

European Communities

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EUROPEAN PARLIAMENT

# Working Documents

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## Recommendation

from the Council of the European Communities

**on the discharge to be given to the Commission in respect of the implementation of the budget and of the amending and supplementary budgets of the European Communities for the financial year 1978**



COUNCIL  
OF THE  
EUROPEAN COMMUNITIES

The President

Brussels, 31 March 1980

Mrs Simone VEIL  
President of the European  
Parliament  
Case Postale 1601  
LUXEMBOURG  
(Grand Duchy of Luxembourg)

Madam,

In accordance with the provisions of Article 206b of the European Economic Community Treaty, I enclose copies in the six official languages of the Community of the Council Recommendation concerning the discharge to be given to the Commission in respect of the implementation of the amending and supplementary budgets of the European Communities for the financial year 1978.

Please accept, Madam, the assurance of my highest consideration.

G. MARCORA



COUNCIL RECOMMENDATION  
OF 26. III. 1980

on the discharge to be given to the Commission in respect of the implementation of the budget and of the amending and supplementary budgets of the European Communities for the financial year 1978

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Article 78g thereof,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 206b thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 180b thereof,

Having regard to the Treaty establishing a single Council and a single Commission of the European Communities, and in particular Article 20 thereof,

.../...

Having examined the revenue and expenditure accounts and financial statements relating to the implementation of the budget for the financial year 1978 and the report by the Court of Auditors concerning the financial year 1978 accompanied by the replies of the Institution to the observations (1) concerning them;

Whereas the President of the European Parliament has declared that the budget of the European Communities for the financial year 1978 (2) has been finally adopted;

Whereas, during the financial year 1978, the President of the European Parliament declared that an amending budget (3) revising the revenue section of the general budget, an amending and supplementary budget (4) providing, in particular, for an increase in Commission staff covering the steel and textiles sectors and a supplementary budget (5) amending, in particular, the establishment plan in Section V - Court of Auditors - of the general budget for the financial year 1978, had been finally adopted;

Whereas, in addition to the appropriations included in the above-mentioned budget and amending and supplementary budgets, the Commission made the payments relating to the appropriations carried forward from the financial year 1977 or from previous years;

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(1) OJ No C 326, 31.12.1979, p. 1  
(2) OJ No L 36, 6. 2.1978, p. 1  
(3) OJ No L 71, 13. 3.1978, p. 1  
(4) OJ No L 121, 8. 5.1978, p. 1  
(5) OJ No L 162, 19. 6.1978, p. 1

Whereas certain appropriations available at the close of the financial year 1978 were carried forward to the financial year 1979;

Whereas the observations in the report by the Court of Auditors for the financial year 1978 call for certain comments by the Council, which are attached to this Recommendation;

Whereas, however, implementation by the Commission of all of the budgets relating to the financial year 1978 is not such as to prevent a discharge from being given in respect of such implementation,

HEREBY RECOMMENDS that the Assembly give a discharge to the Commission in respect of the implementation of the budget and of the amending and supplementary budgets of the European Communities for the financial year 1978.

Done at Brussels, 26. III. 1980

For the Council

The President

(s.) G. MARCORA

Certified true copy



Secretary-General





Council comments accompanying  
the Recommendation for the  
discharge to be given to the Commission

PRELIMINARY COMMENT

The Council requests the Commission to take account of the observations made in this report by the Court of Auditors when preparing its proposal amending the Financial Regulation applicable to the general budget of the European Communities.

INTRODUCTION

Presentation of the report

The Council has taken note of point 3 of the introduction, to the effect that the budget accounts for the year ended 31 December 1978 show total expenditure of 14,147,029,261 EUA <sup>(1)</sup>, total income of 14,188,647,899 EUA <sup>(1)</sup> and a balance of 41,618,638 European units of account which is to be carried forward to 1979. The consolidated balance sheet at 31 December 1978 shows total assets and total liabilities of 4,159,769,183 European units of account.

The Council requests that, in future, the annual report by the Court of Auditors should be accompanied by a summary table setting out, for each major budgetary sector (see table on page 14 of Volume 7A of the preliminary draft general budget of the Commission for 1980), the expenditure statement at the end of the financial year which served as a basis for the audit. Such a table would be helpful in making a rapid comparison between the appropriations entered by the budget authority and the expenditure incurred by the Commission.

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<sup>(1)</sup> See revenue and expenditure account, Volume 2 - table 14 - page 269.

CHAPTER I - GENERAL COMMENTS

Under-utilization of payment appropriations

The Council is concerned about the very slow rate at which payment appropriations are being used up in certain sectors, in particular the EAGGF Guidance Section, the Social Fund, the Regional Fund and in energy, research and investment.

The Council requests all the bodies responsible, both nationally and at Community level, to review and improve their administrative procedures wherever they contribute towards delays in implementing the budget in the above areas.

The Council also considers that, as regards payment appropriations the Commission's estimates in the above areas should in future take more account of the extent to which these appropriations have been used up in past financial years.

Special reports made to one of the institutions of the Communities but not published by the Court

The Council considers that reports and opinions by the Court of Auditors, and also the observations made by it under Article 206a(4) of the EEC Treaty, should in future be forwarded for information to the European Parliament and the Council, which are both parts of the budget authority, as well as to the Commission.

CHAPTER 2 - EUROPEAN AGRICULTURAL GUIDANCE AND GUARANTEE FUND,  
GUARANTEE SECTION

2.7. Delay in commitment and charging as payment

The Council notes that the Commission, in close co-operation with the disbursing agencies of the Member States, will endeavour to improve the system of advances provided for in Article 97(1) of the Financial Regulation.

2.14. Assessment of expenditure

The Council does not feel that agricultural appropriations have been systematically underestimated.

The Council bases its agricultural forecasts on the best possible estimates, having regard to the rules in force at the time when the draft budget is prepared.

The Council would also point out that estimates of agricultural expenditure depend on a number of variables, such as climate, trends in world prices, etc., and that it is therefore extremely difficult to make completely accurate forecasts.

CHAPTER 4 - FINANCIAL ACTIVITY OF THE COMMUNITY  
IN THE SOCIAL SECTOR

4.12.  
et seq. - AID TO DISASTER VICTIMS IN THE COMMUNITY

The Council thinks it essential to implement a system to audit emergency aid of this kind in order to ensure that it is used in accordance with the procedures and criteria laid down.

The Council notes that the Commission considers it desirable to increase its efforts to organize, whenever possible, missions accompanying the payment of aid.

The Council hopes that the Commission will be able, in close co-operation with the local authorities concerned, to help ensure that aid is implemented quickly and efficiently.

CHAPTER 7 - CO-OPERATION WITH DEVELOPING COUNTRIES AND NON-MEMBER STATES (TITLE 9 OF THE BUDGET)

7.4.  
et seq. - FOOD AID

The Council notes that, in the course of the year, the Court of Auditors will, at the request of the European Parliament, publish a special report on food aid operations carried out through the Community budget.

The Council considers that some of the points in this report could be reviewed in the light of this special report.

7.22. et seq. - MOBILIZATION PROCEDURES

The Council considers that the Commission, as the Institution responsible for implementing the budget, is under an obligation to keep a close watch on the mobilization of products intended for Community food aid operations.

The Council considers that the Commission should be asked to amend the relevant rules as soon as possible so as to achieve better control of the situation and to prevent the abuses possible under the current arrangements.

7.55. to 7.60. - FINANCIAL AND TECHNICAL CO-OPERATION WITH NON-ASSOCIATED DEVELOPING COUNTRIES

The Council notes that the audits carried out hitherto have, in the Court of Auditors' opinion, been fairly limited and do not allow an assessment to be made of the overall implementation of the Agreements in this sphere.

The Council considers that it is for the Commission to ensure that an efficient auditing system is set up before the Agreements are implemented, so as to avoid criticism such as that made by the Court of Auditors in point 7.60. of its report.

CHAPTER 8 - STAFF EXPENDITURE

8.14. et seq - INDIVIDUAL INSTITUTIONS

The Council stresses that the provisions of the Staff Regulations apply in all the Institutions and that in no circumstances can an Institution disregard them.

CHAPTER 9 - OPERATIONAL EXPENDITURE

Operational activities

9.24. - ENTERTAINMENT AND REPRESENTATION ALLOWANCES AND EXPENSES

The Council notes that the Commission has adjusted its rules on entertainment and representation expenses incurred by Members of the Commission. .

CHAPTER 11 - THE GENERAL ACCOUNTS

- 11.21. - Court of Auditors' conclusions  
(b) Balance sheet of assets and liabilities of the Communities provided for in Article 76 of the Financial Regulation

The Council notes that the Commission and the Court of Auditors do not agree on the scope of the balance sheet of assets and liabilities of the Communities as provided for in Article 76 of the Financial Regulation. It requests the Commission to study this problem and to make proposals in the context of the imminent review of the Financial Regulation, so as to preclude any difference of interpretation.

- (c) Effectiveness of the Commission's internal controls

The Council notes that, in the Court of Auditors' view, the overall effectiveness of the Commission's internal audits is a matter of concern. It asks the Commission to review its system of internal audits thoroughly in order to improve this worrying situation.

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