



Procedure file

| Basic information | | |
|---|----------------|---------------------|
| DEC - Discharge procedure | 1999/2050(DEC) | Procedure completed |
| 1998 discharge: EC general budget | | |
| Subject 8.70.03.07 Previous discharges | | |

| Key players | | | |
|---|---|---|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | CONT Budgetary Control | | 13/10/1999 |
| | | PPE-DE STAUNER Gabriele | |
| | Former committee responsible | | |
| | CONT Budgetary Control | | 13/10/1999 |
| | | PPE-DE STAUNER Gabriele | |
| | Committee for opinion | Rapporteur for opinion | Appointed |
| | AFET Foreign Affairs, Human Rights, Common Security, Defense | | 23/09/1999 |
| | | PSE THIELEMANS Freddy | |
| | Former committee for opinion | | |
| | LIBE Citizens' Freedoms and Rights, Justice and Home Affairs | | 19/10/1999 |
| | | PPE-DE DEPREZ Gérard | |
| | JURI Legal Affairs and Internal Market | The committee decided not to give an opinion. | |
| | ITRE Industry, External Trade, Research, Energy | | 07/12/1999 |
| | ELDR PLOOIJ-VAN GORSEL Ely | | |
| EMPL Employment and Social Affairs | | 22/11/1999 | |
| | PPE-DE PRONK Bartho | | |
| ENVI Environment, Public Health, Consumer Policy | | 29/04/1999 | |
| | PSE BOWE David Robert | | |
| RETT Regional Policy, Transport and Tourism | | 26/01/2000 | |
| | PPE-DE KOCH Dieter-Lebrecht | | |
| FEMM Women's Rights and Equal Opportunities | | 09/11/1999 | |
| | PSE GRÖNER Lissy | | |
| Council of the European Union | Council configuration | Meeting | Date |
| | Economic and Financial Affairs ECOFIN | 2246 | 13/03/2000 |

Key events

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|------------|--|---|---------|
| 29/04/1999 | Non-legislative basic document published | SEC(1999)0412 | Summary |
| 23/07/1999 | Committee referral announced in Parliament | | |
| 23/03/2000 | Vote in committee | | Summary |
| 23/03/2000 | Committee report tabled for plenary | A5-0087/2000 | |
| 11/04/2000 | Debate in Parliament |  | |
| 13/04/2000 | Decision by Parliament | T5-0150/2000 | Summary |
| 27/06/2000 | Vote in committee | | Summary |
| 27/06/2000 | Committee report tabled for plenary | A5-0190/2000 | |
| 04/07/2000 | Debate in Parliament |  | |
| 06/07/2000 | Decision by Parliament | T5-0311/2000 | Summary |
| 06/07/2000 | End of procedure in Parliament | | |
| 16/09/2000 | Final act published in Official Journal | | |

Technical information

| | |
|----------------------------|----------------------------|
| Procedure reference | 1999/2050(DEC) |
| Procedure type | DEC - Discharge procedure |
| Legal basis | Rules of Procedure EP 99 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | CONT/4/10943; CONT/4/10955 |

Documentation gateway

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|---|--|---|------------|------|---------|
| Non-legislative basic document | | SEC(1999)0412 | 29/04/1999 | EC | Summary |
| Document attached to the procedure | | SEC(1999)0413 | 29/04/1999 | EC | Summary |
| Document attached to the procedure | | SEC(1999)0415 | 29/04/1999 | EC | |
| Document attached to the procedure | | SEC(1999)1473 | 30/09/1999 | EC | Summary |
| Court of Auditors: opinion, report | | RCC0022/1998 OJ C 349 03.12.1999, p. 0001-0206 | 15/11/1999 | CofA | Summary |
| Supplementary non-legislative basic document | | N5-0154/2000 | 13/03/2000 | CSL | Summary |
| Committee report tabled for plenary, single reading | | A5-0087/2000 OJ C 040 07.02.2001, p. 0005 | 23/03/2000 | EP | |
| Text adopted by Parliament, single reading | | T5-0150/2000 OJ C 040 07.02.2001, p. 0146-0381 | 13/04/2000 | EP | Summary |
| | | | | | |

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|---|---|------------|----|---------|
| Committee report tabled for plenary, single reading | A5-0190/2000 OJ C 121 24.04.2001, p. 0009 | 27/06/2000 | EP | |
| Text adopted by Parliament, single reading | T5-0311/2000 OJ C 121 24.04.2001, p. 0161-0348 | 06/07/2000 | EP | Summary |

Final act

[Decision 2000/546](#)
[OJ L 234 16.09.2000, p. 0024](#)

1998 discharge: EC general budget

PURPOSE : to present the management account and the financial statement relating to the implementation of the budget for the 1998 financial year (Commission - Vol.IV). **CONTENT :** this document presents the European Commission's consolidated management accounts and the financial statement for the 1998 financial year which also includes various tables on the level of expenditure. The total gross amount of budgetary expenditure for this financial year amounts to EUR 81 64 billion.?

1998 discharge: EC general budget

PURPOSE: presentation of revenue and expenditure account and financial statement relating to operations of the 1998 budget - section III - Commission (Vol. I and II). **CONTENT:** The document gives an account of the use of the Commission's appropriations in 1998, heading by heading. The 1998 budget procedure falls within the framework of the financial perspectives annexed to the inter-institutional agreement on budgetary discipline of 29.10.1993, modified in December 1994 as a result of the enlargement of the Union to take in Austria, Finland and Sweden. These financial perspectives, in 1997, were the subject of a technical adjustment to GNP and price trends. It was also in 1997 that a proposal to adapt the financial perspectives to implementation conditions was adopted; its objective was to transfer appropriations not used in 1996 for structural actions to 1999 (545 millions euros). In this way, the ceiling for commitment appropriations for 1998 was set at 94.744 billion euros and the ceiling for payment appropriations was 90.581 billion euros. The margin available under the own resources ceiling (1.26% of GNP) was brought to 0.03% of GNP in 1998. This document also presents a summary of the 1998 budgetary procedure which was characterised by wide consultation between the various institutions. The 1998 budget could be described as a rigorous budget, although it does provide funding for the Union's main priorities, such as the 'EMPLOY' initiative called for and obtained by the European Parliament, the main large Community programmes and the PEACE initiative in Northern Ireland. As regards the overall implementation of the budget, 97.5% of the commitment appropriations authorised in 1998 were carried out or carried forward into 1999, i.e. at a higher rate than in 1997 (96.7%). These figures confirm that the provisional suspension of around 100 budget lines for a total of 920 million euros while the legal bases were being examined did not have a significant effect on the implementation of the budget. Although for the headings 1 (CAP) and 3 (internal policies), the utilisation rates are the same as in 1997, there were good trends evident for heading 2 (Structural Funds) with an implementation rate of around 99.3%. On the other hand, there was a slowing down in the implementation of external actions (95.9% as opposed to 97.7%) and administrative expenses (95.1% in 1998 in contrast to 98.3% in 1997). In conclusion, therefore, in 1998, the total appropriations for payments actually implemented or carried forward leaves a margin of 9.3 billion euros under the ceiling fixed for payment appropriations in the financial perspectives. This total of payment appropriations represents 1.11% of GNP (as against 1.13% in 1997), while the own resources ceiling would be at 1.26% of GNP.?

1998 discharge: EC general budget

In line with Article 82 of the Financial Regulation, the Commission has drawn up the management account, the financial statement and the analysis of financial management of the European Community for the 1998 financial year, presented in 4 volumes. Following the controls carried out by the Commission services, some inaccuracies were discovered in the presentation of certain tables in volume IV of the management account. Given, on the one hand, that this volume is going to be published in the Official Journal and, on the other hand, that these errors will have consequences neither on the balance sheet for the year nor on the financial statement, the Commission proposes making the necessary amendments before its definitive publication in the Official Journal. The updated version of this document shall, in fact, cancel and replace volume IV, Sec(1999)0415). This procedure is in line with the proposal made by the Court of Auditors at meetings relating to the recasting of the Financial Regulation to produce the financial statements in a provisional form which shall be communicated to the Court and thereafter approved, once any possible amendments have been made.?

1998 discharge: EC general budget

The committee adopted the report by Gabriele STAUNER (EPP/ED, D) calling for postponement of the 1998 budget discharge. One demand made by the committee was that the Commission should cut considerably by 2001 the current rate of "substantial" errors in the implementation of appropriations noted by the Court of Auditors, with a view to obtaining a positive "statement of assurance" by 2003 at the latest. The committee also called on the Commission to promise not to drop the Flécharde case (a fraud case in the early 1990s involving exports of Irish butter which were supposed to go to the ex-Soviet Union but ended up in Poland) until the Court of Auditors' opinion on it had been analysed and all Parliament's outstanding questions on it had been resolved. OLAF was asked to launch an investigation into the Flécharde case to identify those responsible for the disappearance of the documents, and the Commission was asked to present a detailed proposal for a new

archive system. The report also called on the Commission to re-examine the case of ECHO (the EU humanitarian office) and, if new evidence became available, to re-open the investigation. In the case of the MED programmes it said the Commission should meet Parliament's demand of 1998 for the complete file to be submitted to the judicial authorities in Belgium, France and Italy. If necessary, in the light of the findings of these authorities, it should institute statutory disciplinary proceedings. The Commission was also asked to provide the findings of the enquiry into contracts granted to "visiting scientists" and to give any information it had about irregular contracts to the Belgian public prosecutor's office, which was already looking into the case. The committee wanted the Commission to submit a report on measures taken against Member States which had not yet implemented the integrated control system for agricultural expenditure, as well as an update of the follow-up to recommendations of Parliament's committee of inquiry into the transit system (1997). It also called on the Commission to present a detailed report on all disciplinary proceedings taken since 1998 in connection with the protection of the Community's financial interests. Lastly, the Commission was asked to give a clear commitment to the principles of access to information, to put forward proposals for the creation of an external chamber, at the Court of Auditors or the Court of Justice, to conduct disciplinary proceedings relating to budgetary irregularities and to introduce an independent external component into its own disciplinary procedures.?

1998 discharge: EC general budget

The European Parliament adopted its resolution, drafted by Ms. Gabriele STAUNER (EPP/ED, D), on the postponement of the discharge to the Commission in respect of implementation of the general budget of the EU for the 1998 financial year. The Parliament informs the Commission that it postpones discharge and asks it to take steps by 15 May 2000, among other things, to: - to make a commitment to the target of cutting the current error rate of more than five per cent detected by the Court of Auditors by a considerable rate, for example by two percentage points, in 2001 and of arriving at a positive statement of assurance in 2003 at the latest on the basis of a method to be agreed with the Court of Auditors, the budgetary authority and the Commission; - a clarification of the criteria that determine the proportionality of the reduction of a financial correction and clear rules for which cases a decision of the Commissioner or the College is required (against the background of the Fléhard case); - a statement that it does not consider the Fléhard case as closed until the opinion of the Court of Auditors has been analysed and all outstanding questions raised by the Parliament have been resolved; - calling on OLAF (anti-fraud office) to launch an investigation into the Fléhard case to identify those responsible for arranging the disappearance of documents; - a commitment to present a detailed regulation on new archive routines, assurances that a person within each DG has been given responsibility for archives, and an undertaking that where documents are found to be missing, this will lead to a full administrative enquiry; - a commitment to re-examine the ECHO case and to re-open a formal investigation in accordance with the Staff Regulations if new evidence were to become available; - in the MED affair, for the complete dossier to be submitted to the appropriate judicial authorities in Belgium, France and Italy, and for agreement, if necessary, to launch statutory disciplinary proceedings against the officials involved, in the light of the findings of the national judicial authorities; - submission of the results of the 1998 systematic review of the contracts awarded to visiting scientists; a Commission initiative to provide the investigating Belgian public prosecutor with full information on the circumstances in which irregular contracts were allocated and signed; - launching a formal administrative investigation to ascertain responsibilities in connection with the withheld warning of serious deficiencies at the Joint Research Centre; - submission of a report by the Financial Controller on the number of correcting communications and postponements/ withholdings of approvals in 1998, including an analysis of the most frequent types of errors; - submission of a report on action taken by the Member States who have not yet implemented the integrated administration and control system for agricultural expenditure; - an update on the actions which the Commission has taken in response to the recommendations of the EP's Committee of Inquiry into the Community Transit System; - a full report on the number and outcome of disciplinary proceedings carried out since 1998 in all cases in which the Community's financial interests are affected; - a clear commitment by the Commission to the principles for access to information, as defined in its 19 January 2000 resolution on the 1997 discharge; - a response to the proposals to set up an external chamber at the Court of Auditors or the Court of Justice to deal with disciplinary procedures for budgetary irregularities as soon as possible; - a commitment to include an independent external element in its disciplinary procedure.?

1998 discharge: EC general budget

The committee adopted the report by Gabriele STAUNER (EPP/ED, D) recommending that Parliament grant the Commission the budgetary discharge for 1998 and close the accounts for the same year. On 13 April Parliament had postponed its decision on whether to grant the discharge and had given its reasons for taking this step. It had called on the Commission to submit a number of reports and to give specific undertakings with the aim of ensuring that the Commission would do everything possible to improve budgetary implementation and combat fraud, corruption and mismanagement. The committee felt that the Commission had met most of these demands. It noted that the Commission was prepared to take action to cut drastically the error rate in implementation of the budget. With regard to the Fléhard case, the Commission had explained its actions and replied to the various questions raised. The committee nevertheless believed that the Fléhard case should not be regarded as closed until the issues it had raised had been satisfactorily resolved. The Commission had also taken action, including disciplinary proceedings, on other matters, such as the ECHO (EU humanitarian aid office) case, the MED affair and the case of a visiting scientist employed at the instigation of former Commissioner Edith Cresson. The committee reiterated Parliament's call for the introduction of an external element in disciplinary proceedings, noting that the Commission had done no more than accept the principle of an interinstitutional disciplinary board. The committee, however, argued that the current practice of administrative investigations and disciplinary proceedings within the Commission should be evaluated by an independent external body in the light of best practice in public administrations. The committee's report also mentioned that the Commission and Parliament were currently negotiating an interinstitutional agreement on Parliament's access to information. It further noted that the Commission had brought forward a comprehensive package of proposals in its White Paper on administrative reform. It also called for the role of the financial controller to be strengthened, in line with the Court of Auditors' recommendations. Lastly, it reiterated Parliament's call for the Commission to present the necessary legislative proposals to enable a chamber to be set up in the Court of Auditors or the Court of Justice to handle disciplinary proceedings for budgetary irregularities. ?

1998 discharge: EC general budget

The European Parliament adopted the Decision drafted by Gabriele STAUNER (EPP/ED, Germany) and gave the Commission discharge in respect of the implementation of the general budget of the Union for the 1998 financial year. The Commission had satisfied most of the requirements set out on 13 April when the discharge had been postponed. In particular, the Commission will take action to cut drastically the

errors in the implementation of the budget. Whilst the Flechard case could not be regarded as closed until all problems, and in particular, the monitoring of export operations, had been resolved, the proportionality of penalties had been dealt with. The Parliament set out its comments on the discharge in an accompanying resolution. In its Decision on closing the accounts relating to the implementation of the general budget, Parliament recalled that according to the statement made by the Court of Auditors, the figures presented in the consolidated revenue and expenditure account are marred by a number of errors and weaknesses, including the understatement of fixed assets, essentially buildings, by around ECU 540m. Parliament approved the closure of the accounts. The main points of Parliament's resolution containing comments on the discharge are as follows: -with regard to the Statement of Assurance, Parliament pointed out that in 1998 for the fifth consecutive time, the Court of Auditors would not provide an assurance that the transactions underlying the payments for the financial year were, taken as a whole, legal and regular. It reiterated its call for the Commission to arrive at a positive Statement of Assurance for the 2003 financial year at the latest. The Commission needed to formulate verifiable intermediate objectives for the reform process by the end of the year. -on the Common Agricultural Policy, the Commission must ensure that the principle of budgetary universality is respected. In the specific case of export of butter to the former USSR, the handling of the penalty deposit has been contested by the Court of Auditors. OLAF is asked to forward its report on the missing minutes of the meeting on 7 January 1994. Parliament cannot conclude consideration of this case until the results of the OLAF investigation have been assessed and the Commission has forwarded to Parliament all available documents. -On structural measures, Parliament called for monitoring of the Structural Funds to be more effective and for mid-term evaluation to be a genuine instrument of sound management. It deplored the persistently large number of irregularities identified by the court of Auditors, particularly with regard to expenditure certificates, and asked Member States to ensure efficient administration of structural measures. -On research, Parliament deplored the number of substantive errors in about one-third of the payments where the Commission had paid too much, mostly due to ineligible costs being claimed by the beneficiaries, and the formal errors that occurred in almost one fifth of the payments. It also pointed out the errors, including deliberate overcharging, in almost two thirds of the payments based on cost declarations. -On external aid, Parliament draw attention to tender procedures under PHARE and TACIS, and asked for remedial measures. On the ECHO affair, Parliament is not satisfied that the Commission has made a commitment to introduce an external element in its disciplinary procedure. -Lastly, Parliament repeated that, as the discharge authority, it must be granted access to the relevant documents in order to establish that the Commission has carried out its obligations. It will follow the implementation of the interinstitutional agreement closely.?