



Procedure file

| Basic information | | |
|--|----------------|---------------------|
| DEC - Discharge procedure | 1998/2010(DEC) | Procedure completed |
| 1997 discharge: EC general budget, 6th and 7th European Development Funds EDF | | |
| Subject 6.30.03 European Development Fund (EDF) 8.70.03.07 Previous discharges | | |

| Key players | | | |
|--|--|---|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | CONT Budgetary Control | | 21/09/1999 |
| | | ELDR VAN DER LAAN Lousewies | |
| | Former committee responsible | | |
| | CONT Budgetary Control | | 29/10/1998 |
| | | ELDR BRINKHORST Laurens Jan | |
| | Former committee for opinion | | |
| | ENER Research, Technological Development and Energy | | 21/01/1999 |
| | | PSE MCAVAN Linda | |
| | JURI Legal Affairs, Citizens' Rights | The committee decided not to give an opinion. | |
| | REGI Regional Policy | | 22/09/1998 |
| | | ELDR VIRRANKOSKI Kyösti | |
| | TRAN Transport and Tourism | | 20/01/1999 |
| | | PPE SARLIS Pavlos | |
| ENVI Environment, Public Health and Consumer Protection | | 05/01/1999 | |
| | ELDR EISMA Doeke | | |
| DEVE Development and Cooperation | | 26/11/1998 | |
| | PPE GÜNTHER Maren | | |
| LIBE Civil Liberties and Internal Affairs | | 20/01/1999 | |
| | PPE DEPREZ Gérard | | |
| PECH Fisheries | | 02/09/1998 | |
| | PPE MCCARTIN John Joseph | | |
| FEMM Women's Rights | | 24/11/1998 | |
| | PSE GRÖNER Lissy | | |

Key events

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|------------|--|---|---------|
| 29/04/1998 | Non-legislative basic document published | SEC(1998)0519 | Summary |
| 14/12/1998 | Committee referral announced in Parliament | | |
| 20/04/1999 | Vote in committee | | Summary |
| 20/04/1999 | Committee report tabled for plenary | A4-0201/1999 | |
| 03/05/1999 | Debate in Parliament |  | |
| 04/05/1999 | Decision by Parliament | T4-0385/1999 | Summary |
| 11/01/2000 | Vote in committee | | Summary |
| 11/01/2000 | Committee report tabled for plenary | A5-0004/2000 | |
| 18/01/2000 | Debate in Parliament |  | |
| 19/01/2000 | Decision by Parliament | T5-0014/2000 | Summary |
| 17/02/2000 | Final act published in Official Journal | | |
| 19/02/2000 | End of procedure in Parliament | | |
| 13/03/2000 | Resolution/conclusions adopted by Council | | |

Technical information

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|----------------------------|----------------------------|
| Procedure reference | 1998/2010(DEC) |
| Procedure type | DEC - Discharge procedure |
| Legal basis | Rules of Procedure EP 99 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | CONT/4/09638; CONT/4/09639 |

Documentation gateway

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|---|--|--|------------|------|---------|
| Non-legislative basic document | | SEC(1998)0519 | 29/04/1998 | EC | Summary |
| Document attached to the procedure | | SEC(1998)0520 | 29/04/1998 | EC | Summary |
| Document attached to the procedure | | SEC(1998)0522 | 29/04/1998 | EC | Summary |
| Court of Auditors: opinion, report | | RCC0021/1997 OJ C 349 17.11.1998, p. 0001 | 17/11/1998 | CofA | |
| Document attached to the procedure | | 02260/1999 | 15/03/1999 | CSL | Summary |
| Committee report tabled for plenary, single reading | | A4-0201/1999 OJ C 279 01.10.1999, p. 0005 | 20/04/1999 | EP | |
| Text adopted by Parliament, single reading | | T4-0385/1999 OJ C 279 01.10.1999, p. 0025-0119 | 04/05/1999 | EP | Summary |

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|---|---|------------|----|---------|
| Committee report tabled for plenary, single reading | A5-0004/2000 OJ C 304 24.10.2000, p. 0007 | 11/01/2000 | EP | |
| Text adopted by Parliament, single reading | T5-0014/2000 OJ C 304 24.10.2000, p. 0079-0127 | 19/01/2000 | EP | Summary |
| Non-legislative basic document | COM(2000)0224 | 11/04/2000 | EC | Summary |

Final act

[Budget 2000/134](#)
[OJ L 045 17.02.2000, p. 0033](#)

1997 discharge: EC general budget, 6th and 7th European Development Funds EDF

PURPOSE: presentation of the management account and the financial statement relating to budget operations for the budgetary year 1997 (Commission Vol. II) **CONTENT:** this document presents the management account and the financial statement of the European Commission for the budgetary year 1997, accompanied by various charts relating to the level of expenditure. The gross total amount of budgetary expenditure for the budgetary year amounts to ECU 81,728,393,808,32. Taking account of negative expenditure attributable to the EAGGF guarantee section (ECU 1,724,945,961,95), the net total amount of budgetary expenditure attributable to the budgetary year 1997 amounts to ECU 80,003,447,846,37.?

1997 discharge: EC general budget, 6th and 7th European Development Funds EDF

PURPOSE: to present the management account and the financial statement relating to budget operations in 1997 - section III - Commission (Vol I and II). **CONTENT:** this document presents a summary of the use of funding by the Commission in 1997, heading by heading. According to this document, the 1997 budgetary procedure came within the scope of the financial perspectives annexed to the interinstitutional agreement on budgetary discipline of 29/10/93, adapted in December 1994 following the enlargement of the Union to include Austria, Finland and Sweden. These financial perspectives were the subject, in 1996, of a technical adjustment and an adaptation to execution conditions. The Commission has furthermore proposed a revision of the financial perspectives for 1996 to 1999 in order to respond to new requirements, by giving greater importance to spending to stimulate growth, competitiveness and employment, without in any way increasing the overall ceiling of funding for commitments over the period as a whole. However, the Council stated on 14/10/96 that it was unable to form a qualified majority on this proposal. The technical adjustment of the financial perspectives, made in February 1996 on the basis of the most recently available macro-economic forecasts with regard to GNP and price development, enabled the funding ceiling for payments to be fixed at ECU 85.807 million, allowing a margin of 0.03% to remain under the own resources ceiling. Finally, with regard to the adaptation of the financial perspectives to execution conditions, the Commission notes that following the institutional trilogue, it was agreed that unused commitments under the structural funds from 1995 should be transferred to the years 1997, 1998 and 1999, at a level of ECU 380, 1000 and 693 million respectively. Un used amount of ECU 11 million was furthermore transferred to 1997 under the cohesion fund. Taking account of this raising of the funding ceiling, the available margin under the own resources ceiling was reduced to 0.02% of GNP in 1997. In respect of the execution of the budget as a whole, the Commission specifies that the credits for commitments authorised under the 1997 budget were executed or carried over to 1998 to a level of 96.7%, largely as a result of a raised rate of execution of budget headings 1 and 2 (agriculture and cohesion).?

1997 discharge: EC general budget, 6th and 7th European Development Funds EDF

OBJECTIVE: to present the consolidated management account and balance sheet of the European Union for the 1997 financial year (vol. IV). **CONTENT:** this document presents the consolidated management account and balance sheet of the European Union for the 1997 financial year, accompanied by explanatory notes. It sets out the method used to consolidate the 1997 financial statement and the accounting principles which governed how the management account was drawn up: continuity of activities, principle of caution in order to avoid overestimating assets and underestimating liabilities, consistency of accounting methods and principle of no offsetting between assets and liabilities. The way in which financial interventions were carried out is presented in a separate document (vol. I). The aim is to present the financial statements of the European Union clearly and accurately, in order to achieve healthy financial management and ensure that accounts can be compared from one financial year to the next.?

1997 discharge: EC general budget, 6th and 7th European Development Funds EDF

In its recommendation on the discharge to be granted to the European Commission for the execution of the 1997 budget, the Council makes a certain number of comments on the report by the Court of Auditors regarding the execution of that budget by the Commission. The Council notes first of all that the present discharge procedure comes at a time when the Parliament is again refusing to grant the Commission discharge for the 1996 budget, for reasons which, in the Council's view, are not strictly linked to the execution of the 1996 budget itself. The Council considers, in effect, that the irregularities and frauds which lead the Parliament to refuse discharge are the same as those indicated in the context of previous budgetary executions, for which the Parliament did grant discharge. Recalling that the fight against fraud constitutes a

constant preoccupation for all those involved in the execution of funding, the Council recalls that it has made this issue a major policy priority, confirmed at the time of the Vienna European Council. With regard to the discharge procedure itself for the 1997 budget, the Council stresses the important progress made at an internal level to prevent certain past errors from being repeated (for example: the adoption of the 7th batch of amendments to the Communities financial regulation relating, notable, to overruling the approval of the financial controller). It also draws attention to the measures taken within the framework of the SEM 2000 initiative. The Council also points out the problems in suspense linked to the adoption of Agenda 2000 and the subsequent amendments to be made to the financial regulation (complete redrafting of the regulation). This revision will, in its view, bring perceptible improvements to the execution of expenditure. Referring more particularly to the annual report of the Court of Auditors in relation to the budgetary year 1997, the Council states that the Court was unable to grant it statement of assurance, given the high number of substantial and definite errors in the recorded budgetary payments. Actively deploring this situation, the Council hopes that in the future, the Court will be able to grant this statement of assurance. It also requests increased control by the Court of the accounts of expenditure linked to the budget's internal policies. It also expresses its dissatisfaction regarding certain specific actions, which were badly carried out by the Commission and were the subject of special reports by the Court of Auditors (the MED and PHARE programmes, irregularities in the context of certain structural actions). Finally, with specific regard to the special reports by the Court, the Council announces that it will establish a quite specific follow-up of those sectors covered by the reports, with a view to taking the necessary corrective measures. These comments aside, the Council nonetheless recommends to the European Parliament that it should grant the Commission discharge for the execution of the Communities budget for the budgetary year 1997.?

1997 discharge: EC general budget, 6th and 7th European Development Funds EDF

The committee adopted the report by Laurens Jan BRINKHORST (ELDR, NL) proposing to Parliament that the decision on the 1997 discharge be postponed. The report refers to the conclusions of the first report by the Committee of Independent Experts, published on 15th March 1999, on the allegations of fraud, mismanagement and nepotism in the Commission. It should be recalled that all the members of the Commission resigned on the day the report was published and that a second report by the same committee of experts is due to be delivered in early September. A working document annexed to the resolution lists the main issues raised by the Budgetary Control Committee in connection with the 1997 discharge. These broadly follow on from those discussed during the 1996 procedure and will certainly be taken on board by the new Commission under its new President (expected to be Romano Prodi), who is going to undertake the major reforms needed to the Commission's management, practices and working methods with the aim of introducing the transparency, democratic accountability and efficiency which are needed. The newly-elected Parliament will look once more at the 1997 discharge in the autumn.?

1997 discharge: EC general budget, 6th and 7th European Development Funds EDF

Adopting the resolution by Laurens Brinkhorst (ELDR,NL) informin the Commission of the reasons why the discharge cannot at present be given in respect of the implementation of the general budget of the European Communities for the 1997 financial year, the European Parliament decided to postpone discharge. The Parliament's most significant reasons for this include: - the conclusions of the committee of independent experts, published in April 1999, on the allegations of fraud, mismanagement and nepotism within the Commission; - the presentation of a second report by this committee in September 1999; - discharge cannot be granted to an outgoing Commission which has no authority to enter into any commitments towards the European Parliament in respect of future policy. The Parliament concludes that discharge can only be granted to the new Commission, subject to the commitments to reform it makes between now and 15/10/99.

1997 discharge: EC general budget, 6th and 7th European Development Funds EDF

The committee adopted a report by Lousewies van der LAAN (ELDR, NL) covering three matters: the 1997 general budget discharge, the closing of accounts for the 1997 financial year and the resolution accompanying the 1997 discharge. Although the committee recommended that Parliament grant the Commission a discharge for the 1997 general budget, the rapporteur stressed that there should be no relaxation of Parliament's pressure on the Commission to make improvements. The resolution highlighted a number of problems and suggested ways of solving them. It reminded the Commission that the discharge being given was based on the assumption of full implementation of its commitments under the reform programme. As regards institutional management and supervision problems, the committee wanted the Commission to devise a system whereby the recommendations of the Court of Auditors were systematically followed up. It added that the powers of a priori supervision (the Financial Controller's approval) and auditing powers needed to be separated. On the subject of staff policy, while the codes of conduct represented significant progress, the committee believed they should be supplemented with more precise provisions concerning incompatibility in cases where a Commissioner had a direct interest in an act of recruitment, administration or budgetary implementation for which he or his departments were directly responsible. The codes should also be made binding. The committee felt that the technical assistance offices (TAOs) should be excluded from any European public-service functions and be confined to implementation tasks. As regards the right to information, it pointed out that Parliament's rights in this area were more far-reaching than those of the Council but argued that it should have at least as much access to Commission documents as the Court of Auditors. Exceptional restrictions should only apply to the procedures for forwarding, disseminating and collecting data and not to the subject of the information. On the fight against fraud and corruption, the committee noted that a full list of suspected cases of fraud had still not been produced or forwarded to the judicial authorities. Lastly, regarding external aid, the committee criticised the management of aid to Palestine and called for measures to be taken by 31 March 2000.

1997 discharge: EC general budget, 6th and 7th European Development Funds EDF

The European Parliament adopted a resolution and two accompanying decisions concerning the discharge of the EU accounts for the 1997 financial year. Parliament's Rapporteur was Ms. Lousewies van der LAAN (ELDR, NL). The Parliament reminds the Commission that the discharge which is being given to it is based on the assumption that its commitments under the reform programme will be implemented in full. It recalls the findings contained in the Court of Auditors' 1997 Annual Report and the subsequent audit which revealed that there was still a high percentage of significant errors, and, furthermore, declares that it will be unable to close the accounts for the 1999 financial year if the

Commission has failed to rectify the accounting errors identified by the Court of Auditors. With respect to institutional problems of management and supervision, the Parliament calls on the Commission to develop a system whereby the recommendations of the Court of Auditors are systematically followed up and reviewed and, where complaints are repeated two years in a row, the Commission should hold management accountable for persistent failure to improve the situation. It calls on the Court of Auditors: - to monitor systematically, each year, the response to the criticisms expressed in its previous reports; - to negotiate framework agreements with national courts of auditors whereby the latter carry out complementary checks on Community policies conducted in partnership, on the basis of a programme drawn up by common agreement. In regard to staff policy, the Parliament calls on the Commission to state clearly in its reform programme all its priorities and the criteria for the selection of resources to be assigned thereto on the basis of a system which can combine activity-based budgeting with an integrated resource-management system. It welcomes the Commission's plans to protect whistleblowers and calls on it to ensure that staff are encouraged to help work towards a professional climate in which whistleblowing will no longer be necessary. It calls on the Court of Auditors to assess the administrative decentralisation policy which the Commission has embarked upon as part of the MAP 2000 Programme. As to the question of the Technical Assistance Offices, the EP notes the Commission's attempts to rationalise the TAOs by establishing a more restrictive legislative and budgetary framework and by introducing a vademecum which prohibits subcontracting of public administration responsibilities and steps up supervision and monitoring of these bodies. It is only partially satisfied, however, and hopes that the Commission will include in its reform programme further improvements. It also calls on the Commission immediately to waive the immunity of its officials if and when requested by a national prosecutor, and to bring a parallel civil action before the Belgian courts if the Public Prosecutions Department decides to institute criminal proceedings in the four fraud cases reported by the Commission. In relation to the discharge authority's access to information, the EP recalls that the Commission, in connection with the exercise of its powers over the implementation of the budget, must submit any necessary information to the EP at the latter's request. It notes that the EC Treaty provides for no such right to information for the Council in the area of the budget, so that the Parliament's right to information in this area is thus more far-reaching than that of the Council. With respect to the discharge and management of Community policies in partnership (SEM 2000), the EP calls on the Commission to commit itself, in its reform programme, to: 1) arrange for observers from Parliament to attend meetings of the body responsible for the SEM 2000 programme when the functions of Parliament as a legislative, budgetary or budgetary control authority are at issue; 2) establish, under the SEM 2000 programme, a procedure whereby Member States can be informed of the comments of the discharge authority; 3) seek to ensure that national administrations submit to the discharge authority their comments on the cooperation they have afforded to the Commission, as referred to in Article 274 of the EC Treaty. In connection with combatting fraud and corruption, the EP calls on the Commission to present a list of Commission officials or other employees who may be involved in fraud or corruption in time for the 1998 discharge procedure and at the latest by 01.03.2000. As the Commission has not complied with its request to notify the national judicial authorities of all cases where it is suspected that Commission officials or other employees may be involved in fraud or corruption, it calls on it to do this also by 01.03.2000 deadline. Specifically in regard to aid to Palestine, the Parliament considers that the Commission still needs to take a number of measures with regard to its aid to Palestine by 31 March 2000, including the opening of Gaza hospital and work to begin at the site for the construction of the seat of the Palestinian parliament.?