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REPORT

drawn up on behalf of the Committee on Budgetary Control

on the decision granting a discharge in respect of the
implementation of the budget of the European Communities
for the 1983 financial year

- PART A -

Decision and resolution

Rapporteur: Mr Peter N. PRICE

PE 95.678/A/fin.
Or. En.

Pursuant to Article 78d of the ECSC Treaty, Article 205a of the EEC Treaty and Article 179a of the EAEC Treaty, the Commission of the European Communities forwarded to the European Parliament the revenue and expenditure account, the balance sheet relating to the 1983 financial year and an analysis of financial management (COM(84)219 final, COM(84)220 final and COM(84)221 final) on 5 June 1984.

The President of Parliament referred these documents to the Committee on Budgetary Control.

At its meeting on 15 October, the Committee on Budgetary Control appointed Mr. Peter PRICE rapporteur.

On 29 November 1984, the Court of Auditors of the European Communities forwarded to the European Parliament its annual report concerning the financial year 1983 (OJ no. C348, 31.12.1984 = Doc. 2-1360/84).

The Committee on Budgetary Control considered the revenue and expenditure account, the balance sheet relating to the 1983 financial year, the analysis of financial management, the report of the Court of Auditors, the working documents drawn up by its rapporteurs on the various fields of the European Communities activities and the opinions of its specialised Committees at its meetings on 29/30 November 1984, 22/23 January 1985, 28 February/1 March 1985, 19/20/21 March 1985 and 26/27 March 1985.

At its meeting on 26/27 March 1985, the Committee adopted the decision set out in part I by 16 votes in favour, none against and 1 abstention.

Present at the time of voting: Mr. Aigner, chairman; Mr. David Martin, vice-chairman; Mrs. Boserup, vice-chairman; Mr. Battersby, vice-chairman; Mr. Price, rapporteur; Mr. Cornelissen; Mr. Dimitriadis; Mrs. Fullet; Mr. Hindley (deputising for Mrs. Hoff); Mrs. Lentz-Cornette; Mr. Marck; Mr. Mouchel; Mr. Schön; Mr. Schreiber; Mr. Simmonds; Mr. Tomlinson (deputising for Mr. Pitt); and Mr. Wettig.

The resolution was adopted by 16 votes in favour, none against and 2 abstentions.

Present at the time of voting: Mr. Aigner, Chairman; Mr. David Martin, vice-chairman; Mrs. Boserup, vice-chairman; Mr. Battersby, vice-chairman; Mr. Price, rapporteur; Mr. Bardong; Mr. Cornelissen; Mr. Dimitriadis; Mrs. Fullet; Mr. Hindley (deputising for Mrs. Hoff); Mrs. Lentz-Cornette; Mr. Marck; Mr. Mouchel; Mr. Schön; Mr. Schreiber; Mrs. Simmonds; Mr. Tomlinson (deputising for Mr. Pitt); and Mr. Wettig.

The explanatory statement, opinions of the various Committees and working documents will be published separately.

The report was tabled on 28 March 1985.

The deadline for tabling amendments to this report will be indicated in the draft agenda for the part-session at which it will be debated.

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A

I

The Committee on Budgetary Control hereby submits to the European Parliament the following proposed decision

DECISION

on the discharge to be granted to the Commission in respect of the implementation of the budget of the European Communities for the 1983 financial year concerning Sections I - Parliament, II - Council, III - Commission, IV - Court of Justice, V - Court of Auditors

The European Parliament,

- having regard to the Treaty establishing the ECSC and in particular Article 78g thereof
- having regard to the Treaty establishing the EEC and in particular Article 206b thereof
- having regard to the Treaty establishing the EAEC and in particular Article 180b thereof
- having regard to the budget and the two amending and supplementary budgets for the 1983 financial year.
- having regard to the revenue and expenditure account and the balance sheet relating to the 1983 financial year
- having regard to the report of the Court of Auditors concerning the 1983 financial year and the replies of the Institutions to the report¹
- having regard to the Council recommendation on the granting of a discharge to the Commission (Doc. C 2-3/85),
- having regard to the report of the Committee on Budgetary Control, the annexed working documents on the various Community policy sectors and the opinions of the Committee on Agriculture, Fisheries and Food; Committee on Energy, Research and Technology; Committee on Social Affairs and Employment; Committee on Regional Policy and Regional Planning; Committee on the Environment, Public Health and Consumer

¹ OJ no. C348, 31.12.1984

Protection; Committee on Youth, Culture, Education, Information and Sport; Committee on Development and Cooperation and Committee on Women's Rights (Doc. A 2-10/85),

1. Grants discharge to the Commission in respect of the implementation of the 1983 budget on the basis of the following amounts:

(a) Revenue and expenditure for the financial year 1983:

1. <u>Revenue</u>	ECU
Revenue for the year 1983	24 765 506 220
Carryovers from 1982 which have lapsed	302 061 138
Exchange gains	<u>47 947 118</u>
TOTAL	<u>25 115 514 476</u>

2. <u>Expenditure</u>	ECU
Payments made for the year	23 101 563 603
Appropriations carried over to 1984	1 706 775 258
Unused balance to be repaid	<u>70 766</u>
TOTAL	<u>24 808 409 627</u>

3. <u>Balance for the year (1-2)</u>	307 104 849
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(b) Balance sheet at 31 December 1983:

Assets

Fixed Assets	9 623 277 814
Inventories	27 554 032
Current assets	251 609 588

Cash accounts	3 338 525 231
Prepaid expenses	166 621 719
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Total	<u>13 407 588 384</u>

Liabilities

Fixed capital	10 487 402 170
Current liabilities	2 705 466 385
Accrued expenses	214 719 829
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Total	<u>13 407 588 384</u>

2. Records its comments in the resolution which forms part of this decision;

3. Instructs its President to forward this decision and the resolution embodying its comments to the Commission, the Council, the Court of Justice, the Court of Auditors, the Economic and Social Committee, the European Investment Bank and the Parliaments of Member States and to ensure that they are published in the Official Journal (L series).

RESOLUTION

embodying comments forming part of the decision granting a discharge in respect of the implementation of the budget of the European Communities for the 1983 financial year

The European Parliament,

- having regard to Articles 137 and 206b of the Treaty establishing the European Economic Community,
- having regard to Article 85 of the Financial Regulation of 21 December, 1977, which requires each of the Community institutions to take all appropriate steps to act upon the comments appearing in the decisions giving discharge,
- noting that the same Article also requires the institutions, at the request of the European Parliament, to report on the measures taken in the light of Parliament's comments and, in particular, on the instructions given to those of their departments which are responsible for the implementation of the budget,
- deciding to make the comments mentioned in Article 85 in the form of this resolution, which is part of the discharge decision in respect of the implementation of the budget of the European Communities for the 1983 financial year,
- adopting this resolution also, in exercise of powers necessary for the fulfilment of its supervisory role, in order to remedy weaknesses found during its discharge investigation and to achieve better management of the Community budget,
- having regard to the refusal of discharge for the previous financial year,
- having regard to the report of the Committee on Budgetary Control and other documents mentioned in the Decision granting discharge (Doc. A 2-10/85),

Form of the discharge decision

1. Decides to standardise the language in which it expresses its comments in order to achieve greater clarity and thus adopts the following terminology:

"calls upon" means that the institution concerned is required to take the action called for,

"recommends" means that the institution concerned is required to consider the recommendation and to implement it unless there are strong reasons to modify or reject it, which the institutions must explain to the European Parliament,

"proposes" means that the institution concerned is required to consider the proposal and to give its reasoned response to the European Parliament,

all other comments are to be treated as an assessment of the actions of the institution concerned or of the needs of the Community, which the institutions are required to note and to which they are invited to respond to the European Parliament;

2. Notes that each year the Court of Auditors lists quantifiable cases which it considers should lead to adjustments of the revenue and expenditure account but observes that no definitive procedure has been established for Parliament to make such changes when granting discharge; accordingly intends urgently to consider the issues involved in order to improve the discharge procedure for future years;
3. Intends to include a summary of the balance sheet in future discharge decisions, thus indicating the importance which it attaches to this document; therefore proposes to the Commission and to the Court of Auditors that they should include the balance sheet figures which they suggest for this purpose with the revenue and expenditure figures which they put forward annually as a basis for the grant of discharge;

Documents

4. Calls upon the Commission to make available, upon request, to Parliament's Committee on Budgetary Control the documents upon which any decision of the Commission or its services having financial implications was based, so that the powers of discharge may be exercised on the basis of the relevant information;
5. Recognises the need to preserve the confidentiality of certain of these documents and for this purpose requests its Committee on Rules of Procedure and Petitions to propose to Parliament appropriate provisions, implementing Rule 8 of the Rules of Procedure;
6. Proposes to the Commission that, pending the adoption of satisfactory rules, documents of exceptional confidentiality need not be produced but that it should assert confidentiality only in truly exceptional cases and then by a Member of the Commission appearing in person to explain the reasons at a meeting of the Committee on Budgetary Control;

Balance sheet

7. Notes that outstanding commitments totalled almost 8,900 MECU at the end of 1983, of which over 7,800 MECU were not covered by payment appropriations carried over, and that the cumulative nature of commitments makes further growth inevitable; concerned that the Commission does not publish figures showing the rate at which it forecasts these outstanding commitments will fall due for payment; therefore calls upon the Commission to expand the relevant note to the annual balance sheet to include a table showing, title by title, the amount of outstanding commitments, the years when they were entered into and the years when it is forecast they will fall due for payment;

8. Calls upon the Commission to add a note to the annual balance sheet showing clearly the amount of the Community's contingent liabilities, including particularly those estimated to arise on the disposal of intervention stocks;
9. Records that the following items represented, as at 31 December 1983, potential charges against future Community budgets for which corresponding revenue would have to be found: (a) deferment of EAGGF Guarantee Section expenditure - 825 MECU, (b) commitments not covered by payment appropriations carried forward and other commitments not included in the balance sheet - 7,884 MECU, (c) obligations relating to the cost of mobilising food aid not covered by payment appropriations carried forward, estimated by the Court of Auditors at - 500 MECU, and (d) contingent liabilities arising out of the costs of storage and the losses on sale of intervention stocks: the value of these stocks at the end of 1983 amounted to 7,036 MECU and the Court of Auditors estimated, on the basis of past experience, that the future budgetary costs would be - 2,800 MECU; these items together total 12,009 MECU;

Audit

10. Requests the Court of Auditors to present its annual report in two parts, the first containing the Court of Auditors' observations and the second the replies of the institutions, so that the observations and the replies may be read together more easily, but also requests that on the front cover of each part a clear reference should be made to the other part;
11. Proposes to the Court of Auditors, in order to achieve a clearer sense of priorities in its annual reports, that more use should be made of the procedures of direct notification set out in paragraphs 2.2 and 2.3 of its current report², particularly where sums under 50,000 ECU are involved, and that Chapter 1 should contain lists of (a) each suggestion which would result in a potential saving of 50 MECU or more, (b) each suggestion of equivalent importance but where the potential savings are unquantifiable, and (c) a list of what the Court of Auditors considers to be its five principal findings for the year under review; and also invites the Court of Auditors to consider other ways in which greater differentiation could be shown between matters of greater or lesser value and importance;

Accounting problems

12. Calls upon the Commission (a) to implement the four recommendations of the Court of Auditors in paragraph 2.19 of their Annual Report² relating to the recovery of taxes and duties, and (b) to recover immediately from all the relevant Member States the taxes and duties still outstanding;
13. Recommends to the Commission that they should initiate discussions with the other Community institutions and bodies so that uniform accounting principles and methods may be agreed, commencing with the valuation of fixed assets and stocks;

² OJ C348, 31.12.1984, p.21

Three-year financial forecasts

14. Calls upon the Commission to make the three-year financial forecast a more meaningful document³ as was envisaged in Parliament's resolution on the draft budget of 1978³ by including a table showing the forecast rate of liquidation of outstanding commitments and also by assessing the financial impact of proposed new policies;

Utilisation problems

15. Decides to create procedures designed to overcome the grave problems relating to utilisation of appropriations, to which it has drawn attention in previous discharge resolutions;
16. Recommends the Commission to propose greater use of dissociated credits, so as to achieve greater flexibility in budgetary management and reduce the present large amounts of unused payment appropriations;
17. Calls upon the Commission to submit a written report on utilisation of Part B of its section of the budget to both arms of the budgetary authority by 30 September each year listing all lines where the Commission expects utilisation of either commitment or payment appropriations to be less than 90%;
18. Calls upon the Commission to submit such applications for transfer of appropriations as it considers necessary simultaneously with the report on utilisation or as soon as possible thereafter;
19. Calls upon the Commission to reassess its needs for the following year's budget in the light of the above-mentioned report and to advise both arms of the budgetary authority at all appropriate times where there is a risk that they may provide (a) too little in payments to meet the Community's commitments or (b) excessive appropriations which cannot be used if the Commission exercises proper financial management;
20. Calls upon the Commission to submit a written summary of such advice, preferably in tabular form, to both arms of the budgetary authority each year before the Council's second reading of the budget;
21. Calls upon the Council to present a written report to the European Parliament by 10 November each year explaining the Council's position on each line where the Commission claims, in its report on utilisation, lack of legislative or other action by the Council as the reason for anticipated failure to fully implement the budget;
22. Calls upon the Commission to include each year in volume I of the revenue and expenditure account and balance sheet (a) a table such as that annexed to the explanatory statement of this report, showing the utilisation of appropriations added by the European Parliament through amendments during the budgetary procedure, in the context of the overall utilisation rates of the lines concerned, so that the significance of Parliament's amendments can be better appreciated, (b) details, similar to those already included for the first time, of the budget headings

³ OJ C280, 21.11.1977, p.26

where there has been a legislative delay affecting implementation, and (c) explanations in the case of any other amendments where there has been no implementation;

Joint Declaration

23. Notes that the Council has failed to adhere to the Joint Declaration of 30 June 1982, in particular by failing to use its best endeavours to adopt regulations for significant new Community actions by the end of May at the latest, and warns the Council that, if this attitude persists, Parliament will have to re-assert its view that the budget is normally a sufficient legal base and take action accordingly;

Revenue

24. Notes that there are significant differences between the levels of gross domestic product or consumption in the Member States and the respective levels of VAT payments, the discrepancy appearing to show prima facie evidence of substantial under-collection of VAT;
25. Notes also that the trade statistics of the Member States do not appear to correspond with the Community's revenue from customs duties and levies, although this may be partly explained by onward shipment within the Community;
26. Observes that under-collection could undermine the reliability of the VAT base and the yield of revenue from customs duties and levies and gives rise to unequal distribution of the tax burden;
27. Notes that varying degrees of stringency in the assessment and collection of taxation by the Member States results in differing tax burdens; therefore, recommends the Commission to examine the possibilities of achieving a fairer system;
28. Requests the Court of Auditors to prepare a special report on the implementation of the own resources system relating to customs duties and levies, taking account of the trade statistics of the Member States, the estimates of duties paid in respect of goods consumed in other Member States, and also loss of revenue due to faulty procedures, an insufficient customs establishment or variations in methods of valuation as between Member States and between collecting points in Member States;
29. Considers that the introduction of a new computerised revenue accounting system by the Commission should improve the administration of Community revenue and calls upon the Commission to keep the Committee on Budgetary Control informed of progress;
30. Regrets that there is no provision for the regular, systematic and obligatory transmission to the Commission of information on frauds and irregularities concerning own resources, because the Council has failed to act on proposals placed before it in 1979, 1982 and 1983;
31. Recommends the Council to adopt these proposals without further delay so that some of the present weaknesses in the system can be removed, and also to deal with future proposals to strengthen the own resources system with due speed;

EAGGF Clearance Problems

32. Notes with grave concern that only the 1976 and 1977 EAGGF accounts were cleared in 1983 and that delays of more than five years in the clearance of these accounts, which represent more than half the entire annual budget, have become habitual, with the result that the work becomes more difficult and less efficient because officials move, documents are lost and memories are unreliable;
33. Notes also that clearance is often subject to reservations, whereby the Commission postpones some of the more difficult problems, which should be resolved speedily and decisively, causing the cumulative sums involved to become much greater and the problems harder to resolve;
34. Calls on the Commission to take the following remedial steps:
 - (a) to commence the work of on-the-spot verification during the financial year concerned, as is the case at present with the verification of refunds and MCAs;
 - (b) to raise with the Member States points relating to their management and control of expenditure and differences in the interpretation of regulations as such points arise during the checking process, so that the Member States may rectify the errors before their consequences become even greater;
 - (c) to encourage the process of speedy rectification by the Member States by not imposing penalties on clearance, where there have been errors other than those of gross negligence, if the Member State concerned remedied the problem promptly on being notified;
 - (d) to create the conditions whereby the Member States are enabled and required to submit their final accounts by the following 31 March, as provided in the relevant regulation, by -
 - (i) specifying not later than the preceding 30 September its precise requirements for the statistics to be collected during the operations of the financial year and making subsequent changes only when they are the unavoidable result of new legislative requirements, and
 - (ii) proposing an amendment to the regulations whereby claims made by the Member States for rectifications in their favour made after 31 March, the date when their accounts are due, are normally disallowed;
35. Decides that the only practicable way to bring clearance work up-to-date is to give priority to the current year; therefore calls on the Commission to implement these new procedures as fully as possible during 1985 and to complete the changes in time for them to be operative throughout 1986;

36. Calls upon the Commission to clear the 1985 accounts without reservation by 30 June 1987 and then those of succeeding years also without reservation within 12 months of the close of the year concerned; and further calls upon the Commission, if any of these dates cannot be met, to submit to the European Parliament:

(a) within the said deadlines a full written report of the circumstances causing the delay, the measures taken to end it and the further time which it estimates as necessary to complete the clearance without reservation, and

(b) thereafter each month until clearance without reservation is completed a further progress report;

37. Calls upon the Commission to make proposals for a working method and timetable to clear the accounts for 1980-1984 as soon as possible, while giving priority to ensuring that current clearance work does not fall behind the above schedule;

Common Agricultural Policy

38. Draws attention to the increasing lack of coherence in the Common Agricultural Policy, partly as a result of the demands of individual Member States and their abuse of the practice of unanimity in the Council and partly in consequence of the changes in the patterns of supply and consumption in recent years;

39. Notes that the Commission has established working groups to study the main sectors of the Common Agricultural Policy and calls for early reports on their recommendations;

40. Recommends to the Commission that in future proposals and other documents they should distinguish clearly and explicitly between the economic, social and environmental objectives of agricultural policy, so that each of these respective needs can be met more effectively and economically;

41. Notes that the Commission's action in deferring EAGGF guarantee expenditure of some 825 MECU to 1984 was contrary to the principle of annuality and illustrates that at present the budget is ineffective as an instrument of control over such expenditure; therefore calls upon the Commission to monitor closely the trends and, in any year when an over-run of guarantee expenditure appears likely, to propose in a timely manner (a) such legislative or other action necessary to contain the expenditure within its budgetary limits and (b) a preliminary draft supplementary budget where such containment cannot be fully achieved;

42. Calls upon the Commission to dispose of intervention stocks at the most favourable time and, if necessary, to propose transfers or a preliminary draft supplementary budget in order to do so, since delay merely distorts the annuality of the budget and adds to costs,

43. Recognises, nevertheless, that the Community must adhere to its international trade obligations and calls upon the Commission to take account of the legitimate interests of developing countries when conducting de-stocking operations, even where this involves a budgetary cost;
44. Calls upon the Commission to propose measures which would ensure that the loss in value of intervention stocks is included, according to consistent principles, in the annual budget and accounts, since the present practice of postponing or bringing forward a large part of this expenditure distorts the annuality of the budget;
45. Calls upon the Commission to fulfil its responsibility as guardian of the Treaties to ensure that Community law is upheld in the agricultural sector and that appropriate action, both financial and legal, is taken against those Member States who fail to comply;
46. Recommends the Commission to conduct cost-benefit analyses and then review policy relating to the following matters:
 - (a) the use of private storage as compared with purchases into the public intervention stock;
 - (b) the possible limitation of sales into intervention to the end of the marketing season;
 - (c) the enforcement of Community quality requirements for fresh fruit and vegetables at all major points of public sale and where withdrawals take place;
 - (d) the distillation of alcohol from grapes and other fruit;
 - (e) production aids for processed tomato products;
 - (f) the methods of supporting tobacco;
 - (g) the growing budgetary costs relating to oil seeds;
47. Calls upon the Commission, working together with Member States, to see to it that the distribution of intervention fruit and vegetables to social institutions is organised more efficiently;

Common Fisheries Policy

48. Recommends to the Commission that they should not pay advances to Member States in respect of market intervention and refunds for quantities in excess of the total allowable catch of that species of fish allocated to that Member State;

Regional policy

49. Recognises the need for the Community budget to promote convergence of the economies of the Member States, particularly by re-distributing resources to the Community's less prosperous regions, but regrets that it is failing in this purpose because (a) Member States simply use ERDF money to replace national resources by means of their control over the

applications submitted, (b) the ERDF is far too small to have a major regional impact, and (c) much larger Community funds flow to more prosperous regions;

50. Deplores the fact that the Council has failed to give an adequate follow-up to the Court of Auditors' special report in response to the conclusions of the European Council of 18th June 1983⁴ and strongly recommends it to take the necessary steps (a) to ensure adequate coordination of the Community structural funds, (b) to enable a more systematic appraisal of policies to be carried out, and (c) to facilitate a continuing assessment by the Commission of the effectiveness of Community expenditure;
51. Recommends to the Commission that it should expand the role of its Regional Policy Directorate-General so that it can appraise systematically the likely regional impact of legislative or other proposals before they are adopted by the Commission and thereafter to monitor adequately the regional impact of the Community budget as a whole;
52. Recommends to the Commission that they should delay the approval of further ERDF commitments to Member States who persistently fail to supply on time information which they are required to provide by the Fund Regulation and which is important for the assessment of Community objectives;
53. Stresses the importance of ERDF expenditure being used to create or maintain employment, even if this objective is sometimes attained paradoxically by the introduction of new technology which requires fewer workers; calls upon the Commission to scrutinize employment forecasts in ERDF applications carefully and to withhold payment or refuse subsequent applications where these are later found to have been deliberately misleading;

Social Fund

54. Considers that the high level of carryovers from year to year in the Social Fund reflects weaknesses in the procedures that should have been corrected by earlier amendments to the regulations, notes that the situation should improve considerably under the new Fund provisions, and calls upon the Commission to put forward speedily, in future, proposals for amendments to rules which distort budgetary decisions;
55. Deplores the Commission's failure in 1983 to use fully the monies made available by Parliament in the social sector of the budget, especially in view of the worsening employment situation and insists that, henceforth, the Commission keep Parliament informed, on a regular basis during the financial year, of difficulties in implementing budget amendments;
56. Observes the undesirable tendency for applications to be submitted rather tardily and recommends that Member States be strongly encouraged to transmit applications earlier; believes that the large number of recoveries of excessive advances in 1983 indicated a lack of care on the part of the national bureaucracies and urges them to pay closer

⁴ OJ C287, 24.10.1983

attention to detail when processing applications; and calls upon the Commission to report to Parliament on any reforms achieved at the national level;

57. Recommends the Commission to introduce an official manual to enable its staff and applicants to process applications and relevant associated documents in a streamlined, coherent and standardised manner;
58. Considers that there is need for a far more thorough monitoring of effectiveness and efficiency in the social sector if the budgetary authority is to be assured that the criteria of sound management and value for money are respected in this domain; and recommends that the Commission carry out a comprehensive appraisal;

Investing in the future of Europe

59. Identifies research and technological co-operation as areas where major benefits can be attained by action at Community level, welcomes the successes already achieved with relatively small programmes and points out that Community expenditure on these activities is highly cost-effective;
60. Calls upon the Council to recognise the urgent need for Europe to meet the technological challenge of the United States and Japan and, in this context, to review and streamline its decision-making procedures relating to research and technological cooperation;
61. Points out that speedy decisions cannot be achieved when various advisory committees, groups of experts and working groups within the Council take many months separately considering the technical, budgetary and political aspects or when Member States insist on unanimous decisions, which leads to further delay and unsatisfactory compromises;
62. Condemns the Council's long history of delay concerning energy demonstration projects, its present abuse of the Committee procedure to block Commission decisions and its failure to respect the 40 day deadline relating to appeals;
63. Observes that, at present, research is by far the largest part of the expenditure under this heading, and, recalling its previous criticisms of Community research, welcomes the far-reaching reforms carried out between 1981 and 1984, which have led both to closer integration of the Community's own research activities with those of other research bodies in Europe and also to regular evaluation by independent scientists;
64. Calls upon the Commission to keep the research sector under close and continuing review because of its importance for the future of Europe, and decides to re-assess the management and cost-effectiveness of the Joint Research Centre on the basis of the evaluation report to be produced mid-way through the present 4 year (1984-87) programme;
65. Recommends to the Commission that they should remedy defects in the functional accounting system, so that decisions as to whether to proceed by direct, indirect or concerted action can be taken on the basis of comparable financial, as well as scientific, information;

66. Stresses the importance of small and medium-sized enterprises, particularly in creating new jobs, and proposes to the Commission that they should monitor more closely the effects of all Community measures on these enterprises and apply the techniques of cost-benefit analysis for this purpose;
Food aid
67. Reaffirms that food aid must form part of a wider policy to encourage agricultural production in countries which suffer from food shortage and that food aid decisions should not be determined by the need to dispose of the Community's agricultural surpluses;
68. Calls upon the Commission to analyse the real value of intervention stocks, and to make proposals for the food aid budget to be charged with more realistic amounts for intervention stocks used as food aid;
69. Calls upon the Commission to investigate, as an urgent interim measure, the possibility of charging EAGGF stocks used as emergency food aid at reduced values;
70. Identifies the lengthy and cumbersome procedures imposed by the Council in Regulation 3331/82, after it had unilaterally abandoned the conciliation procedure, as another major constraint on the attainment of a fully effective food aid policy; therefore recommends to the Commission that it should propose a new framework regulation, to replace Regulation 3331/82, so as to streamline food aid decision-taking and implementation;
71. Warns the Council that it regards the practice of overriding budgetary decisions on food aid by more restrictive quantitative limits, imposed by Council regulation, as a fundamental breach of the Joint Declaration of 30 June 1982, and that, if it persists in this practice, the inevitable result will be a breakdown in the co-operation between the two arms of the budgetary authority envisaged by that agreement;
72. Notes that there are only 8 officials whose duties are exclusively concerned with food aid and that they are split between the Agriculture and Development Directorates-General; identifies shortage of staff, exacerbated by divisions of responsibility, as another principal constraint on the effective management of food aid; calls upon the Commission to remedy the lack of staff devoted to food aid and proposes that the Development Directorate-General should assume more responsibility;
73. Identifies the failure to correlate the times for action dictated by Third World harvests with the Community's annual food aid programme as a cause of slow utilisation of the food aid budget; calls upon the Commission to provide a food aid timetable showing for each recipient country the months of the annual harvest, the month when the Commission is normally able to assess the consequent need of food aid, and the months when delivery is most appropriate; thereafter calls upon the Commission to draw the necessary budgetary and programming conclusions, so that food aid is delivered in the year for which the budgetary appropriations were granted;
74. Calls upon the Commission to take action to ensure that the transport costs of each food aid delivery are shown separately; recommends that it should analyse the costs and benefits, including reliability and speed

of delivery, of undertaking more of the transport management itself compared with the present system under which responsibility is devolved to the Member States; and recommends that the appropriate action is then taken;

75. Expresses concern at the reports of unfit products being despatched by the intervention agencies of Member States as Community food aid; notes that the Commission used only 0.1 MECU of the 1.5 MECU available in 1983 for quality control and recommends the Commission to make a major effort to ensure systematic quality control;

Cooperation with developing countries

76. Observes that some of the world's poorest countries are in Asia and that the size and effectiveness of the Community's aid programme in that region is hampered by the lack of permanent Community representation to carry-out the identification, appraisal and follow-up of projects; notes also the criticisms of the Court of Auditors relating to the employment of consultants in these and other countries; therefore, recommends to the Commission that it reviews its present arrangements and thereafter that it ensures stricter supervision of any consultants employed;
77. Calls upon the Commission to investigate and remedy the causes of the inadequate rate of take-up and the excessive rates of cancellation of appropriations entered under the Protocol with the Maghreb countries;
78. Notes with concern the Commission's failure to make available to the Court of Auditors its files relating to about 130 trade promotion projects and its abstention from comment in answer to the Court of Auditors' observations; therefore asks the Court of Auditors to continue this investigation and calls upon the Commission to make the relevant files available for the purpose;

Commission staff and administration

79. Recommends the Commission:
- (i) to employ expert consultants, with relevant experience of public service as well as private sector environments, to assist them in the complex task of formulating both methods of assessing workloads and also operational criteria for determining the posts required; and
 - (ii) to proceed in the meantime with policies to create greater flexibility and meet priority needs by internal re-deployment;
80. Recommends to the Commission that it should conduct an urgent assessment of the staff levels in its Directorate-General for Development by reference to staff levels in other aid administrations and other Commission departments and then take appropriate action;
81. Recommends to the Commission that it should conduct a radical re-appraisal of its policies both on studies and on pilot projects, so that the results can be more widely known and have greater influence on the formulation of policy at Member State level, and calls upon it to present a full report to Parliament within 12 months;

82. Calls upon the Commission to act upon the detailed comments contained in paragraph 45 of the Working Document on staff, operating expenditure and premises of the Commission as if they were included in this resolution;
83. Recommends the Commission to place more of its contracts by competitive tendering rather than by private treaty, to introduce systematic evaluation of the performance of contractors and take the necessary organisational measures for coordinating practice and for disseminating the lessons of experience;

Institutions other than the Commission

84. Recommends that the institutions create the conditions needed to ensure that their financial controller is able to work independently and efficiently, notably by guaranteeing his independence vis-a-vis the other services of the institution and by giving him a sufficiently senior position in the administration;
85. Draws attention to the value of the reports of the Court of Auditors on specific administration problems encountered by the institutions, and considers that these reports have made a constructive contribution to the management of administrative expenditure;
86. Draws the attention of the other institutions to comments in this resolution directed to the Commission which may also affect them and invites their response;

European Schools

87. Finds that the Court of Auditors' latest report on the European Schools, which is for the 1982 financial year, reveals a number of disturbing factors which, by their nature, require more detailed examination;

Borrowing and lending

88. Calls upon the Commission and the European Investment Bank to ensure that more comprehensive information is provided on borrowing and lending operations, so as to permit evaluation, in the framework of parliamentary supervision, of the financial risk and the economic implications and to ensure that Community priorities are observed;
89. Calls upon the Commission systematically to remove the sources of error in its accounting procedure, so that uniform and reliable statistics are available to enable accurate assessment of the financial and economic implications of the operations;
90. Welcomes the priority accorded in the granting of loans under the NCI mechanism to small and medium-sized undertakings and trusts that this funding activity, for which there is a vigorous demand, will continue;
91. Recognises that investment in the service sector creates approximately ten times as many jobs as new investment in manufacturing and recommends that the future lending policy of the NCI for small and medium-sized enterprises should extend to tourism, which creates even more jobs than the service sector as a whole;

Working documents

92. Draws attention to the working documents on specific sectors prepared by individual members of the Committee on Budgetary Control and by the specialist Committees of Parliament, all of which illuminate policy and its implementation in the sectors concerned and make valuable and constructive criticisms;
93. Decides to examine the following matters in separate reports by its Committee on Budgetary Control:
 - (a) the procedure for dealing with irregular expenditure and possible adjustments to the revenue and expenditure account and balance sheet in the context of the discharge;
 - (b) frauds, irregularities and allied problems affecting own resources;
 - (c) budgetary control aspects of Community data-processing;
 - (d) control of the subsidy of the European Schools;
 - (e) budgetary control aspects of staff management policy;

Reports on implementation of this resolution

94. Calls upon the Commission and the Council to report in writing to the European Parliament on the measures taken in the light of this resolution and, in the case of the Commission, on the instructions given to those departments responsible for the implementation of the budget:
 - (a) by interim reports before 30th September 1985, and
 - (b) by reports annexed to the revenue and expenditure account for the 1985 financial year;and also requests the Court of Auditors to report on the measures taken in the light of this resolution in their next annual report;
95. Intends to appraise the implementation of this resolution in a detailed manner on the basis of these reports and to comment by further resolutions at the interim and final stages.

