


Procedure file

Basic information	
INI - Own-initiative procedure	1999/2132(INI)
Follow-up to give to the second report of the Committee of Independent experts	Procedure completed
Subject	
8.40.03 European Commission	
8.70.04 Protecting financial interests of the EU against fraud	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control		13/10/1999
		PSE VAN HULTEN Michiel	
	Committee for opinion	Rapporteur for opinion	Appointed
	JURI Legal Affairs and Internal Market		30/11/1999
		PPE-DE ZAPPALA' Stefano	
	EMPL Employment and Social Affairs		
	RETT Regional Policy, Transport and Tourism		13/10/1999
		PSE SIMPSON Brian	

Key events			
17/09/1999	Committee referral announced in Parliament		
10/01/2000	Vote in committee		Summary
10/01/2000	Committee report tabled for plenary	A5-0001/2000	
18/01/2000	Debate in Parliament		
19/01/2000	Decision by Parliament	T5-0015/2000	Summary
19/01/2000	End of procedure in Parliament		
24/10/2000	Final act published in Official Journal		

Technical information	
Procedure reference	1999/2132(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative

Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	CONT/5/12062

Documentation gateway

Committee report tabled for plenary, single reading	A5-0001/2000 OJ C 304 24.10.2000, p. 0007	10/01/2000	EP	
Text adopted by Parliament, single reading	T5-0015/2000 OJ C 304 24.10.2000, p. 0080-0135	19/01/2000	EP	Summary

Follow-up to give to the second report of the Committee of Independent experts

The committee adopted the report by Michiel van HULTEN (PES, NL) on the second report drawn up by the Committee of Independent Experts. The rapporteur put forward a number of practical proposals in the light of the recommendations made by the experts. In general he stressed the importance of transparency for sound, efficient management. As regards improving financial management and control, the committee proposed that the Commission undertake a complete overhaul of the Financial Regulation. In particular, it believed there was a need to phase out the use of Technical Assistance Offices in their present form and consider setting up Commission implementing agencies, establish a new Independent Audit Service under the authority of the President of the Commission and ensure that the financial management of Community programmes was the responsibility of the Commission alone. Committees composed of Member State representatives should not be empowered to take any decision relating to the ongoing financial management of programmes. The committee also wanted to improve the clearance of accounts. It advocated inter alia that the Commission should make full use of its right of on-the-spot controls in the Member States for accounting and compliance clearance, that it should ensure the correct use of Community funds and the recovery of any funds misused, that it should seek to reduce the length of time taken in the clearance procedure, that there should be increased cooperation between the European Court of Auditors and its national counterparts and that national courts of auditors should be given the right to conduct audits into the use of EU funds. As far as strengthening the fight against fraud, mismanagement and nepotism was concerned, the committee believed that the independence of OLAF vis-à-vis the Commission in particular should be and should remain a fundamental point of principle. It also called for the following reforms to be introduced: officials should be enabled to expose wrong-doings encountered in the course of their duties and, where it was not possible to resolve concerns within a reasonable period of time, they should have the right to turn, in confidence, to an external authority; a chamber to deal with budgetary discipline should be set up within the European Court of Auditors or the European Court of Justice so that matters to do with the financial responsibilities of officials were dealt with by an external body; to improve the effectiveness of the fight against fraud, a new legal framework should be introduced, in accordance with the three-stage procedure recommended by the Committee of Independent Experts. The committee welcomed the introduction of a code of conduct for Commissioners, a code of conduct for Commissioners and departments, and the announcement of a code of good administrative behaviour. However, it believed that all codes should be made legally binding. It also called for the following measures: the individual political responsibility of Commissioners should be enshrined in the Treaties; Commissioners who used undue influence to favour fellow nationals or wider national interests should be subject to appropriate sanctions; and officials who reported untoward behaviour should be protected. As regards the modernisation of human resources policy, the committee called inter alia for a reform of the system of open competitions, a reform of the disciplinary procedure and modernisation of the structure of the pay and benefits package for officials, while ensuring that this remained attractive and competitive.?

Follow-up to give to the second report of the Committee of Independent experts

The Parliament adopted its resolution, drafted by Mr. van HULTEN (PES, NL) containing Parliament's observations on action to be taken on the second report of the Committee of Independent Experts on reform of the Commission. The vote was 320 in favour to 100 against, with 123 abstentions. The Parliament called on the Council to forward a comprehensive recommendation to the Parliament on the discharge procedure so that the Parliament is able to give full consideration to its conclusions. In the context of improving financial management and control, the Parliament urges the Commission to: - undertake a complete overhaul of the Financial Regulation in the direction recommended by the Court of Auditors and the Committee of Independent Experts and to draw up a proposal for a new regulation without delay which would deal with, among other things, the allocation of a new role to the Financial Controller; - establish and apply more transparent rules governing contracts, subsidies and outsourcing; - phase out the use of so-called technical assistance offices; - publish separate annual reports and accounts for each DG and secure the independence of personnel responsible for financial control within the DGs and their protection from hierarchical pressure; - phase out the system of ex ante financial control and decentralise it, minimising the number of hierarchical levels involved in financial management; - ensure that financial control staff are properly qualified and that officials at all levels are held accountable for their actions within the context of the hierarchical structure; - establish a new independent audit service under the authority of the President of the Commission to be headed by a highly qualified and experienced member of the auditing profession. With regard to improving financial management and control, the EP calls on the Commission and the Member States to ensure that the EAGGF Clearance of Accounts unit can work independently and without being subject to any inappropriate external or internal influence or pressure. It also calls on the Commission to make more use of on-the-spot controls and insists on the recovery of funds incorrectly allocated. Furthermore, national financial control bodies, who exercise strict supervision of national expenditure, should be given the right to audit the use of EU funds. In respect of strengthening the fight against fraud, corruption, mis-management and nepotism and upholding standards in European public life, the Parliament is also recommending a charter for 'whistleblowers' and would like to see the code of conduct for Commissioners and officials made legally binding. An independent standing committee on standards in public life should be set up. On the subject of ensuring responsibility and accountability in European political and administrative life, the Parliament recalls that the Commission is under a constitutional duty to be fully open with

Parliament, providing it with complete, accurate and truthful information and documentation necessary for Parliament to carry out its institutional role, notably in the context of the discharge procedure and in connection with committees of inquiry. Regarding the modernisation of the Commission's human resources policy, the Parliament calls for a comprehensive review, including a reform of the system of open competitions, proper staff training and evaluation to include mobility, new disciplinary procedures and a review of the pay and allowances system, including the expatriation allowance. Parliament also wants to see how far the recommendations for changes in management can be applied to its own internal administration.?