECSC for the financial year 2000 was adopted by the Court of Auditors on 10 October 2001;
- M. Whereas the Court of Auditors concludes that the financial statements of the ECSC at 31 December 2000 give a true and fair view of the assets and financial situation of the ECSC at 31 December 2000 and of the results of its operations for the financial year ending on the same date,
- N. Whereas 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,

1. Welcomes the progress made in winding up the ECSC's activities, in particular its loans and interest subsidies, but regrets the delays in concluding an agreed legal basis for the new Research Fund for Coal and Steel which will replace the ECSC's activities in this area;
2. Notes that the forecasts of expenditure in 2000 for rehabilitation aid made on the basis of estimates provided by Member States overstated actual expenditure by 46 % and that the resultant surplus has, together with the cancellation of commitments, contributed to a further improvement in the solvency ratio;
3. Accepts the arguments of the Commission concerning the impossibility of assessing the real impact of the ECSC Treaty on economic expansion, employment and the standard of living separately from the many other factors involved, but urges the Commission to publish a booklet summarising the work of the ECSC since its inception;
4. Urges the Commission also to publish as soon as possible an overall assessment of research funded by the ECSC, in particular an assessment of the coal research programme and the criteria proposed for selecting new coal research projects, as has already been done for the steel sector; sees such assessments as an essential basis for the work of the proposed new Research Fund for Coal and Steel;
5. Notes that 100 % of those loans outstanding after 23 July 2002 which are not guaranteed by the government of a Member State will be covered by the ECSC reserves and acknowledges the strategy of prudent financial management of the ECSC up to the expiry of the Treaty adopted by the Commission;
6. Notes the progress in reducing administrative costs reported in the document 'Expiry of the ECSC Treaty: Impact on the Administrative Costs at the Commission' provided to the Committee on Budgetary Control by Commissioner Schreyer on 8 March 2001; requests the Commission to inform Parliament of the outcome of its Annual Policy Strategy for 2003 with regard to redeployment of those staff currently involved in administering the activities of the ECSC;
7. Welcomes the progress in transferring to the Economic and Social Committee the experience obtained in the context of the ECSC and supports the Commission in its efforts to promote a new working structure within the Economic and Social Committee to deal with issues involving industrial conversion, which will incorporate best practice as it has evolved in the context of the coal and steel industries;
8. Urges the Commission to begin negotiations with candidate countries on the conditions of their participation in the new research fund as soon as the latter has been established, and asks the Commission to inform it of progress in these negotiations;
9. Asks the Commission to explain the delays in improving the accounts relating to loans to officials, with particular reference to the presentation of the missing reports promised for the end of the year 2001, in its replies to point 22 of the Court of Auditors' annual report on the ECSC for the financial year 2000;
10. Welcomes the positive assessment by the Court of Auditors of the Commission's management of the ECSC budget in the financial year 2000 and the introduction by the Commission of a performance measurement system which has revealed an average rate of yield on liquid assets of 4,72 % for the financial year 2000; considers, however, that this rate of return should be accompanied by a benchmark rate of return for subsequent financial years if a meaningful assessment is to be made by the auditors;

11. Asks the Commission, therefore, to submit to Parliament and Council a proposal regarding investment guidelines and a target rate of return on financial assets under its management, in particular those assets currently managed for the ECSC but which will become the revenue source for the proposed Research Fund for Coal and Steel; suggests that this target rate of return be tied to an objective calculation of average rates of return on government bonds in the EU;
 12. Asks the Commission also to explain the measures which it will adopt to ensure that all the revenue accruing from this financial management will be strictly limited to the Research Fund and not diverted in part to the general budget;
 13. Urges the Commission once again to ensure maximum transparency in disclosing data affecting the value of the ECSC's assets;
 14. Stresses that Parliament will continue to monitor the effective use of taxpayers' money, especially for the purpose of research in the areas of coal and steel, even after the winding-up of the ECSC.
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DECISION OF THE EUROPEAN PARLIAMENT

of 10 April 2002

concerning discharge in respect of the implementation of the general budget of the European Union for the 2000 financial year (Section I — European Parliament)

(2002/449/EC, ECSC, Euratom)

THE EUROPEAN PARLIAMENT,

- Having regard to the revenue and expenditure account and balance sheet in respect of the financial year 2000 (SEC(2001) 530 — C5-0238/2001),
 - Having regard to the annual report of the Court of Auditors for the financial year 2000 and the institutions' replies (C5-0617/2001) ⁽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 (C5-0617/2001),
 - Having regard to Article 275 of the EC Treaty, Article 78d of the ECSC Treaty and Article 179a of the Euratom Treaty,
 - 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 its Rules of Procedure, and in particular Rule 184(3) thereof,
 - Having regard to the report of the Committee on Budgetary Control (A5-0098/2002),
1. Takes note of the figures with which the European Parliament's accounts for the 2000 financial year were closed, namely:

Use of appropriations	Appropriations for the 2000 financial year ⁽¹⁾	Appropriations carried over from 1999 financial year	
		Article 7(1)(b) of the Financial Regulation	Article 7(1)(a) of the Financial Regulation
Appropriations available	979 924 397,00	103 330 878,72	—
Commitments entered into	972 828 892,09	—	—
Payments made	885 733 890,92	94 201 060,87	—
Appropriations carried over to 2001			
— Article 7(1)(b) of the Financial Regulation	87 095 001,17		
— Article 7(1)(a) of the Financial Regulation	—	—	—
Cancelled appropriations	7 095 504,91	9 129 817,85	—
Balance Sheet at 31 December 2000:	1 688 061 835		

⁽¹⁾ Including supplementary and amending budget No 2/2000.

⁽¹⁾ OJ C 359, 15.12.2001.

Implementation of the budget

2. Notes the high level of implementation of the budget as evidenced by:
 - the high take-up rate of available appropriations in the 2000 financial year (99,28 % as against 98,97 % in 1999),
 - the broadly comparable level of the use of appropriations automatically carried over from 1999 (91,16 % compared to 91,96 % from 1998 to 1999),
 - the increase in the ratio of payments to commitments (91,05 % as against 88,68 % in 1999);
3. Recognises, however, that the generally favourable picture with regard to the take-up rate is distorted by the systematic recourse to the end-of-year mopping-up transfer which, in recent years, has been used to collect appropriations available throughout Parliament's budget in order to make capital injections by way of early repayment of the amounts due in respect of the Institution's buildings;
4. Notes as regards the level of utilisation of appropriations on individual budget lines that it was possible for EUR 4 410 000 to be transferred from item 1 100 (salaries) and EUR 4 200 000 from item 1 870 (interpreters and conference technicians) as part of mopping-up transfer C10 followed by a further EUR 700 000 from item 1 870 as part of transfer C-10 (complementary); recalls that the Administration's failure to keep an adequate record of interpreting costs during 2000 led to the Financial Controller's withholding of approval No 01/06; instructs the Administration to inform it, no later than 1 July 2002, of the outcome of the administrative enquiry which was promised in the overruling decision signed by the President on 13 December 2001;
5. Welcomes the information contained in the Financial Controller's report to the Institution No 01/01 that the error rate (defined in terms of budgetary documents returned for correction and completion, as a percentage of the total number submitted) fell from 8,4 % in 1999 to 7 % in 2000 and that of the total number of documents controlled (33 335) only eight ultimately gave rise to a withholding of approval by the Financial Controller, five of which were overruled, both figures representing a downward trend; is concerned that the large number of errors, which are now detected and set right because of the activity of the Financial Controller, will go undetected when and if *ex ante* verification is abolished on the introduction of the proposed internal audit system;
6. Notes the conclusion of the Court of Auditors in its communication of 12 November 2001 concerning decisions to overrule withholdings of approval during the financial year 2000 that this aspect of internal control is operating normally in that it has revealed anomalies in administrative management;
7. Notes, however, that several cases giving rise to withholdings of approval in 2000 did not involve a 'prior legal obligation'; questions whether these should have been put forward by the Administration for overruling; insists that authorising officers must take personal responsibility for errors and legal infractions that give rise to such cases; calls on the Administration to take rapid corrective action, including the immediate cancellation of the proposals in question, rather than follow the current quasi-automatic recourse to the overruling procedure;

Presentation of the accounts

8. Notes the Court's observation in its annual report for 2000 (paragraph 7.3) that the general approach adopted by the institutions to the analysis of budgetary management fails to inform readers of the most significant features of expenditure for the year and its criticism that Parliament does not explain the procedure for applying unused appropriations on other lines to capital repayments on buildings; agrees with the Court that the institutions in general and the European Parliament in particular should provide a more global analysis in the future, focusing on the main trends in expenditure and the major capital items, as well as identifying key savings and measures of efficiency;

9. Believes that Parliament's accounts, comprising the balance sheet and revenue and expenditure account, as published with those of all the institutions in the 'compte de gestion' ⁽¹⁾ produced by the Commission should accordingly be presented in a more user-friendly form (by analogy with a company's report to its shareholders) in such a way as to be accessible to the citizens of the Union and to be readily understandable to the ordinary reader without requiring specialist knowledge of accountancy or the financial workings of the European Union;
10. Instructs its Secretary-General to submit a working document on the feasibility and overall implications of revising the presentation of Parliament's accounts to its Committee on Budgetary Control by 1 July 2002;
11. Points out that while the Court of Auditors gives a single Statement of Assurance based on the consolidated accounts of all revenue and expenditure of the Community in accordance with Article 248(1) of the EC Treaty, that Statement of Assurance nevertheless contains remarks concerning the legality and regularity of the transactions carried out by individual institutions; asks the Court in the interests of greater transparency to examine the possibility of issuing a separate Statement of Assurance for each Institution in its next annual report; requests its Secretary-General to make available to the Budgetary Control Committee the sector letter from the Court of Auditors and the Administration's replies;
12. Observes that since Parliament's statement of revenue includes amounts of EUR 19 600 463 in respect of staff pension contributions (Article 401) and EUR 1 290 126 in respect of Members' pension contributions (Article 910), it would be desirable for Parliament's balance sheet to include an explanation of the way such potential liabilities are to be discharged, e.g. by reference to the notes on off-balance-sheet commitments appended to the European Union's consolidated accounts;

Management

13. Welcomes the progress made in the introduction of activity-based management into the management of the European Parliament, but regards the results as quite modest and preliminary; calls for more ambitious steps to be taken; underlines the need to delegate power and responsibilities to a lower level of administration and the need to clarify and enforce the individual duties and responsibilities of each member of staff;
14. Notes the recommendations of the European Parliament 'ROME-PE' interim report on staff policy ⁽²⁾ on improving the efficiency of European Parliament human resources; suggests that the recommendations be taken into account along with existing staff reform proposals with a view to promoting efficient management and clarifying the personal responsibility and accountability of officials;
15. Underlines Parliament's commitment to establish an independent internal audit service in accordance with Council Regulation (EC, ECSC, Euratom) No 762/2001 amending Article 24 of the Financial Regulation ⁽³⁾; notes the Bureau decision of 28 November 2001 to set up such a service; stresses that the service must be independent with the possibility of communicating directly to the President of Parliament when issues of gravity come to the attention of the internal auditor; urges the Bureau to approve the necessary changes to its Internal Financial Rules as a matter of priority; considers that the internal auditor must be a highly qualified and experienced audit professional who is able to perform his duties in a fully independent manner and in accordance with the relevant international standards; believes that the recent experiences of certain banks and large conglomerates, which suffered catastrophic losses due to weak internal controls show that the weakening of control mechanisms would be detrimental to the sound management of European taxpayer's money; insists that the independence of controllers and of the control function be safeguarded from being subordinated to expenditure managers;

⁽¹⁾ Compte de gestion et bilan financier afférents aux opérations du budget de l'exercice 2000 (volume III — SEC(2001)530 — FR)

⁽²⁾ PE 305.179/BUR (ROME = 'répertoire opérationnelle des métiers et emplois').

⁽³⁾ OJ L 111, 20.4.2001, p. 1.

Staff policy

16. Supports the principle underlying the policy of staff mobility; accepts the need, in exceptional cases, for flexibility in order to maintain continuity and stability at particular times when officials with considerable expertise in a given field are necessary to the completion of important tasks; considers that Parliament should make more use of non-permanent staff to carry out certain specialist tasks;
17. Regrets the low proportion of women in positions of responsibility; requests the Secretary-General to reflect on this shortage and, when new posts are filled, seek to strike a balance between men and women;
18. Points out that Parliament has repeatedly committed itself to equal opportunities, in particular the promotion of women to senior posts in the European institutions; points in this connection to its resolution of 11 February 1994 on women in decision making bodies⁽¹⁾, which called on the European institutions, as employers, to lay down targets for the recruitment of women and the proportion of women in top posts and, should those targets not be achieved by 2000, to introduce quota arrangements (targets to 2000: 40 % for women's recruitment; 30 % for women in category A), with the same percentage in all grades;
19. Very much deplores the fact that that commitment by Parliament has not been acted on; notes that, in the period from July 2000 to December 2001, for three A 1 posts men were appointed, for three A 2 posts only one woman was appointed, and for 12 A 3 posts, no woman was appointed, though there had been applications from women for many of the posts; criticises the situation in Parliament, which is alarming at present; asks, in addition, to be informed of the status of COPEC in recruitment and promotion procedures;
20. Insists that from now on, as is the case at the Commission, a yearly number of appointments of women to senior posts (A 3, A 2 and A 1) be laid down, and reserves the right to challenge all further promotions to those posts if the Appointing Authority does not appoint women whose applications were accepted;
21. Encourages the Administration to take all appropriate action to make part-time working possible, if applied for by officials, in all Directorates-General;
22. Is aware of the relatively low level of women in senior positions in Parliament's administration; urges its Secretary-General to pursue a policy of interinstitutional mobility to widen the pool of suitable female candidates to Parliament's senior posts;
23. Notes that the application of the rules governing the exchange of officials with national and regional administrations gave rise to two withholdings of approval in 2000 (Nos 00/04 and 00/08), for which the Administration did not seek an overruling decision; asks the Secretary-General to report on the application of the policy of exchanging officials since these events took place;
24. Notes the cases illustrating the potential for abuse in the system for weighting of staff pensions, which were brought to light in the Financial Controller's reports to the Institution Nos 00/03 and 01/01; observes that the Administration has now revised its internal procedures in accordance with the Financial Controller's recommendations; asks the Secretary-General to maintain a vigilant approach to the verification of pensioners' declarations of place of residence; calls on its Committee on Legal Affairs and the Internal Market to consider, when it examines the upcoming Commission proposal to amend the Staff Regulations, whether the existing system of weighting of staff pensions should be maintained;

⁽¹⁾ OJ C 61, 28.2.1994, p. 248.

25. Expresses its satisfaction at the continuing downward trend in the overall number and cost of missions of staff between the three working places of Parliament and particularly between Luxembourg and Brussels as evidenced by the following figures:

	Total			Luxembourg-Brussels			Brussels-Luxembourg		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Number of missions	9 549	10 153	10 876	7 059	7 467	8 463	2 490	2 686	2 413
Number of days	16 342	18 882	20 380	13 396	15 446	17 244	2 946	3 436	3 136
Cost EUR million	2,8	3,2	3,4	2,25	2,6	2,9	0,55	0,6	0,5

26. Recalls paragraph 9 of its decision of 4 April 2001 ⁽¹⁾ on Parliament's discharge for 1999 referring to OLAF investigations into the issues arising from Withholdings of Approval Nos 99/07 and 99/09 and invites OLAF to communicate its findings forthwith;

Training

27. Underlines the importance of making more efficient use of existing human resources through training and redeployment rather than recourse to increasing the establishment plan;
28. Whilst welcoming introductory courses in accounting and auditing, considers that such courses are no substitute for sound professional qualifications and commercial experience; reliance on brief courses is quite inadequate for managers;
29. Urges that, in addition to mandatory financial management training for all new authorising officers, all officials with management responsibility should be required to complete a course in human resource management; those already in management posts should be encouraged to do likewise;
30. Expresses surprise that the number of officials participating in professional training programmes in 2000 fell from that in 1999 as did the number of courses available; stresses that all officials should have the opportunity to develop new skills as well as to improve existing ones; encourages the emphasis on vocational skills of particular benefit to the service;
31. Recognises the work already begun in each Directorate General to establish their own training plans and the availability of on-line subscription to professional training courses for staff; recognises the need to support training possibilities if Parliament is to meet its new challenges and work more efficiently;

Recruitment

32. Considers that open competitions should be conducted on an interinstitutional basis and that Parliament, like other institutions, should be able to recruit from a common list of successful candidates in order to ensure a common European civil service, make cost savings and improve subsequent mobility between the institutions; awaits the definitive decision setting up an interinstitutional recruitment office; considers that an analysis of applicants' teamworking skills should be duly taken into account in the recruitment process;

⁽¹⁾ OJ L 160, 15.6.2001, p. 25.

Places of work and buildings

33. Notes that even the variable costs of an ordinary five-day session in Strasbourg are about 33 % higher than in Brussels in addition to other, much higher costs due to buildings, hotel expenses etc; admits that the decision on the meeting places of the Parliament has been laid down in the Treaty, but against the will of the Parliament; instructs its Secretary-General to provide the Convention with a detailed analysis of the cost of maintaining three places of work;
34. Observes, however, that reducing the length of a Strasbourg part-session from five to four days, cutting it by one eighth, produces a derisory level of savings (0,97 % of the total cost of the meeting);
35. Stresses firmly that the issue of the investment cost of the new LOW building in Strasbourg has to be solved immediately, and calls on the main partners and main shareholders of the promoter of the building, the city of Strasbourg and the Alsace Region to contribute in solving this issue; regrets that the Parliament has had to refer to the European Court of Justice to settle the dispute on the contractual completion date of the LOW building; underlines that the disputes between the promoter and the subcontractors of the LOW building shall not have any influence on the final investment cost;
36. Recalls that the signing of the contract for the LOW building was the subject of Special Report No 5/95 ⁽¹⁾ by the Court of Auditors; further recalls paragraphs 13, 14 and 15 of its resolution of 13 April 2000 ⁽²⁾, postponing the decision on the 1998 Parliament discharge, in which it expressed concerns in relation to the application of the interim interest payments and penalties for late delivery; insists that no further capital repayments should be made until the final investment cost has been agreed between the parties or otherwise determined;
37. Stresses the need for economising the use of space in order to limit the budgetary cost of the new D4/D5 buildings;
38. Takes note of the evaluation of the use of the garage, indicating that no more parking spaces will be needed for the EP in Brussels even after enlargement;
39. Instructs its Secretary-General in accordance with the recommendation of the Court of Auditors in its annual report for 2000 (paragraph 7.35) to amend its budgetary nomenclature so as to distinguish between rent, costs of acquisition and other types of expenditure, such as lease payments where there is an option to purchase;
40. Notes that Parliament paid off the D1, D2 and D3 buildings in Brussels on 15 January 2001 and that the successful strategy of capital injection will permit substantial savings on future interest payments on outstanding capital;

Political groups

41. Recalls that in 2000 the use by the political groups of the appropriations made available to them by the European Parliament from budget items 3 7 0 7 and 3 7 0 8 was governed by the rules adopted by the Bureau on 14 December 1998; notes that while budget items 3 7 0 7 and 3 7 0 8 in 2000 accounted for around 3 % of Parliament's budget, the Court of Auditors ⁽³⁾ estimates the total share

⁽¹⁾ OJ C 27, 31.1.1996, p. 1.

⁽²⁾ OJ C 40, 7.2.2001, p. 398.

⁽³⁾ Special Report no 13/2000 on the expenditure of the European Parliament's political groups together with the European Parliament's replies, footnote to paragraph 5 (OJ C 181, 28.6.2000).

attributable to the political groups (items 3 7 0 7, 3 7 0 8 together with staff, premises and equipment) at 13 %; points out that according to the relevant Bureau rules the reports by the political groups on their utilisation of appropriations for 2000 are in the public domain⁽¹⁾; notes the Bureau ruling on budget line 3 7 0 1 following the answers from the political groups to the Court of Auditors' Special Report;

42. Recalls that the relevant Bureau rules⁽²⁾ empower the Committee on Budgetary Control each year to draw up a report on the basis of the statements of income and expenditure, the balance sheet and auditor's certificate forwarded by the political groups;
43. Notes that there is a tension between the necessity of separating the responsibilities of Parliament's administration and those of the political groups on the one hand and the Financial Regulation on the other which does not explicitly provide for any such separation; instructs its Bureau to ensure that Parliament's implementing rules of the Financial Regulation include a provision identifying the specific status of political groups so that their particular responsibilities can be clearly and properly regulated; recalls the remarks by the Court of Auditors that the differing audit procedures employed by the various auditors mean that these external audits have had limited effectiveness in assessing overall control mechanisms on the 3 7 0 1 budget line; expects the situation to show marked improvement in the future following the decision to limit the choice of external auditors to a short list of internationally recognised audit firms and a common audit framework;
44. Takes the view that, in consideration of the discharge decision of 6 July 2000⁽³⁾, the rules for the spending and responsibility of the political groups must be more clearly and precisely defined within the framework of the information campaign to allow for party political identification of Members in their respective national contexts and to avoid the collective liability of all political groupings; asks the Bureau to undertake the corresponding revision;
45. Observes as regards the certificates issued by the external auditors selected by the political groups that the information and guarantees as to the reliability of the accounts contained therein and the verifications carried out by the auditor display very considerable variations from one group to another;
46. Notes that the statements of income and expenditure disclose in 2000 a relatively low level of utilisation of appropriations and a consequently high level of carry-overs to the following year and acknowledges the remarks by the Court of Auditors in its Special Report No 13/2000 (paragraph 19) as to the risk of poor financial management unless such carry-overs are accompanied by a corresponding volume of commitments;
47. Notes as regards the political groups' balance sheets that they do not in general contain sufficiently clear information on the assets which the political groups acquire with the appropriations made available by the European Parliament, nor, as the Court of Auditors points out in its Annual Report for 2000 (paragraph 7.10), do such assets appear in the balance sheet of the Institution;
48. Endorses the Court of Auditors' recommendations in its Special Report No 13/2000 (paragraph 48) that the political groups' certified accounts should be published; instructs its Secretary-General to set aside a section within Parliament's website for the publication of the certified accounts of the political groups;
49. Repeats the request set out in its resolution of 13 April 2000⁽⁴⁾ and its abovementioned decision of 4 April 2001 that the Court of Auditors conduct an audit of the political groups' finances every two years with a view to assisting the Committee on Budgetary Control in drawing up the report required by Article 2.7.3 of the rules governing the use of appropriations from budget item 3 7 0 1⁽⁵⁾;

(1) Article 8 of the rules governing item 3 7 0 7 and Article 5 of the rules governing item 3 7 0 8 (see Bureau minutes of 14.12.1998).

(2) See footnote above and the Bureau's rules governing budget item 3 7 0 1 which were adopted on 11 December 2000 and entered into force on 1 January 2001.

(3) OJ C 121, 24.4.2001, p. 366.

(4) OJ C 40, 7.2.2001, p. 398.

(5) PE 298.252/BUR/def — see Bureau minutes 11.12.2000 and 1.2.2001.

50. Notes the observation of the Court of Auditors in its Special Report No 13/2000 (paragraph 21), that in relations with third parties, decisions taken by political groups as to employment, rental and purchase contracts are considered as being taken with Parliament's authority and to engage its responsibility; recognises that this often results in Parliament's administration being held liable for decisions outside its control; calls on the Legal Service to draw up an opinion recommending a solution to this issue of financial and contractual liability and for clear rules to be put in place which clearly indicate the responsibilities concerning the execution of the budget and personnel (including claims and questions regarding labour laws) between Parliament's administration and the political groups;
51. Observes that two years after the publication of Special Report No 13/2000 by the Court of Auditors, a proper legal base for the transparent financing of European political parties has still not been approved; criticises in particular the Council for failing to capitalise on progress achieved under the Belgian Presidency in this regard and calls on the Spanish and Danish Presidencies to ensure that agreement is reached this year;

Non-attached Members

52. Instructs its Committee on Budgetary Control to carry out a full and detailed examination in the context of the 2001 discharge procedure, equivalent to that carried out for the political groups, of the subsidies payable to non-attached Members;

Inventory

53. Welcomes the fact that for the first time the value of the fixed assets recorded in the balance sheet has been adjusted to reflect depreciation⁽¹⁾; repeats the request contained in its resolution⁽²⁾ of 6 July 2000 for the balance sheet for every year to include a detailed account of the physical permanent inventory; notes the Financial Controller's conclusion⁽³⁾ that the introduction of the ELS system has provided a framework for improving the management, control and recording of inventory movements but that there remains scope for further strengthening internal controls, notably over the decommissioning process;
54. Notes the reply (Court's annual report 2000, paragraph 7.10) by the European Parliament that it is aware that its inventory does not show assets purchased by the political groups using appropriations made available to them and that it will try to find a solution with the assistance of the political groups;
55. Recalls the Court's recommendation in its Special Report No 13/2000 (paragraph 66) that clear rules must be laid down in respect of ownership and inventory of assets acquired using the relevant appropriations in order to ensure the protection and optimum management of all the equipment at the groups' disposal; recalls the finding by the Court of Auditors (Special Report No 13/2000, paragraph 23) that the appropriations earmarked for the political groups are not a subsidy to an external body but a delegation of the implementation of these appropriations to an internal body, which should therefore comply with the regulatory framework applicable to budgetary expenditure; instructs its Secretary-General to submit a report to the Committee on Budgetary Control by 1 July 2002 containing proposals as to how the assets purchased by the political groups using Parliament's funds might be included in the Institution's inventory;

⁽¹⁾ Notes accompanying Parliament's balance sheet, 'compte de gestion', p. 96.

⁽²⁾ OJ C 121, 24.4.2001, p. 366.

⁽³⁾ Report to the Institution No 01/01 with replies (note from Secretary-General to the Bureau dated 24.4.2001).

Award of contracts

56. Acknowledges that the Secretary-General now provides the Committee on Budgetary Control with the quarterly reports of the ACPC (Advisory Committee on Procurements and Contracts) as requested in its decision of 4 April 2001; notes that according to the Annual Report for 2000 by the ACPC there is a continuing trend towards competitive tendering for the award of contracts compared to the conclusion of contracts by private treaty or negotiated procedures, as shown in the following table, but regards the level of non-competitive contracts as still too high:

	2000	1999
Open invitations to tender	107	107
Restricted invitations to tender	73	64
Automatic awards	15	7
Negotiated procedure	19	36
Private treaty	61	115

57. Recalls the need to publicise competitive tendering procedures as widely as possible including approaches to professional bodies, trade associations and advertisements in specialised journals; recommends that in order to ensure maximum transparency in the case of restricted calls for tender, competitive tendering should be organised only after publication of a call for expressions of interest or a prior information notice in the *Official Journal of the European Communities* and on the Internet;
58. Insists that in restricted procedures the geographical base of the suppliers invited to tender should be as wide as possible; welcomes the information contained in the ACPC report for 2000 that on the instructions of the Secretary-General, in order to enhance legal certainty and to reduce the length of procedures, standardised contract documents and general conditions have been drawn up and made available to Parliament's services in all languages; urges increased use of environmental product-lifecycle criteria;

Contract for security services in Strasbourg

59. Recalls that in accordance with paragraph 16 of Parliament's abovementioned resolution of 13 April 2000 postponing the 1998 discharge, the Court of Auditors was asked to examine problems in connection with its contracts for security services and, in particular, the applicability to a specific call for tender of a French national provision applying to the security sector; notes that the Court shares the concerns expressed by the Financial Controller when issuing Withholding of Approval No 00/05; asks the Legal Service for an opinion on the compatibility of this aspect of French law with Community law with a view to ensuring fair competition in such contract procedures;
60. Points out that the Bureau's decision to overrule the withholding of approval was taken on the basis of the advice of Parliament's Legal Service containing an assessment of the relevant provisions of national and Community law; asks, nevertheless, the Secretary-General to ensure that on the occasion of the next renewal of the Strasbourg security contract the outgoing contractor provides the necessary information to potential successors at the appropriate stage in the tender procedure;

Imprest accounts

61. Questions whether imprest accounts are still necessary and requests the Secretary-General to give a justification for their continuation;

Information policy

62. Points to the relatively meagre budgetary resources allocated to Information and Communication (EUR 25 million in 2000, representing only 2,5 % of the total budget for the Parliament); notes that almost half of that amount is used by the visitors' programme which should itself be modernised; expects therewith the observance of comprehensible standards for distance-related allowances; recommends the consequent need for an appropriate increase in budgetary resources for information in parallel with a strategic review of the content and methods of Parliament's information policy and better synergy with other Institutions;
63. Notes the very high percentage of young people making up nearly half of all visitors to Parliament through the visitors' programme; points to the need to redesign the visitors' programme in such a way as to hold greater appeal for younger people, for example, by maximising use of audiovisual and multimedia facilities, and using interactive, pedagogical tools;
64. Underlines the pivotal role of the European Parliament's external information offices in disseminating information about the Institution in Member States as well as collating public reaction and response; believes that the launching of the public debate on the future of Europe makes this a matter of urgency; notes that the sharing of premises with the Commission, joint implementation of the Prince programme and the inter-institutional working party on information, facilitate cost-savings which can be used to improve performance; asks to be kept informed of the work of the interinstitutional working group on information;
65. Is aware of the annual work programme objectives set out by DG III (Directorate-General for Information and Public Relations) for the information offices and calls for rigorous assessment of whether the objectives are being achieved and providing value for money; approves of the emphasis on building closer relations with the visual media at national and regional level as well as making better use of MEPs in those areas to personalise the work of Parliament to the public; requests that all Members be provided on request with presentational material (e.g. overhead projection slides, videos, etc.) that can assist them in explaining the role and functioning of Parliament to visitors groups and their electorate;
66. Invites the Parliament governing bodies to apply a policy of transparency regarding their practices on subventions and allowances, making public, in a user-friendly form, the regulations as well as any other decisions or interpretations, relevant for the calculations of allowances and subventions for the transport of visitors;
67. Notes that the Parliament's public website is not currently managed by DG III; considers that the Parliament's internet activities should form an integral part of Parliament's information and public relations activities, and that this could constitute a more efficient use of resources; therefore calls on its Secretary-General to examine the possibility of transferring responsibility for maintaining Parliament's internet activities to DG III;
68. Considers that the unpublished rule followed by the Administration, by which no mixed group of visitors of different Member States is accepted, to be contrary to the basic objective of promoting European contacts which lies at the heart of the programme; considers that the European Parliament rules and procedures, namely those regarding groups of visitors, should give more attention to the goals of the programmes than to their perceived administrative burden;

Members' allowances

69. Recalls that on 10 April and 6 July 2000 the Bureau adopted amendments to Article 14 of the Rules on Members' expenses and allowances ⁽¹⁾ for entry into force on 1 January 2001; points out that in the course of its audit work the Court of Auditors expressed the view that Parliament's Administration and the Financial Controller should review the new arrangements and report on compliance with the Financial Regulation by the end of 2001; asks the Secretary-General to submit a report to the Committee on Budgetary Control by 1 July 2002;
70. Recognises the importance of ensuring that the necessary safeguards are in place for the protection of the rights of all assistants who are employees of Members, including proper insurance and social security cover, and for this to be achieved through the full implementation by Parliament's governing bodies of Article 14 of the Rules governing the payment of expenses and allowances to Members and through adoption of an Assistants' Statute;
71. Believes that the status and contractual arrangements related to parliamentary assistants need to be clarified through the establishment of a statute for this category of staff; is of the opinion that such a statute should provide a regulated basis for the employment of all accredited assistants (working on a full or part-time basis for one or more Members); considers that such a statute should nevertheless provide an exemption for service providers hired to carry out specific and time-limited tasks; underlines that whilst the Members themselves remain responsible for the appointment, category of remuneration and dismissal of their personal staff, it is Parliament's administration that must take overall responsibility for the administrative and contractual arrangements related to remuneration and social security being carried out in a proper and transparent manner;
72. Recalls the Court of Auditors' recommendations for the payments made regarding travel and subsistence expenses and allowances to reflect the real cost of travelling and the real time of displacement; recalls that this system is already used by the Administration whenever a Member has meetings outside the European Community's territory (Article 3 of the Rules on Members' expenses and allowances);

The case relating to the Members' Cash Office

73. Notes 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 current cash situation and the corresponding accounts in 1982; requests a clear update on this affair which has dragged on for almost 20 years;

Environment

74. Considers that further effort should be made to reduce the amount of paper used in Parliament; calls on its Secretary-General to examine the development of a secure intranet-based interface for the submission and signature of amendments, parliamentary questions, written declarations, and other parliamentary forms and documents currently submitted on paper; believes that this would also lead to other efficiency gains; instructs its Secretary-General to cease the paper distribution of those parliamentary documents (such as committee agendas, communications to Members etc.) which can be also be made available by e-mail or through the intranet, and to make multiple copies of public relations' material available to Members only on request;
75. Underlines the necessity of implementing 'green housekeeping principles' for new buildings (e.g. a sustainable mobility plan including the installation of a mobility management centre/desk, potential for energy efficiency and use of renewables);

⁽¹⁾ PE 133.116/Quaest.

76. Instructs its Secretary-General to improve environmental management routines and to present yearly figures for consumption of paper, water, energy and other major indicators;

Conclusion

77. Draws the attention of the Administration to the serious concerns, expressed in this resolution, about a wide range of management weaknesses affecting many areas of budget implementation and calls on it to draw the necessary conclusions;
78. Gives its Secretary-General discharge in respect of the implementation of the budget for the 2000 financial year;
79. Authorises the giving of discharge to the Accounting Officer for the 2000 financial year;
80. 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

Pat COX

DECISION OF THE EUROPEAN PARLIAMENT**of 10 April 2002****concerning 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 2000 financial year**

(2002/450/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 for the financial year ended 31 December 2000, together with the Foundation's replies ⁽¹⁾ (C5-0126/2002),
 - Having regard to the Council Recommendation of 5 March 2002 (C5-0122/2002),
 - Having regard to Article 276 of the EC Treaty,
 - Having regard to Rule 93 of and Annex V to its Rules of Procedure,
 - Having regard to the report of the Committee on Budgetary Control (A5-0101/2002),
- A. Whereas the European Foundation for the Improvement of Living and Working Conditions (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. Whereas, on the basis of the Code of Conduct of 14 July 1998, the Committee on Employment and Social Affairs is responsible for monitoring the work of the Dublin Foundation, which in 2000 received a subsidy of EUR 14 700 000;
- C. Whereas on 4 April 2001 ⁽²⁾ Parliament gave discharge to the Administrative Board of the Foundation in respect of the implementation of its budget for the 1999 financial year and, at the same time:
- called on the Foundation to have an external assessment carried out with a view to determining how the key stakeholders rate the Foundation and what impact the Foundation's activities have,
 - called on the Foundation to submit an action plan before the end of 2001,
 - called for an assessment of the existing cooperation between the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety and Health at Work and an analysis of the advantages and disadvantages of a merger between the agencies;
- D. Whereas the Court of Auditors has obtained reasonable assurance that the accounts for the financial year ended 31 December 2000 are reliable and the underlying transactions are, taken as a whole, legal and regular,

⁽¹⁾ OJ C 372, 28.12.2001, p. 53.⁽²⁾ OJ L 160, 15.6.2001, p. 32.

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

2000 financial year		
		<i>EUR thousand</i>
(a) Revenue		14 941
1. Subsidy from the Commission		14 700
2. Miscellaneous revenue		212
3. Revenue from services rendered against payment		29
 (b) Expenditure		14 438
<i>Title I — Staff expenditure</i>		
1. Payments for the year		7 057
2. Appropriations carried over		146
<i>Title II — Administrative expenditure</i>		
1. Payments for the year		1 123
2. Appropriations carried over		248
<i>Title III — Operating expenditure</i>		
1. Payments for the year		2 681
2. Appropriations carried over		3 183
 Balance for the year		- 1 212
Outturn for the year ((a) — (b))		503
Amount received from the Commission		- 1 859
Appropriations carried over from the previous year which lapsed		158
Exchange rate differences for the year		- 14

Dublin Foundation

2. Expresses concern at the volume of appropriations carried over from 2000 to 2001, appropriations which totalled EUR 3 600 000 or 25 % of the commitments entered into (EUR 14 400 000);
3. Urges the Foundation to take steps to ensure better monitoring of the implementation of its budget with the aim of keeping carryovers and cancellations of appropriations to a minimum and bringing an end to the situation whereby a large volume of appropriations is not disbursed; takes account of the installation of a computerised planning/monitoring system, improved scheduling of tender procedures and changes in the timing of the Administrative Board meeting (from November to October) at which it approves the annual work programme;
4. Notes the replies given by the Foundation to the observations made by the Court of Auditors concerning the shortcomings in the accounting systems employed; welcomes the installation of an appropriate computerised system (the EXACT system) for maintenance of general ledger accounts; calls on the Foundation to take steps to ensure that all shortcomings have been remedied in time for the 2001 discharge;

5. Regrets the fact that in 2000 the Foundation continued to make excessive use of imprest accounts, whereby in 2000 18 % of all payments were still made via such accounts;
6. Welcomes the completion of the staff assessment exercise for the two-year period ending 31 December 2001, using staff reports for nearly all assessments; notes with satisfaction that the Foundation has used the Commission's 'staff assessment handbook' and improved staff management and information arrangements during 2001;

External assessment

7. Notes that the Administrative Board commissioned an external evaluation report in March 2000 which will be examined by the Board at its meeting in March 2002; insists on the immediate adoption of an action plan for implementation of the report's recommendations; requests that a copy of the report and the action plan be sent to the European Parliament;

European Parliament

8. Calls on its committees responsible to re-examine the division of labour between the European Foundation for the Improvement of Living and Working Conditions and the European Agency for Safety and Health at Work with regard to safety and health related issues with a view to avoiding duplication of work and encouraging them to coordinate their activities;
9. Notes that the financial statements of only a minority of decentralised agencies are currently subject to individual discharge procedures in the European Parliament; calls upon the Commission to present proposals for the revision of the legal bases of all agencies with a view to applying the principle of individual discharge procedures to all decentralised agencies;
10. Welcomes the efforts of the Committee on Employment and Social Affairs to make proposals for a revision of the present guidelines for cooperation between the committees responsible for the decentralised agencies; takes the view that revision of the guidelines should concentrate on the following aspects:
 - ensuring there are adequate control mechanisms in the committees responsible,
 - ensuring there is transparency in the budget procedure,
 - strengthening the mutual duty to inform,
 - ensuring there is a clear division of powers between the relevant committees;

Discharge decision

11. 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 2000 financial year, on the basis of the report of the Court of Auditors;
12. 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

Pat COX

DECISION OF THE EUROPEAN PARLIAMENT**of 10 April 2002****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 2000 financial year**

(2002/451/EC)

THE EUROPEAN PARLIAMENT,

- Having regard to the report of the Court of Auditors on the financial statements and management of the European Centre for the Development of Vocational Training for the financial year ended 31 December 2000 ⁽¹⁾ (C5-0127/2002),
- Having regard to the Council Recommendation of 5 March 2002 (C5-0121/2002),
- Having regard to Article 276 of the EC Treaty,
- Having regard to Rule 93 of and Annex V to its Rules of Procedure,
- Having regard to the report of the Committee on Budgetary Control (A5-0101/2002),
- A. Whereas the European Centre for the Development of Vocational Training (Thessaloniki Centre, Cedefop) 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. Whereas the conclusions of the Lisbon European Council in March 2000 gave education and training further impetus and recognised the development of a learning society as the means to achieve the strategic goal of a competitive and dynamic knowledge-based economy which combines employment, economic growth and social cohesion;
- C. Whereas, on the basis of the Code of Conduct of 14 July 1998, the Committee on Employment and Social Affairs is responsible for monitoring the Thessaloniki Centre, which in 2000 received a subsidy of EUR 13 600 000;
- D. Whereas the European Parliament, in its discharge of Cedefop for 1999, called for the presentation of an Action Plan in the light of the external evaluation before the end of 2001;
- E. Whereas, in the 1999 discharge ⁽²⁾, Parliament expressed the fear that the activities of the European Centre for the Development of Vocational Training may duplicate those of the European Training Foundation (Turin) and called for an analysis of the advantages and disadvantages of a merger between the two agencies;
- F. Whereas the Court of Auditors has obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2000 are reliable and the underlying transactions are, taken as a whole, legal and regular;

⁽¹⁾ OJ C 372, 28.12.2001, p. 37.⁽²⁾ OJ L 160, 15.6.2001, p. 35.

- Notes the following figures for the accounts of the European Centre for the Development of Vocational Training:

2000 financial year		
		<i>EUR thousand</i>
(a) Revenue		13 993
1. Subsidy from the Commission		13 667
2. Miscellaneous revenue		122
3. Earmarked revenue		204
(b) Expenditure		13 152
<i>Title I — Staff expenditure</i>		
1. Payments for the year		6 881
2. Appropriations carried over		282
<i>Title II — Administrative expenditure</i>		
1. Payments for the year		781
2. Appropriations carried over		201
<i>Title III — Operating expenditure</i>		
1. Payments for the year		3 021
2. Appropriations carried over		2 238
Balance for the year		- 228
Outturn for the year		841
Balance carried over from the previous year		- 520
Appropriations carried over from the previous year which lapsed		182
Exchange differences for the year		- 34

Thessaloniki Centre

- Regrets the fact that Cedefop has failed to take full account of the observations made by the Court of Auditors in its 1999 annual report and to honour its own undertakings regarding the procedures it itself decided to implement in connection with the award of contracts, in particular for informatics-related projects in the area of electronic communication;
- Welcomes the decision taken by the Greek authorities on 16 May 2001 to transfer to Cedefop ownership of the building and site in Thessaloniki;
- Welcomes the external evaluation report of Cedefop which provides a comprehensive view of the performance of the Centre since the last evaluation in 1995; notes that the final evaluation report assesses positively the effectiveness and impact of the work of the Centre since 1995 and its cooperation with other organisations;
- Welcomes the Action Plan drafted by the Management Board on 29 November 2001 as a follow-up to the final report of the external evaluation of Cedefop; notes that the Action Plan takes into account the Commission's position paper and assesses the validity of all conclusions and recommendations formulated in the evaluation report;

6. Welcomes the fact that Cedefop promises to implement the Action Plan in conformity with the objectives and time-schedule indicated; welcomes the proposal that the Director will report on progress annually (November meetings) to the Management Board, which will forward the results to the European Parliament;

Cooperation with the European Training Foundation (ETF) — Turin

7. Notes that the evaluation concludes that cooperation between the two Agencies is satisfactory and that, at present, ETF makes appropriate use of Cedefop as a resource centre;
8. Welcomes the fact that, at the request of the Commission, the two Agencies have drawn up a cooperation framework which was agreed by the Cedefop and ETF Boards in March and June 2001 respectively; welcomes that this joint framework paper sets out the overall objectives of this new cooperation, namely the preparation of the applicant countries for full participation in Cedefop at a time of accession and the means of facilitating the participation and involvement of applicant countries in the policy development of the Community during the transition period;
9. Insists that the Centre should ensure that this new cooperation framework with the EFT is now fully implemented, in particular by making full and frequent use of the joint working group that has been set up for that purpose;

European Parliament

10. Calls on its committees responsible to monitor closely the activities and results of the Thessaloniki Centre and the Turin Foundation with a view to assessing the effectiveness of the framework agreement concluded in 2001;

Discharge decision

11. 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 2000 financial year, on the basis of the report of the Court of Auditors;
12. 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 to have it published in the Official Journal (L series).

The Secretary-General

Julian PRIESTLEY

The President

Pat COX

DECISION OF THE EUROPEAN PARLIAMENT**of 10 April 2002****concerning discharge to the Director of the European Agency for Reconstruction in respect of the implementation of its budget for the 2000 financial year**

(2002/452/EC)

THE EUROPEAN PARLIAMENT,

- Having regard to the report of the Court of Auditors concerning the financial accounts of the European Agency for Reconstruction and the implementation of aid for Kosovo for the year 2000, accompanied by the replies of the Commission and of the European Agency for Reconstruction ⁽¹⁾ (C5-0673/2001),
- Having regard to the 2000 annual report from the Commission to the European Parliament and the Council on the European Agency for Reconstruction (COM(2001) 446),
- Having regard to the Council Recommendation of 5 March 2002 (C5-0123/2002),
- Having regard to Article 276 of the EC Treaty,
- Having regard to Rule 93 of 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 Foreign Affairs, Human Rights, Common Security and Defence Policy (A5-0101/2002),
- A. Whereas as early as July 1999, immediately after the war in Kosovo, the Commission set up the EC TAFKO Task Force to implement the first stages in the reconstruction programme;
- B. Whereas in February 2000 the European Agency for Reconstruction took over EC TAFKO's programmes and incorporated them into its programme for 2000;
- C. Whereas the challenge of reconstructing Kosovo was and is enormous, due to the fact that physical and human damage is widespread in a province devastated by a decade of chronic under-investment, neglect and abuse of human rights; whereas safeguarding sustainability of the investments in Kosovo is a prerequisite for sound and efficient management of the EU budgetary resources allocated to this region;
- D. Whereas the Agency's strategy involves moving from the emergency actions which characterised the international community's assistance in 1999 to longer-term measures aimed at sustainable reconstruction and recovery;
- E. Whereas, nevertheless, emergency actions continued well into 2000, concerning in particular the provision of basic public utilities such as electricity, water and waste collection as well as emergency measures to restore key infrastructure such as the transport network;
- F. Whereas the Court of Auditors takes the view that the administration of the Agency and its budgetary management in 2000 were very efficient, the result being that the Agency achieved the most ambitious objectives it had set for its first year of activity in the spheres of energy, housing, transport and agriculture;

⁽¹⁾ OJ C 355, 13.12.2001, p. 1.

- G. Whereas the Court of Auditors judges that the Agency paid attention to the principles of efficiency and economy and that, through the very flexible application of the rules in force, it has succeeded in keeping prices low and stimulating the regional economy;
- H. Whereas the Court of Auditors has obtained reasonable assurance that the annual accounts for the financial year ended 31 December 2000 are reliable and that the underlying transactions are, taken as a whole, legal and regular,
1. Notes the following figures for the accounts of the European Agency for Reconstruction:

2000 financial year		
		<i>EUR thousand</i>
(a) Revenue		258 788
1. Revenue received from the Commission		257 933
2. Own revenue		680
3. Sundry revenue		175
(b) Expenditure		268 030
<i>Title I — Staff expenditure</i>		
1. Payments for the year		4 632
2. Appropriations carried over		131
<i>Title II — Administrative expenditure</i>		
1. Payments for the year		2 078
2. Appropriations carried over		1 670
<i>Title III — Operating expenditure</i>		
1. Payments for the year		139 786
2. Appropriations carried over		119 733
Outturn for the year		- 9 242
TAFKO payments (non-budget)		- 26 860
Exchange differences for the year		- 334
Balance for the financial year		- 35 768

Financial control

2. Notes the replies given by the Commission and the Agency regarding the risks referred to in paragraph 68 of the Court of Auditors' report; looks to the Commission and the Agency for assurance that regular, comprehensive, on-the-spot *ex ante* checks have been carried out on the transactions; calls for prompt adoption of the revised Financial Regulation which has already been announced, the provisions of which include the appointment of an internal auditor;

3. Impresses on the director of the European Agency for Reconstruction the importance of respecting the provisions laid down by Council regulation (EC) No 2667/2000 of 5 December 2000 on the European Agency for Reconstruction⁽¹⁾, regarding informing the European Parliament, including the presentation of a quarterly activity report (Article 5(5));
4. Recommends that the Commission submit to the European Parliament the annual report drawn up pursuant to Article 4(14) of Regulation (EC) No 2667/2000, before 1 May each year, at the latest;
5. Insists on the need to promote adequate investigation, including, as appropriate, an internal evaluation by the European Anti-Fraud Office (OLAF), of any well-founded suspicion of mismanagement and corruption linked to investments in favour of power-stations in Kosovo;

European Agency on Reconstruction

6. Congratulates the Agency on its good performance in 2000 in connection with the implementation of the reconstruction programme and applauds the individual commitment displayed by the staff seconded to the Agency, who are required to perform their work under what are sometimes very difficult circumstances; points out, further, that the staff of EC TAFKO likewise carried out their task in an exemplary fashion in the period immediately following the war;
7. Notes that the largest item in the Agency's budget is that dealing with the 'rehabilitation of the energy sector'; in that connection, draws attention to the incomprehension of the local population when faced with the paradoxical situation of daily power cuts;
8. Notes that closer cooperation with Belgrade is essential to improve the energy situation in Kosovo and will facilitate UNMIK's (United Nations Mission in Kosovo) task of finding creative solutions to allow the Kosovo Electricity Company (KEK) to have a legal corporate status and to establish mechanisms for the international financial institutions to provide credit to KEK, as the donors cannot provide indefinite financing through grants for all the investment and recurrent needs of Kosovo;
9. Welcomes the Action Plan for the energy sector agreed in October 2001 between the Commission and the Agency which lays down the benchmarks to be achieved by UNMIK and KEK;
10. Applauds the effective and economical approach employed by the Agency in the housing, transport and agriculture sectors;

United Nations Mission in Kosovo (UNMIK), Special Representative Secretary General and European Commission

11. Calls on UNMIK to implement the Action Plan of essential measures, agreed upon by the Commission and UNMIK, notably regarding the need for a multi-media campaign aimed at raising the public awareness of power sector problems which contribute to wastage and non-payment;
12. Urges UNMIK likewise to draw up a transport policy so that the sustainability of the investments can be guaranteed; urges UNMIK, further, to take account of the observations made by the Court of Auditors concerning the high customs duties and sales taxes imposed on agricultural inputs, which act as a disincentive to agricultural production;

⁽¹⁾ OJ L 306, 7.12.2000, p. 7.

13. Urges the Special Representative Secretary General (SRSG) of the United Nations in Kosovo to make much greater efforts to draw up a policy framework and a long-term strategy to ensure the sustainability of the EC and international investment in Kosovo; calls on the Commission, which funds the EU pillar of UNMIK, to discuss the development of a sustainable policy and a regulatory framework with UNMIK and the provisional institutions for self-government (PISG), in particular the Kosovan President, the Kosovo Prime Minister and government and the Kosovo Assembly; requests that a report on the development of a sustainable policy and regulatory framework and on the progress of the sectoral Action Plans agreed with the Commission be included in the UNMIK end-of-year report for 2002; underlines in this respect, that it is of utmost urgency, to improve Kosovo's tax collection capacity, in order to increase its budget revenue and attain budget sustainability; requests UNMIK to indicate in its mid and end-of-year report, the measures taken and foreseen with a view to increasing Kosovo's budget revenue;
14. Calls on UNMIK to carry-out an audit of the cash management and procurement procedures of KEK; requests that longer-term options for the development of Kosovo's electricity sector be examined in the light of the forthcoming World Bank study;

Kosovo authorities

15. Calls on the relevant Kosovo authorities to take the necessary steps, as provided for in the abovementioned Action plan, to raise the revenue collection rate, curb the electricity consumption, and formalise an agreement on electricity exchanges with Serbia and neighbouring countries, as Kosovo's power generation system has to import electricity during peak periods and export it during off-peak times;

Discharge decision

16. Gives discharge to the Director of the European Agency for Reconstruction in respect of the implementation of the budget for the 2000 financial year, on the basis of the report of the Court of Auditors;
17. Instructs its President to forward this decision to the Director of the European Agency for Reconstruction, 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

Pat COX

DECISION OF THE EUROPEAN PARLIAMENT**of 25 April 2002**

concerning discharge in respect of the implementation of the general budget of the European Union for the 2000 financial year — Section II — Council, Section IV — Court of Justice, Section V — Court of Auditors, Section VI — Economic and Social Committee, Section VII — Committee of the Regions, Section VIII — Ombudsman and concerning discharge in respect of the implementation of the general budget of the European Union for the 1996 to 1999 financial years, Section VI — Economic and Social Committee

(2002/453/EC)

THE EUROPEAN PARLIAMENT,

- Having regard to the revenue and expenditure account and balance sheet in respect of the financial year 2000 (SEC(2001) 530 — C5-0240/2001, C5-0241/2001, C5-0242/2001, C5-0243/2001, C5-0244/2001),
 - Having regard to the annual report of the Court of Auditors for the financial year 2000, together with the institutions' replies (C5-0617/2001) ⁽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 (C5-0617/2001),
 - Having regard to the Council's recommendation of 5 March 2002 (C5-0124/2002),
 - Having regard to Articles 272(10) and 275 of the EC Treaty,
 - Having regard to Article 22(2) and (3) of the Financial Regulation,
 - Having regard to the report of the Committee on Budgetary Control (A5-0094/2002),
 - Having regard to the second report of the Committee on Budgetary Control (A5-0113/2002),
- A. Whereas it is incumbent upon Parliament to monitor the efficient use of the European Union's budget on the basis of reports from the Court of Auditors; this evaluation should involve an assessment of the way in which taxpayers' money is spent and an appraisal 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;
- B. Whereas the concept of value for money is of vital importance in assessing the performance of all EU institutions;
- C. Whereas Parliament adopted a resolution on 4 April 2001 postponing the decision concerning discharge in respect of the general budget of the European Union for the financial year 1999 Section VI — Part A: Economic and Social Committee ⁽²⁾, following similar postponements in respect of the financial years 1996, 1997 and 1998;
- D. Whereas the Treaty of Nice changed the description of the members of the Economic and Social Committee (ESC) so that it will in future — if the Treaty is ratified — consist of 'representatives of the various economic and social components of organised civil society' (Article 257 of the EC Treaty); for the Committee of the Regions (CoR) it explicitly states that the members must hold a regional or local electoral mandate or be politically accountable to an elected assembly (Article 263 of the EC Treaty);

⁽¹⁾ OJ C 359, 15.12.2001.

⁽²⁾ OJ C 21 E, 24.1.2002, p. 236.

- E. Whereas in its resolution of 31 May 2001 on the Treaty of Nice and the future of the European Union ⁽¹⁾ (paragraph 24) Parliament applauded the provisions relating to the ESC, 'which make it more representative of the various sectors of society' and those relating to the CoR, 'the democratic legitimacy of whose members is strengthened';
- F. Whereas Council Regulation (EC, ECSC, Euratom) No 2673/1999 of 13 December 1999 amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽²⁾ which entered into force on 1 January 2000 stated that the Ombudsman's budget would in future represent an independent section (Section VIII) within the general budget of the European Union;
- G. Whereas under the terms of Article 22(5) of the Financial Regulation, the Ombudsman is to be treated, for the purposes of the Financial Regulation, as an institution of the Communities;
- H. Whereas although the Ombudsman is appointed by the European Parliament, he is completely independent in the performance of his duties and he enjoys full budgetary autonomy since 2000 which justifies a discharge decision separate from the one relating to the Secretary-General of the European Parliament;

General matters concerning all institutions

- 1. Notes the Court of Auditors' observations (see paragraph 7.3 of the annual report) that the general approach adopted by the institutions to the analysis of budgetary management does not inform readers of the most significant features of expenditure for the year; agrees with the Court that the institutions should provide a more global analysis in the future, focusing on the main trends in expenditure and the major capital items, as well as identifying the key savings and measures of efficiency;
- 2. Endorses the Court's recommendation (paragraph 7.66) that the institutions in Brussels should explore the possibility of setting up a joint structure to take charge of the various technical and financial aspects of construction matters; urges the institutions to pursue their efforts to create a joint structure in Luxembourg;
- 3. Invites all institutions to comply with the recommendations of the Court (paragraph 7.35) to amend the way they set out their budget so as to distinguish between rent, costs of acquisition and other types of expenditure, such as lease payments where there is an option to purchase;
- 4. Recalls the second paragraph of Article 24 of the Financial Regulation which requires each financial controller to draw up an annual report on his work; asks that each of these annual reports in respect of all the institutions be forwarded to Parliament's Committee on Budgetary Control, as soon as possible, so that they may be taken into account in the preparation of the next discharge decision;
- 5. Recalls that Article 24a(4) of the Financial Regulation requires each internal auditor to submit an annual internal report to his institution on his work; asks that these reports be transmitted to Parliament's Committee on Budgetary Control so as to help that Committee in its assessments in the discharge context;
- 6. Notes that the eighth paragraph of Article 24 of the Financial Regulation requires that, as regards financial controllers, 'their appointment, their promotion and disciplinary rules or transfer, and any interruption or termination of appointment by whatever procedure shall be the subject of reasoned decisions to be forwarded, for information, to the European Parliament, the Council, the Commission and the Court of Auditors'; insists that all such documentation be sent to the Parliament's Committee on Budgetary Control in the context of its discharge responsibilities;

⁽¹⁾ OJ C 47 E, 21.2.2002, p. 108.

⁽²⁾ OJ L 326, 18.12.1999, p. 1.

Section II — Council

7. Notes the reply from the Chairman of the Permanent Representatives Committee dated 25 January 2002 to the questionnaire sent by the Committee on Budgetary Control on 6 December 2001 and the additional information received subsequently;
8. Is grateful for the answers provided by the Council relating to budgetary aspects of the Common Foreign and Security Policy; notes that a substantial part of the Council's budget is now spent on activities in the fields of foreign affairs, security and defence policy and justice and home affairs, and that the expenditure in these areas is not currently subject to the same close scrutiny as the administrative and operational expenditure of the other Institutions;
9. Accepts that the European Parliament and the Council have not, in the past, scrutinised the implementation of their respective sections of the budget; considers that in view of the increasingly operational nature of expenditure, financed under the Council's administrative budget, in the fields of foreign affairs, security and defence policy and justice and home affairs, the scope of this arrangement should be clarified with a view to distinguishing traditional administrative expenditure from operations in these new policy areas;

Section IV — Court of Justice

10. Welcomes the fact that for the first time the balance sheet includes the value of buildings held by the Court of Justice under a lease with an option to purchase;
11. Notes with satisfaction the Court of Justice's reply that when the balance sheet for the financial year 2001 is drawn up, the net accounting value will be amended to take account of the over-valuation of the buildings (incorrect calculation of depreciation) pointed out by the Court of Auditors (paragraph 7.13);
12. Notes the Court of Auditors' finding (paragraph 7.14) that the reliability of the value of the other tangible fixed assets shown on the balance sheet, i.e. EUR 9,8 million in total, cannot be guaranteed; notes that the Court of Justice addresses this point in its replies;
13. Draws attention to an apparent contradiction between the Court of Auditors' statement (paragraph 7.14) that the Court of Justice has still not implemented the new inventory management system or conducted a full physical inventory and the Court of Justice's replies to the annual report for 2000 and to the questionnaire forwarded by the Committee on Budgetary Control;
14. Notes that the Court of Justice's replies do, however, refer to inconsistencies between the physical inventory and the data recorded in the new computerised system;
15. Invites the Court of Justice in the interest of clarification to submit a full report to the Committee on Budgetary Control by 1 July 2002 setting out the current position with regard to its inventory management system;
16. Recalls that in the context of the 1999 discharge procedure it considered the Court of Auditors' Special Report No 5/2000 ⁽¹⁾ on the Court of Justice's expenditure on buildings (see paragraph 20 of the Special Report) and asked to be informed of the conclusions of the expert appointed jointly with the Luxembourg authorities by the first reading of the 2002 draft budget;
17. Notes that according to paragraph 7.67 of the Court of Auditors' annual report these investigations into invoicing irregularities had only just started in June 2001 and that the Court of Justice ⁽²⁾ expects them to be completed during the first half of 2002;

⁽¹⁾ OJ C 109, 14.4.2000.

⁽²⁾ Replies to the questionnaire, paragraph 4.3.

18. Asks the Court of Justice to forward the expert's report on invoicing irregularities as soon as it is available to the Committee on Budgetary Control, together with the separate expert's report determining items of expenditure which should not be included in the final statement of account;
19. Notes that the Court of Auditors (paragraph 7.27 of the annual report) found five cases where the grounds for claiming exemption from tender procedures were questionable, of which four related to the Court of Justice, and one case (also concerning the Court of Justice) where a procurement need appeared to have been split into several contracts; takes note of the replies of the Court of Justice which justify the procedures followed in all five cases; endorses the recommendation of the Court of Auditors (paragraph 7.30) that 'all institutions should apply the same thresholds when deciding whether a proposed procurement of services or supplies falls within the scope of Public Procurement Directives 92/50/EEC and 93/36/EEC';
20. Notes that the time required for the Court of Justice to complete its judicial work has increased, as has the backlog of cases pending; calls on the Court of Justice and the Court of Auditors to make more in-depth assessments of the causes of such problems in order to identify in particular exactly what may be attributed to the court procedures provided for in the Treaty, what to administrative problems that can be resolved and what to a lack of staff and facilities;

Section V — Court of Auditors

21. Notes the report⁽¹⁾ by the independent auditor (KPMG Audit, Luxembourg) on the Court of Auditors' accounts for the financial year 2000;
22. Points out that while the Court of Auditors gives a single Statement of Assurance based on the consolidated accounts of all revenue and expenditure of the Community in accordance with Article 248(1) of the Treaty, that Statement of Assurance nevertheless contains remarks concerning the legality and regularity of the transactions carried out by individual institutions (paragraph 7.6); asks the Court in the interests of greater transparency to examine the possibility of issuing a separate Statement of Assurance for each institution in its next annual report;
23. Welcomes the addition to Article 248(1) by the Treaty of Nice of a provision to the effect that the Statement of Assurance 'may be supplemented by specific assessments for each major area of Community activity';
24. Calls on the Court of Auditors to adapt the Statement of Assurance into an instrument enabling the discharge and budgetary authorities to compare and monitor progress in financial management and control over time, preferably in a quantified manner;
25. Urges the Court to agree with the Commission on a common methodology for calculating error rates by directorate-general or by category of expenditure; suggests the Court uses data from Member States resulting from obligatory controls in the field of agriculture and the Structural Funds in order to increase the sample; expects the Court to publish a global error rate and error rates by directorate-general or by category of expenditure in the context of the 2001 discharge;
26. Welcomes the fact that as regards Parliament's demand for 'naming' specific Member States found or suspected to be deficient in protecting the financial interests of the Union, the annual report for 2000 and the Special Reports published during the year already contain references to individual Member States; regrets that the Court⁽²⁾ does not consider it appropriate to list in an annex to the annual report the individual errors identified in each Member State in an easily readable way;

⁽¹⁾ OJ C 312, 7.11.2001.

⁽²⁾ Replies to questionnaire, paragraph 6.1.

27. Welcomes the priority being given by the Court to improving the presentation of its audit observations in its reports so as to make them more consumer-friendly by the use of more informative headings and more clearly identified recommendations but waits for action on this before making a judgment on its success;

Requests made to the Court of Auditors

28. Notes that on taking office the Members of the Court, in accordance with their code of conduct, complete a form containing information concerning their financial interests and assets which is forwarded to the President of the Court; takes the view that these declarations, like those of Members of the European Parliament and of the Commission, should be published on the Internet, as requested in paragraph 18 of Parliament's decision 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 ⁽¹⁾; invites the Court as recomposed following the new appointments made with effect from 1 January 2002 to take a formal decision on this issue and communicate it in writing to the Committee on Budgetary Control by 1 July 2002;
29. Asks the Court to include in its work programme for 2003 a timetable indicating anticipated completion of the Court's special reports;
30. Recalls paragraph 19 of its abovementioned decision of 4 April 2001 requesting the Court to extend 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;
31. Notes with satisfaction that the annual report for 2000 contains remarks concerning the Council (mission expenses, entry of depreciation of buildings in the balance sheet) to which the Council has consented to reply (paragraphs 7.2 and 7.12);

Section VI — Economic and Social Committee (ESC)

Value for money

32. Emphasises that the Parliament has a responsibility to ensure that the European taxpayer is well served and that it has a duty to ensure value for money;
33. Points out that in recent years the views of some of the organisations represented in the ESC have been increasingly channelled through the European Parliament;
34. Notes that the Social Protocol first referred to in the Maastricht Treaty, and later incorporated into the Social Chapter of the EC Treaty (Article 138) makes provision for the social partners to be consulted in the formulation of policy;
35. Points out that the ESC can only be consulted on the formulation of policy and can make recommendations but that the social dialogue by contrast can lead to binding legislation;
36. Is concerned on the one hand that the social partners are critical about the lack of resources available to them for the social dialogue and on the other hand notes that in 2000 the ESC's final budget was EUR 80 976 436; enlargement is expected to bring its annual expenditure up to EUR 99,6 million ⁽²⁾ by 2004 (although some of this includes joint costs with the CoR);
37. Points out that this is the first time the Parliament has had the opportunity to assess the value for money of the ESC since the entry into force of the Amsterdam Treaty and since the social dialogue has been set up;

⁽¹⁾ OJ L 160, 15.6.2001, p. 38.

⁽²⁾ ESC report to the budgetary authorities, October 2001.

38. Recognises that the ESC can act as a forum for interest groups which would not otherwise be able to make their voices heard in the EU context;
39. Believes that there is a real question as to the value for money of running both the ESC and the social dialogue;
40. Points out that responsibility for nominating Members of the ESC lies with the Member States; urges the Member States to examine carefully their representation within the ESC in the context of the forthcoming renewal of its membership;
41. Takes the view that ESC Members must improve their efforts to ensure that information about the ESC's activities reaches the grass roots, e.g. trade unionists in the Member States;
42. Urges the ESC to continue its efforts on the path towards modernisation;
43. Invites the ESC to redouble its efforts to consult as wide a network as possible of national contacts in order to increase the visibility of the ESC;
44. Calls on the Commission to think again about the efficiency and significance of the ESC in the context of the some 300 existing consultative bodies and committees configured around the Commission, so as to avoid overlapping and duplication of effort;

OLAF report

45. Recalls that in previous years' discharge procedures, Parliament decided to postpone its decision in respect of the ESC for the financial years 1996, 1997, 1998 and 1999 pending clarification of irregularities concerning the payment of Members' travel allowances in 1995 to 1996;
46. Draws attention to paragraph 2 of its resolution of 7 October 1998 informing the Economic and Social Committee of the reasons for the postponement of the decision concerning the discharge of the general budget of the European Union for the 1996 financial year — Section VI — Part A — Economic and Social Committee⁽¹⁾ in which Parliament called for the issue to be referred to the Court of Auditors and to UCLAF:
 - (i) to enable the reliability of the new reimbursement system recommended by the Court of Auditors and the conditions for the recovery of incorrectly paid expenditure to be checked; and
 - (ii) to enable the extent of administrative involvement or responsibility to be fully determined as regards the entry into the accounts, the commitment, the authorisation and the payment of expenditure;
47. Notes that following Parliament's abovementioned resolution of 7 October 1998:
 - the Court of Auditors confirmed in its annual report for 1999 that between the end of 1998 and the beginning of 2000 the ESC had gradually implemented the measures recommended in its opinion No 7/98⁽²⁾ with regard to the reform of its rules and arrangements for the payment of allowances to its Members,
 - on 30 July 2001 OLAF⁽³⁾ completed the final report containing its conclusions and recommendations with respect to the reimbursement of the travel expenses of Members of the ESC in 1995 and 1996;

⁽¹⁾ OJ C 328, 26.10.1998, p. 115.

⁽²⁾ Opinion No 7/98 on the effectiveness of the methods of recovery applied by the ESC and on the new system introduced in the ESC for the administration and reimbursement of travel expenses.

⁽³⁾ The investigative unit which replaced UCLAF with effect from 1 July 1999 (<http://europa.eu.int/comm/dgs/olaf/mission/en.htm>).

48. Regrets, however, that OLAF was unwilling to supply a copy of the final report to the Chairman of the Committee on Budgetary Control;
49. Notes that according to its standard practice OLAF delivered its report to the ESC on the understanding that it was the responsibility of the ESC to pass it on to the European Parliament;
50. Notes the finding by the OLAF Supervisory Committee (minutes of the Supervisory Committee meeting of 15 and 16 January 2002) that OLAF had not been in a position to handle that case appropriately and that its investigation had been a failure in every respect;
51. Endorses the call by the OLAF Supervisory Committee for no-holds-barred disclosure of the reasons for that failure and notes that, to date, no credible explanation has been given as to why:
 - (a) the investigators were evidently prevented by their superiors from sending a questionnaire to all the ESC Members concerned;
 - (b) even the 60 ESC Members most affected were not questioned by OLAF;
 - (c) the ESC Directors-General and Secretaries-General responsible at the time in question were not questioned by OLAF either although it had been alleged that they had covered up and hushed up the travel expenses refund fraud which had been committed for years;
 - (d) the Belgian judicial authorities had not been involved in time: the OLAF investigators knew that the courts would have no option but to take no further action because the matter had become time-barred;
52. Requests the OLAF Supervisory Committee to notify the Committee on Budgetary Control of the outcome of its further investigations into this matter; expects disciplinary proceedings to be instituted if suspicions are confirmed that, in this case, there was gross negligence on the part of OLAF's senior management and that the actions of a number of officials called into question their competence as investigators;
53. Considers that procedures must be devised to allow Parliament's competent committee to be given access by OLAF to reports directly concerning the discharge procedure; acknowledges the need for such information to be dealt with on a confidential basis where judicial or analogous investigations are still pending; invites OLAF to submit proposals for the sharing of such information in future cases, subject if necessary to appropriate safeguards;
54. Commends the current Chairman and Secretary-General of the ESC for their willingness to provide a copy of the OLAF report, albeit on a confidential basis, and all other documentation requested by the Chairman of the Committee on Budgetary Control and the rapporteur;
55. Regrets that the OLAF report has been so long delayed and that its late arrival now obviates implementation of its recommendations either for the recovery of further sums from its Members or for disciplinary proceedings against officials;
56. Notes that the Belgian judicial authorities decided in August 2001 to file the matter without further action on the ground *inter alia* that the facts disclosed were now so old as to be time-barred under the Belgian statute of limitations;
57. Notes serious worries in the report, such as OLAF's failure to interview in their capacity as authorising officers the Secretaries-General of the ESC in office at the time of the events in question and immediately thereafter; regrets that as regards its substantive findings, the report does not enable the extent of administrative responsibility to be fully determined;
58. Points out that it would have been open to the ESC itself to refer the matter to OLAF or the Belgian judicial authorities when it was first informed of the results of its Financial Controller's inquiries in 1996 but that it did not do so;

59. Regrets that so much time was allowed to pass and the apparent lack of any real effort on the part of those in positions of responsibility at the ESC at the relevant time to take early remedial action despite clear knowledge of the seriousness of the irregularities affecting the reimbursement of travel expenses in 1995 to 1996;
60. Regrets that OLAF was impeded in the conduct of its inquiries by the reluctance of certain airlines to confirm that specific journeys claimed for by ESC Members had actually been made; believes that it is not acceptable for OLAF's legitimate inquiries to be thwarted in this way; invites OLAF to submit proposals for dealing with such situations more vigorously should they arise in the future;
61. Recognises that the Members of the ESC receive no remuneration from that institution for their activities on its behalf other than the reimbursement of travel and subsistence expenses;
62. Notes as regards the financial year 2000 and the period to date that the ESC has embarked on a substantial programme of modernisation⁽¹⁾ comprising:
- reorganisation of its decision-making bodies including a reduction in the number of Bureau Members;
 - increasing the number of administrative checks on the reimbursement of Members' expenses;
 - generalised payments by bank transfer;
 - preparatory work on the drafting of a Members' statute;
- expects the ESC to continue to pursue the same course of action over the coming years;
63. Notes that the ESC failed to make every effort to limit the loss to the taxpayer or make good that loss as far as possible; points out in this connection that:
- (a) right from the outset, given that there had been fraud over many years, the ESC's estimate of the loss was far too low and, for 1995 and 1996 alone, an amount of EUR 830 185,77 ought to have been claimed back,
 - (b) only EUR 167 432,39 was actually repaid and the ESC has evidently dispensed with recovering the remainder;

Section VII — Committee of the Regions (CoR)

64. Notes from the Committee of the Regions' replies to the Court of Auditors' annual report (paragraph 7.22) that the CoR is often unable to use the results of tenders organised by other institutions either for official reasons or because they do not take account of the Committee's specific needs;
65. Calls upon the larger institutions in the interests of economy and efficiency to make greater use of inter-institutional calls for tender and in the preparatory stages thereof to ensure whenever possible that due account is taken of the specific needs of the smaller institutions; invites all the institutions to examine the feasibility of using other institutions' tender procedures on the basis of 'mutual recognition';
66. Notes that as from 1 January 2000 the Common Organisational Structure with the ESC was replaced by a cooperation agreement between the two committees which maintains joint operations in the majority of departments but establishes autonomy in the finance and staff departments; asks the CoR to submit a report evaluating the budgetary advantage of maintaining separate finance and staff departments for the two committees to the Committee on Budgetary Control and to the Committee on Budgets by 1 July 2002;

(1) 'The ESC on the road to modernisation', October 2000.

Buildings policy (ESC and CoR)

67. Notes that on 15 December 2000 the ESC and the CoR signed contracts each conferring a 27-year lease with an option to purchase the Belliard and Montoyer buildings respectively;
68. Welcomes the reply to paragraph 7.33 by the ESC and the CoR that the capital value of the Montoyer and Belliard buildings will be included in their balance sheets for 2001, together with the advance of EUR 26 million already paid;
69. Recalls the conclusion of the Court of Auditors (paragraph 7.68) that 'the committees (ESC and CoR) when renewing and renegotiating the contract concerning the Belliard building formerly occupied by the European Parliament found themselves in a difficult position as a result of an obligation placed upon them by the Parliament, i.e. that of taking over this building, for which the Parliament had signed a lease running until 2007';
70. Recalls that in paragraph 9 of its abovementioned resolution of 4 April 2001 postponing the 1999 discharge for the ESC, Parliament undertook 'to examine the conditions of this agreement in next year's discharge procedure';
71. Notes that the essential features of the overall arrangement were as follows:
 - Parliament was released from its obligation to continue to rent the Belliard building until 2007;
 - the owners would reimburse Parliament's rent payment in respect of the period 1 January to 31 March 2001;
 - the two committees would reimburse Parliament's rent payments during 2000;
 - Parliament would be released from its obligation to return the building to its original state on termination of its lease;
 - the two committees would, in late 2003 or early 2004, occupy a building suitable for their needs with modern technical facilities and meeting high ecological standards;
 - the terms entailed an advance payment of EUR 26 million intended to finance the specific needs of the two committees in a building fully renovated by the owners and an indexed yearly payment of EUR 8,28 million (reduced to EUR 6 709 288 for the period of the renovation work);
 - the committees would have the option to purchase the freehold for EUR 1;
72. Recalls that by letter of 17 October 2000 the Chairman and rapporteur of the Committee on Budgets informed the ESC and the CoR that the signature of the contract was in line with the principles set by Parliament on 28 March 2000 when it approved the carry-over of EUR 26 million intended to finance the specific functional requirements of the two committees; the Committee on Budgets therefore had no objection to the two committees signing 27-year lease contracts for the Belliard and Montoyer buildings;
73. Draws attention, however, to the remark by the Court of Auditors [paragraph 7.27(c)] that the rental contract also covered refurbishment work which was not put out to tender; notes that the two committees' replies do not address this point;
74. Observes that the two committees responded to the Court of Auditors' suggestion (paragraph 7.68) that the contract should be renegotiated forthwith to provide the option of an early repayment under economically reasonable conditions; notes, however, that the owners were unwilling to offer acceptable terms and that the two committees had therefore suspended negotiations;

75. Points out that while the contracts signed on 15 December 2000 have the advantage of providing the two committees with up-to-date accommodation suitable for their needs and which they will ultimately own outright, and removing from Parliament's accounts the budgetary burden of a building which was no longer required after the opening of the D3 (Spinelli building), the Belliard building will have been unoccupied for some six years but with rent still being paid from the Community budget from September 1997 to late 2003 or early 2004;
76. Observes moreover that the move to the Belliard building will generate further financial consequences, namely:
- the cost of removals from the ESC's and the CoR's current premises in the Ravenstein building;
 - the cost of restoring the Ravenstein building prior to handing it back to the owners after 40 years occupation;
 - the additional posts in the committees' establishment plans required to manage the Belliard project;
77. Notes that as a consequence of the ESC's takeover of the Belliard building, the owners have avoided a situation in which they would in 2007 have recovered possession of an obsolete building with some asbestos contamination⁽¹⁾ and therefore requiring full renovation at their sole expense in order to be made suitable for re-letting;
78. Endorses the recommendation by the Court of Auditors (paragraph 7.66), broadly welcomed by the institutions in their replies, for the setting-up of a joint structure to take charge of the technical and financial aspects of construction matters for the EU institutions in Brussels and Luxembourg;

Section VIII — Ombudsman

79. Recalls that in paragraph 41 of its decision 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)⁽²⁾ Parliament pointed out the need to avoid the cancellation of a significant part of the appropriations available to the Ombudsman;
80. Notes that in the Ombudsman's implementation of the 2000 budget the proportion of initial appropriations cancelled was 17,52 % (1999: 14,46 %; 1998: 8,58 %), representing an upward trend; repeats its request to the Ombudsman to improve the take-up of the funds placed at his disposal by the budgetary authority;

Discharge decisions

81. Grants discharge to the Secretary-General of the Economic and Social Committee in respect of the implementation of its budget for the financial years 1996 and 1997;
82. Grants discharge to the Secretary-General of the Economic and Social Committee in respect of the implementation of its budget for the financial years 1998 and 1999;

⁽¹⁾ ESC/CoR progress reports to the Committee on budgets, 6.10.2000 and 14.6.2001.

⁽²⁾ OJ L 160, 15.6.2001, p. 25.

83. Grants discharge to the Registrar of the Court of Justice, to the Secretaries-General of the Court of Auditors, the Economic and Social Committee and the Committee of the Regions and to the Ombudsman in respect of the implementation of their budgets for the financial year 2000;
84. Instructs its President to forward this decision to the Council, the Commission, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the Committee of the Regions and to the Ombudsman and to have it published in the Official Journal (L series).

The Secretary-General

Julian PRIESTLEY

The President

Pat COX
