

EUROPEAN PARLIAMENT

Working Documents

1982-1983

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21 October 1982

Document 1-759/82

MOTION FOR A RESOLUTION

tabled by Mr PEDINI, Mrs PRUVOT, Mr FERRERO,  
Mr LEZZI, Mr SUTRA and Mr SIMONNET

pursuant to Rule 47 of the Rules of Procedure

on the Open University

The European Parliament,

- A. having regard to the EEC Treaty, the preamble to which commits the Council of the European Communities' to ensure the economic and social progress of their countries by common action',
- B. whereas, particularly in the present economic situation, economic and social progress requires coordinated action for the cultural development of the citizens of Europe and vocational training to prepare the working population to cope with the effects of rapid changes in lifestyles and the economy and to counteract the ever-increasing threat of unemployment,
- C. whereas such educational activities - although vocational - involve keeping abreast of new developments, so much so that one can now speak of a process of continuing education which must be freely available to all citizens who wish to benefit from it,
- D. whereas flexible and adaptable structures suited to all ages and social conditions are needed for this purpose,
- E. whereas a tried and tested system such as the Open University in the United Kingdom (now also operating in other countries) would meet the requirements and, in particular, give people already working an opportunity to study at university, offer a wide range of subjects and disciplines, put qualified lecturers in touch with the public by using the most modern means of communication, organise teaching centres in all the peripheral areas and encourage young and old alike to study and keep their knowledge up to date,

Urges the Commission of the European Communities:

- 1. To carry out an up-to-date study of the Open University in order to identify its particular attribute, scope and results obtained;
- 2. To assess to what extent this system could be used to provide cultural and vocational education for European citizens already working or seeking employment;
- 3. To assess to what extent it would meet the social requirements of the elderly whose active contribution could be very useful in certain areas;
- 4. To promote an Open University-type pilot project in a suitable area in conjunction with the national education systems, including the universities and social partners, possibly drawing on Social Fund resources.

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EUROPEAN PARLIAMENT

Working Documents

1982-1983

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3 November 1982

DOCUMENT 1-760/82

REPORT

drawn up on behalf of the Committee  
on Budgetary Control on

- I the accounts of the European Parliament and the discharge in respect of the 1980 financial year
- II the discharge to be granted to the Commission on the implementation of the budget of the European Community for the 1980 financial year and the report of the Court of Auditors (Doc. 1-820/81)
- III the discharge to be granted to the Commission of the European Community in respect of the utilization of the appropriations of the fourth European Development Fund in the 1980 financial year
- IV the comments accompanying the decision granting a discharge on the implementation of the budget of the European Community for the 1980 financial year (Article 85 of the Financial Regulation of 21 December 1977)
- V the discharge to be granted to the Commission of the European Community in respect of the activities of the first, second and third European Development Funds in the 1980 financial year

Rapporteur : Mr Brian KEY



In its resolution of 20 April 1982, (OJ no. C125, 17.5.82, p.28) Parliament asked the Committee on Budgetary Control to put forward its final report on the discharge decision in respect of the implementation of the budget for the 1980 financial year, before the end of the present calendar year.

At its meeting on 21/22 September 1982, the Committee on Budgetary Control confirmed the mandate of Mr. Brian Key as rapporteur.

The Committee considered the draft report at its meetings on 21/22 September, 28/29 September, and 14 October 1982.

At its meeting of 14 October 1982, the Committee adopted decision I unanimously by 10 votes for, 0 against and 1 abstention.

Participated in the vote: Mr. Aigner, chairman; Mr. Cluskey, vice-chairman; Mrs. Boserup, vice-chairman; Mr. Key, rapporteur; Mr. Arndt (deputising for Mr. Wettig); Mr. Gabert; Mr. Irmer; Mr. Marck; Mr. Saby; Mr. Konrad-Schön, Mrs Van Hemeldonck.

At its meeting of 14 October 1982, the Committee adopted decision II unanimously  
decision III unanimously  
resolution IV unanimously with 1 abstention.  
decision V unanimously.

Participated in the vote: Mr. Aigner, chairman; Mr. Cluskey, vice-chairman; Mrs. Boserup, vice-chairman; Mr. Price, vice-chairman; Mr. Key, rapporteur; Mr. Arndt (deputising for Mr. Wettig); Mr. Battersby; Mr. Gabert; Mr. Irmer; Mr. Kellett-Bowman; Mr. Marck; Mr. Patterson; Mr. Saby; Mr. Konrad-Schön Mrs. Van Hemeldonck.

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A

I

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

PROPOSED DECISION

on the accounts of the European Parliament and the discharge in respect of the 1980 financial year

The European Parliament,

- having regard to its Rules of Procedure and in particular Rule 115(3) thereof;
- having regard to the report of the Committee on Budgetary Control (Doc. 1-952/80) and its resolution of 9 April 1981<sup>1</sup>,
- having regard to the management accounts and the financial balance sheets relating to budget operations in the 1980 financial year,
- having regard to the report of the Court of Auditors on the 1980 financial year<sup>2</sup>, accompanied by Parliament's replies (Doc. 1-820/81),
- having regard to the report of the Committee on Budgetary Control (Doc. 1-760/82),

1. Grants a discharge to its President in respect of the following amounts:

(a) as regards appropriations entered in the 1980 budget

- commitments entered into: 137,609,083.01<sup>1</sup> EUA
- payments : 121,819,905.19 EUA
- amounts remaining to be paid and to be carried forward : 15,789,177.82 EUA

(b) as regards appropriations carried forward from 1979 to 1980

- payments from automatic carryovers : 11,940,147.42 EUA
- payments from non-automatic carryovers : 1,329,875.74 EUA

2. Notes, however, that, at the request of the President of Parliament, the Committee on Budgetary Control had occasion, from April 1981, to examine the organization of the accounts and the problems raised by control of the advance funds accounts and that in this connection the Committee on Budgetary Control forwarded to the Bureau a set of draft internal rules which should prevent a recurrence of the shortcomings discovered;

<sup>1</sup> OJ No. C 101, 4.5.1981, p. 69 -6-

<sup>2</sup> OJ No. C 344, 31.12.1981

3. Emphasizes that a series of measures have been taken or are about to be taken to assess the consequences of these shortcomings, to improve and strengthen administrative organization and to identify those who may have been responsible;
4. Will adopt a position, on the basis of a report by its Committee on Budgetary Control, on the operation of the new internal rules and on the measures taken, at the beginning of the second half of 1983;
5. Has already come to the conclusion that the fundamental causes of these shortcomings are to be found in the inconsistency of the procedures for implementation of the budget, the dispersion of decision-making powers and the blurring of implementing responsibilities;
6. Conveys to the President the view that, in the light of the findings of the various investigations and the above comments as to the causes of shortcomings discovered, the Accountant should be granted a discharge with the proviso that the measures proposed are implemented and, by the same token, any necessary measures are taken towards the Financial Controller;
7. Takes note of the replies made by Parliament to the observations contained in the annual report of the Court of Auditors and approves the measures taken further to these observations;
8. Emphasizes that on account of the specific nature of its work and the characteristics of parliamentary administration, the European Parliament has had to take special measures relating to its staff in respect of daily mission allowances, leave and work rates, without however infringing the general provisions applicable thereto.



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

PROPOSED DECISION

on the discharge to be granted to the Commission in respect of the implementation of the budget of the EC for the 1980 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 revenue and expenditure accounts and the financial statements in respect of the budget for the 1980 financial year,
- having regard to the report of the Court of Auditors on the accounts for the 1980 financial year and the answers of the Institutions to the report (Doc. 1-820/81)<sup>1</sup>
- having regard to the Council recommendation on the granting of a discharge to the Commission in respect of the implementation of the budget for the 1980 financial year,
- having regard to the reports of the Committee on Budgetary Control, the annexed working documents on the various Community policy sectors and the opinions of the Committee on Social Affairs and Employment, Committee on Regional Policy and Regional Planning, Committee on the Environment, Public Health and consumer Protection, Committee on Youth, Culture, Education, Information and Sport, Committee on Development and Cooperation (Doc 1-100/82 and Doc 1-760/82),
- recalling its resolution of 20 April 1982 on the tenth financial report on the EAGGF - 1980 - Guarantee section and food aid<sup>2</sup>,

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<sup>1</sup>OJ No. C344, 31.12.81

<sup>2</sup>OJ No. C 125, p.54, 17.5.82

1.	Notes that	EUA	EUA
A	estimates of revenue of the 1980 financial year totalled .....		16,182,497,261
	Made up as follows		
	Own resources .....	15,280,913,201	
	Provisional surplus from the preceding financial year.....	458,587,431	
	Balance of VAT own resources from the 1979 financial year and the adjustment of financial contributions for the 1979 financial year.....	261,017,649	
	Other.....	181,978,980	
B	Estimates of expenditure for the 1980 financial year totalled.....		16,182,497,261

2. Grants a discharge to the Commission in respect of the following amounts:

A. Revenue

(a) Entitlements established for the 1980 financial year .....	16,089,156,077.13
(b) Entitlements collected at 31 December 1980 broken down as follows .....	16,065,749,098.04

- Amounts collected from entitlements for the financial year .....	16,062,212,764.27
made up as follows	
Own resources .....	15,166,617,252.48
Definitive surplus from the preceding financial year .....	455,906,430.98
Balance of VAT own resources from the 1979 financial year and the adjustment of financial contributions for the 1979 financial year.....	261,017,649.39
Other .....	178,671,431.42

- Amounts collected from the entitlements carried forward from the preceding financial year ..... 3,536,333.77

B Appropriations carried forward from 1979 to 1980 and transferred to other items contrary to the principle of specificity of appropriations .....

38,786,044.00

C Expenditure ..... (payments made in respect of the 1980 financial year)

14,866,687,882.45<sup>1</sup>

3. Fixes the the surplus of the 1980 financial year to be carried forward<sup>2</sup> at.....

246,132,414.34

Comprised as follows

Revenue collected in respect of 1980  
 Appropriations carried forward from 1979 to 1980 and transferred to other items  
 TOTAL.....

16,065,749,098.04
+ 38,786,044.00
16,104,535,142.04

Payments made against appropriations for 1980 .....  
 Appropriations carried forward to 1981.....

14,866,687,882.45 <sup>1</sup>
+1,108,394,374.49
- 116,679,529.24
15,858,402,727.70

Appropriations carried forward from 1979 and now cancelled .....  
 Expenditure to be financed from ..... the revenue of the 1980 financial year

<sup>1</sup> The expenditure for the 1980 financial year includes in the Guarantee section of the EAGGF an amount of 203,483,472.63 EUA to be considered as commitment of expenditure attributable to the 1979 financial year in accordance with Article 5, third paragraph of the Financial Regulation, but for which no appropriations were envisaged for 1979 and no appropriations carried over to the 1980 financial year.

<sup>2</sup> In accordance with Article 15 of Regulation no. 2871/77 OJ no.L336,p.5, 27.12.77

appropriations carried

forward to the 1981

financial year ..... 1,108,394,374.49

4. Draws attention to its resolution embodying the comments accompanying the decision granting a discharge and requests the Institutions to report on the measures taken following those comments in accordance with Article 85 of the Financial Regulation<sup>1</sup>;
5. Instructs its President to communicate this decision and the attached comments to the Commission of the EC, to forward them to the other Institutions and to arrange for their publication in the Official Journal (L series).

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<sup>1</sup>OJ No. L 356, 31.12.1977

### III

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

#### PROPOSED DECISION

on the discharge to be granted to the Commission of the EC in respect of the utilisation of the appropriations of the fourth European Development Fund in the 1980 financial year

#### The European Parliament

- having regard to the Treaty establishing the EEC and in particular Article 206b thereof,
  - having regard to the ACP-EEC Convention of Lomé,
  - having regard to the internal agreement on the financing and administration of Community aid,
  - having regard to the revenue and expenditure account, the balance sheet and the report on the activities of the fourth European Development Fund,
  - having regard to the report of the Court of Auditors on the accounts for the 1980 financial year and the answers of the Institutions to the report (Doc. 1-820/81)<sup>1)</sup>,
  - having regard to the reports of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (Doc. 1-100/82 and Doc. 1-760/82
1. Grants a discharge to the Commission in respect of the following amounts shown in the revenue and expenditure accounts for the 1980 financial year;
    - revenue : amounting to 1,769,007,705.46 UCE
    - expenditure : amounting to 1,454,544,056.99 EUA
  2. Instructs its President to communicate this decision to the Commission, to forward it to the other Institutions and to arrange for its publication in the Official Journal (L series).

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1) OJ No. 344, 31.12.81

The Committee on Budgetary Control hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement

MOTION FOR A RESOLUTION

containing the comments accompanying the decision granting a discharge in respect of the implementation of the budget of the EC for the 1980 financial year.

The European Parliament

- A having regard to the resolution of the European Parliament of 20 April 1982 deferring the decision to grant discharge in respect of the implementation of the general budget of the EC for the 1980 financial year<sup>1</sup>
- B noting the positive response<sup>1</sup> of the Commission of the EC to the points raised by Parliament and taking account of the political assurances received from the Commission over the past half year;
- C having regard to its resolution on the follow-up to the comments accompanying the 1979 discharge decision;
- D believing that the facts surrounding the Commission's handling of the 1980 embargo decision on deliveries of agricultural products to the USSR, as will be outlined in a separate report from the Committee on Budgetary Control, give grounds for serious concern notably in regard to the failure of the Commission to inform Parliament in good time of the great divergence between the actual pattern of deliveries and the pattern that the political authorities of the EC wished to see in operation;
- E insisting on the need to ensure strict adherence to the principles of legality, regularity and effectiveness in the management of the budget;

<sup>1</sup> (OJ No. C125, page 28, 17.5.82)

<sup>2</sup> COM(82)461 final

appends to its decisions on the discharge for the 1980 financial year the following comments, which are binding on the institutions concerned, pursuant to the provisions of Article 85 of the financial regulation<sup>1</sup> and calls for written replies from the Commission by 1 May 1983.

Own resources

1. Points out that, in 1980, the Community achieved, after a twelve-year transitional period, full financial autonomy; urges that the Commission ensures that, in future, the Community's own resources are totally independent of the budget of any Member State;

2. Recalls that the present system and functioning of financial autonomy means that the Community's own resources are due as soon as the levies are established and this fact should be brought to the attention of the national authorities; notes, with the Commission, that the carrying forward of any balances to the following financial year is part of the system of financial autonomy and any departure from this procedure would be a retrograde step; and, therefore, asks the Commission to take any necessary action to safeguard own resources and strengthen financial autonomy;

The provisional twelfths

3. Notes that a dual standard was applied by the Commission as regards the operation of the system of provisional twelfths in 1980; accepts the assurance given orally and in writing by the Commission that, in future, "the wishes of the elected representatives of the peoples of Europe must be allowed to exert a decisive influence over the decisions on how the Commission is to implement the budget", expects that these assurances will be respected and will put forward the necessary amendments to the financial regulation;

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<sup>1</sup> OJ No. L356, 31.12.77

#### Sound management of appropriations

4. Considers that the use of appropriations in the construction of a 'fitness centre' in the Jean Monnet building of the Commission, without making the budgetary authority aware, constituted a serious breach of proper budgetary accountability; reiterates its insistence that, in future, prior budgetary authority approval be obtained in such cases; asks that the provisions of the financial regulation, in regard to the correct and sound management of Community funds, be brought formally to the attention of all officials in the Institutions who have financial control responsibilities or who are responsible for the use of EC funds; believes that it is necessary to reconsider the overall budgetary control system of the EC; awaits a further report from the Commission on the way that expenditure on social facilities for staff should be included in the budgets of all Institutions;

#### As regards the accounts

5. Notes with approval that the differences of opinion in the matter of EC accounts between the Commission and the Court of Auditors are being gradually settled; urges that an early comprehensive solution be obtained and asks both Institutions to keep Parliament fully informed on a continuing basis in regard to these matters;

#### As regards research

6. Deplores the incomplete rate of utilisation of appropriations under many research budgetary lines; calls on the Commission to ensure

- (a) that expenditure is in conformity with policy priorities and
- (b) that the criterion of transparency in the research budget is respected;

#### As regards the Regional Fund

7. Notes that the amount of unpaid appropriations in recent years had tended to increase considerably; welcomes the progress achieved in the 1980 financial year in respect of the commitment and payment of appropriations;



regrets that, as a result of cumbersome approval and implementation procedures, certain measures in the non-quota section could not commence in 1980 and, therefore, expects a report on fundamental improvements in this sector;

8. Notes that the quota system and the re-utilisation of decommitted appropriations, as evidenced by the balances remaining at the end of the financial year, are not yet functioning satisfactorily and expects that the Commission will continue to seek improvements in its operation;

As regards the social sector

9. Welcomes the Commission's intention to carry out a series of additional analyses with a view to ensuring fuller exchanges of information between Member States and improving the impact of operations submitted for assistance from the ESF and asks the Commission to report on the results to date;

10. Reiterates its view as to the need for a substantial improvement in the procedures for monitoring and evaluating the success and effectiveness of the measures and programmes funded by the ESF; urges the Commission to intensify its efforts to this end and asks it to report further on developments;

11. Expresses its profound dissatisfaction at the inadequacy of the ESF in relation to the ever-rising demands made on it, against a background of constantly increasing unemployment and condemns the Council's opposition to the provision of adequate budgetary resources for the ESF;

As regards EAGGF Guidance

12. Calls on the Commission to fix, together with the recipients and on the basis of past experience, realistic deadlines for the completion of projects under Regulations no. 17/64 and 355/77, and to define more clearly the priorities for the selection of projects;

13. Recalls the urgent need to review Directive no. 160/72; notes with regret that a prompt decision was not taken by the Council on the proposals made by the Commission in OJ no. C124, 17.5.79; and asks the Commission to keep it informed of developments;

14. Stresses the need for more frequent reviews of the measures adopted under the EAGGF Guidance Section, so that their scope may be adapted to changes in the economic situation and so that they take account of the requirements as regards flexibility of application, particularly with a view to restoring the balance of aid in order to strengthen structures in the least-favoured regions;

As regards EAGGF Guarantee

15. Considers that it is necessary to evaluate jointly with the ECA, EAGGF Guarantee measures with a view to identifying those that

- should have their management and operations improved;
- give scope for frauds;
- serve no useful purpose and should be terminated;

As regards the decentralised bodies

16. Insists that subsidies to institutions, movements and non-governmental organisations should be subject to careful rules; and asks the Commission to respect fully the recommendations of the ECA in regard to payments towards the running of such bodies;

17. Notes the reservations expressed by the ECA concerning the JET Joint Undertaking accounts and asks its Committee on Budgetary Control to report on the issues arising;

18. Reserves its judgement on the reforms effected by the Commission in the sector of its data-processing services until the Committee on Budgetary Control has had further clarification from the responsible member of the Commission;

As regards smuggling on the Anglo-Irish border

19. Considers that, no matter how effective the controls and no matter how harmonious the cooperation, smuggling along this border will never be eliminated as long as MCAs continue to exist and so long as there are different levels of consumer subsidy and calls on the Commission to press for the necessary solutions, insofar as the Member States are concerned;

As regards food aid

20. Observes that the Commission largely agrees with Parliament's analysis of the situation in regard to EC food aid and in regard to the reforms that are necessary in this sector; considers that it is unacceptable that the Council has not adopted these reforms; deplores the fact that the Commission is not able to implement food aid policy without the interference of a management committee;

EDFs

21. Considers it regrettable that the budgetary management of the EDFs is still - due to the unjustifiable opposition of the Council - outside the scope of application of the budgetary principles of the EC, in particular as regards financial autonomy, and this has adverse consequences insofar as concerns aid to associated countries and the sound management of appropriations.

Other matters

22. Will further consider

- administration and personnel matters;
- frauds affecting the Community budget;

- borrowing and lending activities;
- the evaluation of research and of projects financed  
by the Community in the framework of industrial policy;

in the context of future reports from the Committee on Budgetary Control;

### Conclusion

23. Considers that the positive reaction of the Commission to Parliament's resolution of 20 April 1982 made possible major progress in relation to the weighty matters raised in that resolution and also consolidated the effectiveness and the political character of the discharge procedure.

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

PROPOSED DECISION

on the discharge to be granted to the Commission of the EC in respect of the activities of the first, second and third European Development Funds in the 1980 financial year

The European Parliament

- having regard to the report of the Court of Auditors for the 1980 financial year and the replies of the Institutions to that report<sup>1</sup>,
  - having regard to the balance sheet and accounts of the European Development Fund for the 1980 financial year (COM(81)672 final),
  - having regard to the reports of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (Doc 1-100/82 and Doc 1-760/82),
  - whereas the Treaty of 22 July 1975 empowers Parliament to grant a discharge in respect of EC financial activities,
1. Grants a discharge to the Commission in respect of the financial management of the first, second and third European Development Funds in the 1980 financial year;
  2. Notes with approval that this marks the final closure of the first European Development Fund, as was previously sought by Parliament;
  3. Instructs its President to communicate this decision to the Commission, to forward it to the other Institutions, and to arrange for its publication in the Official Journal (L series).

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<sup>1</sup> OJ No. C344, 31.12.1981

Explanatory StatementINTRODUCTION

1. In the case of the 1980 financial year, article 85 of the Financial Regulation required that Parliament should pronounce on the discharge to be given to the Commission before 30 April of this year. In the event of Parliament not being in a position to grant discharge, it is required to inform the Commission of the reasons for the postponement (or refusal) of discharge.
2. The Committee on Budgetary Control examined the accounts of the Community in respect of 1980 and considered in depth the report of the Court of Auditors in respect of that year. The conclusions reached by the Committee are set out in Doc. 1-100/82.
3. At the April 1982 session, Parliament followed the recommendations of the Committee on Budgetary Control and decided to defer the grant of discharge until such time as the Commission had submitted written replies in relation to eleven major issues.<sup>1</sup> The deadline of 1 September 1982 was set for the Commission to reply so that the Committee on Budgetary Control would be in a position to put forward its final report on the discharge decision in respect of the implementation of the 1980 financial year, before the end of the present calendar year.
4. The Commission met this deadline and its replies are set out in COM(82)461 final of 24 August 1982.
5. For the convenience of members, the rapporteur summarises briefly, in the following paragraphs, his reactions to the Commission's replies.

The embargo

6. Despite the Commission's extensive comments in relation to this matter, the rapporteur feels that there are a number of aspects that require to be clarified further. Basically, as he sees it, the political wish underlying the 1980 embargo was thwarted because far more food was delivered to the USSR in that year than in the three preceding years, on average. However, Mr. Battersby is studying this

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<sup>1</sup> OJ no. C125, 17.5.82, p.28

aspect of the discharge specifically; he will deal in a separate text with the failure on the part of the Commission in 1980 to make Parliament aware of the big upsurge in food deliveries in the course of that year.

#### The provisional twelfths

7. The 1980 budget was not adopted until 9 July 1980. Thus, for the first half of the financial year, the system of provisional twelfths applied. The Court of Auditors stated formally in its annual report that the Commission did not respect the limits laid down by article 204 of the EEC Treaty.<sup>1</sup> The Court of Auditors also felt that it was the responsibility of the Commission to find solutions that complied as closely as possible with the letter as well as the spirit of the Treaty and that monthly expenditure should have been limited to one-twelfth of the reference appropriations.<sup>1</sup>

8. The rapporteur observes that the provisions of the Financial Regulation in this respect are lacking in clarity. He notes the statement made by the Commission in the seventh paragraph on page 33 of COM(82)461 final that:-

"Experience gained under the provisional twelfths scheme has shown how vital it is to clarify matters here".

He also notes the Commission's assurance that:-

"the wishes of the elected representatives of the peoples of Europe must be allowed to exert a decisive influence over the decisions on how the Commission is to implement the budget".

(second paragraph on page 34 of COM(82)461 final)

9. In all the circumstances, he would tend to the view that this matter no longer constitutes a rigid obstacle to the grant of discharge - especially as it will be possible, in the course of the present revision of the Financial Regulation, to make amendments that will remove the doubts that led to the Commission's belief that it acted properly.

<sup>1</sup> OJ no. C344, 31.12.81, page 54

Full response to the comments accompanying the 1979 discharge decision

10. The Commission document XIX/280/82 has now been received. Therefore, this response is to hand and this obstacle to the grant of discharge will have been removed when Mr. Irmer expresses his satisfaction with the response.

Follow-up to the resolution on the budgetary control aspects of the resolution on the JRC establishment at Ispra

11. Further information has been received in regard to this issue and, moreover, Mr. Kellett-Bowman's report<sup>1</sup> to the Committee on the various issues arising was adopted on 28/29 September 1982. This obstacle to the grant of discharge has now been removed.

The "Fitness Centre"

12. The rapporteur considered that the construction of the "Fitness Centre" in the Jean Monnet building of the Commission, without making the Parliament or the Council aware, constituted a serious breach of proper budgetary accountability. Payment of running costs and rent out of the incorrect budgetary lines constituted further breaches of budgetary procedures. Furthermore, the matter reflected adversely on the Commission's credibility and internal control.

13. In the April resolution, Parliament called on the Financial Controller to furnish a report on the circumstances relating to this expenditure because it appeared to be in breach of the Financial Regulation.

14. In its reply, the Commission now gives assurances that it :-

"...has taken a number of practical steps in response to the criticisms formulated by Parliament, including adoption of a set of instructions to supplement existing procedures for the management of property..."

(Com(82)461 final, page 38 first paragraph).



15. The observations of Financial Control make interesting reading. On page 40 of COM(82)461 final, it is stated:-

"Financial Control can therefore state that all the external and internal procedures which apply to such cases have been complied with".

(first paragraph under point 17, sub-paragraph 6)

However, the text indicates that:-

"It is true that at no stage in these procedures was there any specific reference to the fitness centre".

(second paragraph of sub-paragraph 6)

Further, the text states that:-

"...the Commission's attention must be drawn to the fact that...the budgetary authority ought to have been fully informed when there was a substantial change to the original specifications".

(first paragraph, page 41)

Also, the text goes on to state that:-

"...the internal procedure itself is open to criticism in that a choice having a considerable bearing on the use of the building was presented to the Financial Controller in a somewhat obscure way".

(second paragraph, page 41)

16. The rapporteur fully agrees with these latter remarks. He hopes that the revised instructions will ensure that a repetition is avoided. He also hopes that the Financial Controller will be even more vigilant in future so as to avoid being deceived by similar stratagems. Further, he hopes that all officials responsible for the commitment and expenditure of EC funds will have learned from this unfortunate experience which did not reflect well on the way taxpayers' money was spent.

17. A further report from the Commission (on the way that expenditure on social facilities for staff is included in the budgets of all institutions) is awaited. When that text is to hand, the Committee will be in a better position to pronounce on certain aspects that are unclear as of now.

18. On balance, the rapporteur feels that discharge need not be held up further because of this matter - especially in view of the positive reaction of the Commission. A lesson has been learned. However, he would remind the Financial Controller and the Accounting Officer of the provisions of Title V of the Financial Regulation.

#### Inadequate implementation of appropriations

19. This vexed problem has been with us for some time. It is an issue which merits further examination - especially in the light of recent developments, notably the tripartite agreement. Moreover, Mr. Saby's report on evaluation of research and projects financed by the EC in the context of industrial policy will be of relevance.

#### Food aid and development aid - Budgetisation of the EDF

20. On these matters, the Commission has responded in a positive manner:-

"There is therefore absolutely no room for doubt: the Commission has always been of the opinion that development aid policy as implemented under the EDF is a genuine Community policy".

(last paragraph, page 50, COM(82)461 final)

and:-

"...the Commission assures Parliament that it will make proposals for the necessary amendments to the Financial Regulation applicable to the general budget in due course...".

(last paragraph, page 51, COM(82)461 final).

### Borrowing and lending

21. The Commission in its reply and Mr. Ortoli the member responsible were most positive in reacting to Parliament's wishes.

The statement that:

"At all events the Commission intends that no obstacle should be allowed to prevent Parliament from carrying out its political control mission in respect of borrowing and lending activities"  
(page 54, last paragraph, COM(82)461 final)

is satisfactory

### Management of personnel and equipment

22. The written reaction to the issues arising under this head is satisfactory from the rapporteur's viewpoint.

### Accounting aspects

23. In the annual reports of the ECA for the years 1977 to 1980, various improvements in the Commission's accounts were called for. Continuing differences between the ECA and the Commission disconcerted the Parliament. It is gratifying to learn now that the Commission has met most of the ECA demands and that the few remaining minor points are being settled gradually.

### Own resources

24. The rapporteur understands that Mr. Notenboom is studying the report on own resources made available by the Commission (COM(82)316 final) - in July and after the 1 June 1982 deadline. A report to Parliament from the Committee on Budgets with an opinion from the Committee on Budgetary Control will clarify various issues.

## Conclusions

25. In view of the very positive assurances now given by the Commission, in view of the real progress achieved since April, and in view of the helpful answers contained in COM(82)461 final, the rapporteur proposed on 28 September 1982 to prepare a draft motion for a resolution granting discharge. These assurances consolidated the effectiveness and the political character of the discharge procedure. Therefore, the Committee endorsed the proposal of the rapporteur.

26. In the comments accompanying the draft discharge decision, the rapporteur has followed up the matters raised in the resolution of Parliament of 20 April 1982. Also, he has taken account of the issues broached in the working documents prepared by colleagues and in the opinions furnished by other Committees.