


# Procedure file

| Basic information   |                |
|---|----------------|
| COS - Procedure on a strategy paper (historic)  | 2000/2217(COS) |
| Procedure completed   |                |
| Reforming the Commission: action plan, aspects concerning the Committee on budgets. White Paper |                |
| Subject<br>8.40.03 European Commission  |                |

| Key players  |   |   |            |
|--|---|---|------------|
| European Parliament                                  | Committee responsible   | Rapporteur                              | Appointed  |
|  | <b>BUDG</b> Budgets   |   | 23/02/2000 |
|  |   | PSE <a href="#">GUY-QUINT Catherine</a> |            |
| Council of the European Union<br>European Commission | Commission DG<br><a href="#">Human Resources and Security</a> | Commissioner                            |            |

| Key events |  |   |         |
|------------|--|---|---------|
| 01/03/2000 | Non-legislative basic document published   | COM(2000)0200   | Summary |
| 20/09/2000 | Committee referral announced in Parliament |   |         |
| 17/10/2000 | Vote in committee                          |   | Summary |
| 17/10/2000 | Committee report tabled for plenary        | <a href="#">A5-0327/2000</a>  |         |
| 29/11/2000 | Debate in Parliament                       |  |         |
| 30/11/2000 | Decision by Parliament                     | <a href="#">T5-0541/2000</a>  | Summary |
| 30/11/2000 | End of procedure in Parliament             |   |         |
| 13/08/2001 | Final act published in Official Journal    |   |         |

| Technical information      |  |
|----------------------------|--|
| Procedure reference        | 2000/2217(COS)                                 |
| Procedure type             | COS - Procedure on a strategy paper (historic) |
| Procedure subtype          | Commission strategy paper                      |
| Legal basis                | Rules of Procedure EP 142                      |
| Stage reached in procedure | Procedure completed                            |

## Documentation gateway

|   |  |   |            |    |         |
|---|--|---|------------|----|---------|
| Supplementary non-legislative basic document        |  | COM(2000)0010   | 18/01/2000 | EC | Summary |
| Non-legislative basic document                      |  | COM(2000)0200   | 01/03/2000 | EC | Summary |
| Committee report tabled for plenary, single reading |  | <a href="#">A5-0327/2000</a><br><a href="#">OJ C 223 08.08.2001, p. 0007</a>      | 17/10/2000 | EP |         |
| Text adopted by Parliament, single reading          |  | <a href="#">T5-0541/2000</a><br><a href="#">OJ C 228 13.08.2001, p. 0023-0196</a> | 30/11/2000 | EP | Summary |
| Follow-up document                                  |  | COM(2001)0115   | 28/02/2001 | EC | Summary |
| Follow-up document                                  |  | <a href="#">COM(2003)0040</a>   | 30/01/2003 | EC | Summary |
| Follow-up document                                  |  | <a href="#">SEC(2004)0079</a>   | 27/01/2004 | EC | Summary |
| Follow-up document                                  |  | <a href="#">COM(2004)0093</a>   | 10/02/2004 | EC | Summary |

## Reforming the Commission: action plan, aspects concerning the Committee on budgets. White Paper

The committee adopted the report by Catherine GUY-QUINT (PES, F) on the aspects of the White Paper falling within its remit. The report warned that the reform must not consist of mere cosmetic changes to procedures but must instead result in an in-depth reorganisation of structures and methods enabling the Commission to fully assume its responsibilities. Decentralisation and delegation of authority were certainly essential, but the power of decision and supervision must be guaranteed both inside and outside the Commission. The human and financial resources made available to the Commission for informing and communicating with citizens were provided by the EU, and must be used to deliver a common message which reflected its political priorities. Information policy should therefore be pursued on an interinstitutional basis. The reform could also be used as an opportunity to achieve more efficient programme implementation, by ensuring that funds were properly used and by fixing realistic objectives for external programmes. The specific issues reviewed by the report included: (1) activity-based budgeting (ABB) - while welcoming every effort to improve transparency, the committee nevertheless warned of the risks of confusion and rigidity which might arise from a "one-size-fits-all" approach. However, it was prepared to consider ABB in parallel to the current nomenclature and as part of a future, wider system of defining priorities and performances. It pointed out that total replacement of the current nomenclature by the ABB method would require the agreement of the budgetary authority and of the other institutions and also urged the Commission not to undermine, by setting its own priorities, the political priorities set out by Parliament and Council as the budgetary authority; (2) externalisation and committology - the committee welcomed the Commission's decisions on externalisation, which were broadly in line with Parliament's proposals. It therefore approved the fact that any delegation of responsibilities to Community-based public implementing agencies and outsourcing to the private sector would be strictly limited to tasks without any public authority dimension. Responsibility for the financial management of Community programmes lay solely with the Commission and supervision of the implementation of decentralised tasks must remain exclusively within its remit. The committee accordingly urged the Commission to stick to the timetable for dismantling the technical assistance offices (TAOs). An overhaul of the committology procedure was also needed so that the Commission could resume control of implementation of the budget and thereby fulfil its executive role, as provided for in Article 274 of the EC Treaty; (3) human resources - while supporting the internal measures planned for the redeployment of staff and improvement of productivity, the committee expressed regret that no more than 4% of staff would be affected by redeployment and wanted the Commission to explain the criteria selected for abandoning or reducing the scale of certain activities. It also felt that new officials in all categories should be recruited in the basic grade. It broadly supported the early retirement scheme but warned that such measures should not be allowed to obscure the main priorities of the reform. It also wanted the Commission to clarify to what extent the planned staff increases, for which additional funding had been requested in the context of the reform, were in anticipation of additional staffing requirements as a result of enlargement and called for this issue to be included on the agenda for the next tripartite meeting; (4) audit and financial management - the committee stressed that the quality of ex-ante financial control must be guaranteed and, at the same time, appropriate independence for financial control devolved to the various Commission directorates-general must be ensured. It also repeated its request for changes to the Financial Regulation to be subject to codecision procedure and not just simple consultation of Parliament. The Commission was urged to take into account Parliament's repeated request that appropriations be suspended during a financial year, should implementation prove difficult or performance be poor, and that Parliament should be supplied with better information about implementing conditions.

## Reforming the Commission: action plan, aspects concerning the Committee on budgets. White Paper

The European Parliament adopted the resolution tabled by Mrs Catherine GUY-QUINT (PES, Fr). The European Parliament expressed their support for Commission plans to modernise their bureaucracy with the emphasis on decentralisation and delegation of decision-making. The resolution supports phasing out the external technical assistance offices (TAOs). Parliament also takes the view that only those tasks not of a public service nature should be contracted out. It also wants to see administrative reforms based on performance objectives and supports the Commission's request for extra staff, in conjunction with the early retirement scheme. The Commission is requested to explain the reasons

behind any intention to reduce certain activities. In future, financial control should be based on an ex-ante system, coupled with financial responsibility for the directorates general. (Please refer to the previous document for further recommendations made by the committee responsible and which were mirrored by House). ?

## Reforming the Commission: action plan, aspects concerning the Committee on budgets. White Paper

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**PURPOSE:** the presentation of a Commission Action Plan to follow up the recommendations of the Court of Auditors in its Annual Report relating to the 2002 budgetary year.

**CONTENT:** The White Paper on Reform highlighted the need to make financial actors accountable and responsible in order to increase the effectiveness of Commission activities. The Commission announced that it would present an Action Plan as part of the 2001 discharge. The purpose of this document is to indicate the corrective measures required to follow up the recommendations of the Court of Auditors as well as the impact expected from these measures.

This Action Plan is based on the Commission's replies to the Annual Report of the Court of Auditors relating to the 2002 financial year, with updates and additional information provided by the Commission's departments. It examines the measures to be implemented sector by sector to improve the Commission's financial management and thus obtain a satisfactory statement of assurance (DAS).

- As regards improvement of the reliability of the accounts, the Commission has established an Accounting Standards Committee which is examining, among other things, the issues of defining the generating event giving rise to accounting entries in a way which allows it to maintain control over the process and of defining without ambiguity a recording base which remains comparable over the years. The Commission is also improving its mechanism for the identification and recovery of debts and has undertaken a review of all commitment balances which have remained open for an extended period in order to identify overdue payments.

- As regards budget implementation, the Commission is endeavouring to ensure realistic budgeting of payment appropriations. By continuing to put the emphasis on the budget implementation plan relating to the current financial year, including follow-up, review and revision in the course of the budgetary decision-making procedure, it expects a gradual improvement of the budget forecasts for the PDB. This also includes an assessment of whether low spending in the past should lead to lower budgeting (or the reverse).

- As regards the common agricultural policy, on export refunds, the Commission has already taken several measures. Five regulations were adopted to address the main weaknesses concerning the pre-financing regime. Concerning the way it sets export refunds, the Commission has introduced a comprehensive action plan covering horizontal issues. The improvements concern the Commission's decision-making procedures. The Commission will also assess the market organisation for beef in 2004/2005 and will analyse the impact of the various instruments available in this sector.

- For structural operations, the systems of fundamental importance in ensuring the supervision and control over the implementation of the Community budget for structural actions are those governing the areas of shared management with the Member States. For the closure of 1994-99 interventions the Commission is obtaining assurance on the regularity of expenditure from its already completed audit work and from the desk checks being undertaken on closure statements. It will verify the reliability of the closure process in Member States by audits of a sample of programmes and will draw the necessary financial consequences where appropriate by making recoveries from Member States. Concerning the current 2000-2006 period, from the work the Commission has carried out it has been able to conclude that Member States have in general made significant steps in improving their systems. However, further improvements are necessary, and the effective functioning of the systems should be regularly verified.

- In the area of internal policy in general and more particularly in the area of research, the Commission welcomes the Court's recommendations. These are the subject of action plans drawn up on the basis of its own observations. The implementation of internal control systems as part of the reform is being followed up particularly closely, and the strengthening of checks on beneficiaries is continuing within the framework of a coordinated action for research consecutive on Action 1 of the 2001 summary report of the annual activity reports.

- As regards external actions, the establishment of a methodological framework and of an audit strategy will be continued in 2004 within the 2004 annual audit plan. Priority will be given to fine-tuning a risk assessment model, setting up a clear organisational framework for audit-related tasks at headquarters and in delegations, completing the audit-related information system, and training. Moreover, instructions are being drafted in order to improve the quality and content of reports by Delegations and Directorates on the management of external assistance.

- For administrative expenditure, the Commission has analysed the risks and weaknesses of the internal control system and adopted an action plan for its further improvement. The recommendations of the Court regarding surveillance systems have been taken on board. An evaluation report on the management of leave and absence already produced will be discussed by management so as to identify the necessary measures to be taken.

- For the EDF, the Commission continues its efforts to meet the recommendations regarding the reinforcement of internal controls, the various aspects of financial management of the EDF highlighted in the Court's Annual Report, such as the speed of closure of dormant commitments, the better identification of budgetary support measures in EDF accounts, and the inclusion of the EDF in the modernisation of the Accounting System of the Commission.

- Regarding the ECSC, the Commission will study the possibility of setting up in the field of revenue from research, an inventory of patents filed by firms and research institutes which have received ECSC funding.