

EUROPEAN PARLIAMENT

Working Documents

1981 - 1982

27 April 1981

DOCUMENT 1-136/81/A

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 1979 financial year
- II. the discharge to be granted to the Commission on the implementation of the budget of the European Community for the 1979 financial year and the report of the Court of Auditors (Doc. 1-662/80)
- 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 1979 financial year
- IV. the comments accompanying the decisions granting a discharge on the implementation of the budget of the European Community for the 1979 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 1979 financial year

Rapporteur : Mr U. IRMER

PART A - PROPOSED DECISIONS  
MOTION FOR A RESOLUTION

1.2.1



On 30 May 1980 the Commission of the European Community forwarded to the European Parliament, pursuant to Art. 78d of the ECSC Treaty, 205a of the EEC Treaty and 179a of the EAEC Treaty, the revenue and expenditure account, the analysis of the financial management and the financial statement of assets and liabilities (COM(80) 233).

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

On 10 July 1980 the Committee on Budgetary Control appointed Mr IRMER rapporteur for the 1979 discharge.

On 28 November 1980 the Court of Auditors forwarded to the European Parliament its annual report on the 1979 financial year.

The Committee on Budgetary Control considered the revenue and expenditure accounts, the financial statement of assets and liabilities, the analysis of the financial management, the annual report of the Court of Auditors and the reports of its rapporteurs on the individual sectors of the Community's financial activities at its meetings of 26/27 January 1981, 16/18 February 1981, 23/24 February 1981, 16/18 March 1981 and 8 April 1981.

At its meeting of 8 April 1981 the committee adopted

- decision I unanimously,
- decision II by 8 votes to 4 with 4 abstentions,
- decision III unanimously,
- resolution IV by 9 votes to 4 with 3 abstentions,
- decision V unanimously.

Present at the vote: Mr AIGNER, chairman; Mrs BOSERUP and Mr PRICE, vice-chairmen; Mr IRMER, rapporteur; Mr ADONNINO (deputizing for Mr ALBER), Mr BATTERSBY, Mr DALSASS (deputizing for Mr D'ORMESSON), Mr GABERT, Mr HABSBURG (deputizing for Mr RYAN), Mr KELLETT-BOWMAN, Mr MAHER (deputizing for Mr MART), Mr NOTENBOOM, Mr PATTERSON (deputizing for Mr J.M. TAYLOR), Mr PENDERS (deputizing for Mr ANTONIOZZI), Mr SIMONNET and Mr WETTIG.

The opinions of the Committees on Development and Cooperation, Regional Policy and Regional Planning, Social Affairs and Employment and Energy and Research are attached at the end of the Annex.

CONTENTS

Page

|       |   |    |
|-------|---|----|
| A. I. | PROPOSED DECISION   |    |
|       | on the accounts of the European Parliament and the discharge in respect of the 1979 financial year.....   | 5  |
| II.   | PROPOSED DECISION   |    |
|       | on the discharge to be granted to the Commission in respect of the implementation of the budget of the European Community for the 1979 financial year and the report of the Court of Auditors (Doc. 1-662/80).....                  | 8  |
| III.  | PROPOSED DECISION   |    |
|       | on 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 1979 financial year.....                              | 11 |
| IV.   | MOTION FOR A RESOLUTION   |    |
|       | containing the comments accompanying the decisions granting a discharge on the implementation of the budget of the European Community for the 1979 financial year (Article 85 of the Financial Regulation of 21 December 1977)..... | 12 |
| V.    | PROPOSED DECISION   |    |
|       | on 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 1979 financial year.....                                   | 26 |
| B.    | EXPLANATORY STATEMENT (to be distributed separately)  |    |
|       | ANNEX: ANNEXES I - XIII (working documents)   |    |
|       | OPINIONS of the   |    |
|       | Committee on Development and Cooperation  |    |
|       | Committee on Regional Policy and Regional Planning  |    |
|       | Committee on Social Affairs and Employment  |    |
|       | Committee on Energy and Research  |    |

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 1979 financial year

The European Parliament

- having regard to the interim report of the Committee on Budgets (Doc 1-70/80)<sup>1</sup>,
  - having regard to the revenue and expenditure accounts and the statements of assets and liabilities of the Communities for the accountancy procedures in respect of the 1979 budget and to the report of the Court of Auditors for the accounts for the 1979 financial year (Doc 1-662/80),
  - having regard to the report of the Committee on Budgetary Control (Doc. 1-136/81),
1. Fixes the accounts of the European Parliament as at 31 December 1979 at the following amounts:
 

|   |                |     |
|---|----------------|-----|
| - expenditure commitments incurred:             | 112,786,007.83 | EUA |
| - amounts actually spent:                       | 98,660,012.12  | EUA |
| - amounts still to be paid out or carried over: | 14,125,995.71  | EUA |
  2. Grants a discharge to its President and Secretary-General, pursuant to Rule 50 A (3) of its Rules of Procedure, in respect of the 1979 financial year;
  3. Grants a final discharge to its accounting officer pursuant to Article 72 of the Financial Regulation;
  4. Calls on its services and departments to place at the disposal of the competent parliamentary committee, first when the estimates are drawn up and then when they are adopted, a breakdown of the main items of expenditure to be covered by the appropriations for each budget line, together with details of the likely amount and the nature of each item of expenditure;

<sup>1</sup> OJ No. C 147, 16.6.1980, p.112

5. Points out that a procedure similar to that laid down for the adoption of the estimates must be followed before **any** new item of expenditure is decided on in the course of the year, i.e. expenditure not authorized by the responsible parliamentary bodies at the time the estimates were adopted; in particular, such expenditure may not be effected unless it has first been authorized by the Bureau and the Committee on Budgets; at all events, such authorization does not dispense with the obligation to transfer appropriations from item to item, from article to article or from chapter to chapter to cover the new item of expenditure;
6. Affirms that on no account, save in exceptional circumstances, should the transfer decisions involve an amount so large as to distort completely the annual financial estimate; transfers that would excessively increase the appropriations allocated to a particular item or else reduce them to a negligible amount should not be allowed;
7. Calls on its competent departments to submit to its Committee on Budgetary Control quarterly reports on the implementation of the budget; these reports must not deal exclusively with accounting matters, but must also set out any difficulties encountered and the reasons for any amendments to the initial budget, such as new items of expenditure, transfers, etc.;
8. Considers that the administrative expenditure incurred during the financial year must be far more extensively explained so as to enable the Committee on Budgetary Control to take a decision in full knowledge of the facts on the basis of a descriptive analysis of the effects of management on the implementation of the annual budget;
9. Points out that its internal financial rules of procedure, which need to be updated, will have to specify clearly how the financial and budgetary responsibilities are to be divided among the various bodies concerned;
10. Recommends that its own departments and the other institutions should endeavour to coordinate their methods of applying the rules embodied in the Staff Regulations, particularly those having financial implications;

11. Stresses the need for the implementing provisions of the Financial Regulation to be applied in a coordinated fashion and calls on the institutions to confer together with a view to arriving at a common interpretation of the relevant texts and agreeing on an identical set of implementing measures;
12. Calls for a thorough review of the Community publications policy with an eye to limiting expenditure on the basis of measures agreed upon by all the institutions in consultation.

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 1979 financial year and the supplementary and amending budgets 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 for the accountancy procedures in respect of the budget for the 1979 financial year,
- having regard to the report of the Court of Auditors on the accounts for the 1979 financial year and the answers of the Institutions to the report (Doc 1-662/80),
- having regard to the Council recommendation on the granting of a discharge to the Commission in respect of the implementation of the budget and of the amending and supplementary budget for the 1979 financial year (Doc.1-64/81),
- 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 Development and Cooperation, the Committee on Energy and Research, the Committee on Social Affairs and Employment and the Committee on Regional Policy and Regional Planning (Doc.1-136/81)

1. Notes that

|   |                    |
|---|--------------------|
| (a) Estimates of revenue for the 1979 financial year totalled     | 14,446,993,870 EUA |
| Made up as follows  |                    |
| Own resources   | 11,950,862,609 EUA |
| Contributions provided for in Decision of 21 April 1970           | 2,310,570,063 EUA  |
| Other   | 185,561,198 EUA    |
| (b) Estimates of expenditure for the 1979 financial year totalled | 14,446,993,870 EUA |

2. Notes that

The surplus of the 1979 financial year to be carried forward<sup>1</sup>

amounted to

255,103,958.35 EUA

Comprised as follows:

|   |                       |     |
|---|-----------------------|-----|
| Revenue collected in respect of 1979  | 14,602,660,433.26     | EUA |
| Appropriations carried forward from 1978 to 1979                                    | <u>30,000,000.--</u>  | EUA |
|   | 14,632,660,433.26     | EUA |
| Payments made against appropriations for 1979                                       | 12,925,286,315.30     | EUA |
| Appropriations carried forward to 1980  | 1,448,005,393.12      | EUA |
| Payments from the EAGGF Guarantee Section in excess of the available appropriations | 203,483,472.63        | EUA |
| Appropriations carried forward from 1978 and now cancelled                          | <u>199,218,706.14</u> | EUA |
|   | 255,103,958.35        | EUA |

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

(a) Revenue

|  |                   |                   |     |
|--|-------------------|-------------------|-----|
| - Entitlements established for the 1979 financial year                                   |                   | 14,607,017,708.89 | EUA |
| - Entitlements collected at 31 December 1979 broken down as follows:                     |                   | 14,602,660,433.26 | EUA |
| 1. Amounts collected from the entitlements for the financial year                        |                   | 14,596,095,663.96 | EUA |
| Made up as follows:  |                   |                   |     |
| Own resources  | 12,070,305,252.71 |                   |     |
| Contributions under the Decision of 21.4.1970  | 2,312,987,614.04  |                   |     |
| Other  | 212,802,797.21    |                   |     |
| 2. Amounts collected from entitlements carried forward from the preceding financial year |                   | 6,564,769.30      | EUA |
| Made up as follows:  |                   |                   |     |
| Own resources  | ----              |                   |     |
| Contributions provided for under the Decision of 21.4.1970                               | ----              |                   |     |
| Other  | 6,564,769.30      |                   |     |

<sup>1</sup> In accordance with Article 15 of Regulation 2871/77  
OJ. NO L 336, 27.12.1977, page 5

(b) Appropriations carried forward from 1973 to 1979 30,000,000.-- EUA

(c) Expenditure (payments shown in the accounts for the financial year)

- payments made in respect of the 1979 financial year 13,128,769,787.93 EUA

Broken down as follows:

- payments shown in the revenue and expenditure account 12,925,286,315.30

- payments from the EAGGF in excess of available appropriations 203,483,472.63

- appropriations carried forward to the 1980 financial year 1,448,005,393.12 EUA

---

14,576,775,181.05 EUA

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;
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).

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 utilization of the appropriations of the fourth European Development Fund in the 1979 financial year

The European Parliament,

- having regard to the Treaty establishing the European Economic Community 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 1979 financial year and the answers of the Institutions to the report (Doc 1-662/80),
- having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (Doc 1-136/81).

1. Grants a discharge to the Commission in respect of the following amounts shown in the revenue and expenditure accounts for the 1979 financial year;

|  |                    |
|--|--------------------|
| - revenue: amounting to                | 465,007,520.85 EUA |
| - expenditure (payments): amounting to | 420,277,760.36 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).

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 decisions granting a discharge on the implementation of the budget of the EC for the 1979 financial year

The European Parliament,

- having regard to the importance of the discharge procedure, which gives Parliament, in its capacity as the sole responsible authority, the opportunity to make a political appraisal of the work of the Commission in the financial year concerned, and to draw appropriate conclusions therefrom,
- whereas the power of discharge is a logical and necessary extension of the budgetary powers of the European Parliament,
- convinced that refusal to grant a discharge would amount to a vote of no-confidence in the Commission with all the consequences that this implies,
- whereas it may append to the discharge decisions instructions which the Commission must comply with, and whereas the discharge decisions must therefore be seen not in isolation, but necessarily and directly in conjunction with the comments on the discharge,

appends to its decisions on the discharge for the 1979 financial year the following comments which are binding on the institutions concerned, pursuant to Article 85 of the Financial Regulation of 21 December 1977:

I. General comments

1. Conveys to the European Court of Auditors its thanks and appreciation for its annual report for the 1979 financial year, which is invaluable for the preparation of the discharge procedure;
2. Recognizes expressly that the Court of Auditors may draw up the annual report pursuant to the Treaties and the financial provisions as it sees fit and in particular is entitled to add comments on the replies of the institutions to the Court of Auditors' remarks;

3. Calls on all bodies concerned to forward in future all necessary documents in all official languages to the other institutions involved in the discharge procedure, within the time-limit laid down in the Financial Regulation, and in particular requests the Court of Auditors to forward to it as soon as technically feasible, on an internal and confidential basis, the full text of its remarks in all the official languages, if necessary without the replies of the institutions;

4. Notes with concern that difficulties and delays have arisen in the implementation of controls in the Member States and asks the Commission and the Court of Auditors to make full use of the respective possibilities for control under current legislation and to intensify collaboration with national audit bodies;

calls on the Commission moreover to draw up, together with the Court of Auditors, proposals on how the respective controls by the European institutions concerned in the Member States may be organized more effectively;

## II. Compliance with the budgetary principles

5. Notes that in previous financial years, and in particular in 1979, excessive and sometimes improper use has been made of the possibility of transferring appropriations from one budget line to another and from one financial year to another;

6. Calls on all institutions to have recourse to this possibility only in a limited number of exceptional cases;

7. Will propose corresponding amendments to the Financial Regulation in order to subject these procedures to control by Parliament;

8. Stresses again the importance of the principle of the annuality of the budget and points out that genuine and effective control is impossible unless this principle is observed;

9. Will, if necessary, propose an amendment to the Financial Regulation to ensure observance of this principle;

10. Disapproves of the flouting of this principle in the case of an amount of 203.5 m EUA in the EAGGF, Guarantee Section, which was spent, contrary to express provisions, in December 1979 without budgetary authorization; this amount was charged to the 1980 budget when it clearly should have been charged to the 1979 budget pursuant to the provisions of the Financial Regulation;

11. Demands therefore that the Commission should draw the appropriate conclusions from the discharge decision by entering the amount of 203.5 m EUA in the 1979 account and at the same time making the necessary corrections to the surplus balance for 1979;
12. Notes with regret that appropriations amounting to 2,681,000 EUA were carried forward from 1979 to 1980 in the European Parliament's budget in a manner inconsistent with the provisions laid down in the Financial Regulation concerning carry-overs of appropriations; notes with satisfaction that the institutions concerned have undertaken to comply strictly with these provisions in future;
13. Notes that an amount of 1 m EUA in Parliament's budget was approved and spent in favour of aid for refugees from South-East Asia, despite the fact that no appropriations were available in the budget for this purpose;
14. Points out that the inadequate utilization of appropriations in sectors rated as particularly important by virtue of the amendments adopted by Parliament in respect of the 1979 budget is due not least to the fact that the Commission has persistently failed to recognize the budget as the sole legal basis for the utilization of appropriations;
15. Demands that the Commission should unequivocally recognize the budget as the legal basis for the utilization of appropriations;
16. Intends in a joint working party of members of its Committee on Budgets and Committee on Budgetary Control, together with the Commission, to draw up
  - (a) criteria to distinguish between budget lines in respect of which the appropriations may be utilized directly and budget lines in respect of which the appropriations may be utilized in principle only after the adoption of additional legal provisions;
  - (b) procedures whereby the budget may still be considered as the legal basis even when the Council fails to fulfil its obligation to adopt appropriate legal provisions, for example by introducing time-limits on expiry of which the Commission must initiate and implement the policies adopted in the relevant budget lines, even in the absence of additional legal provisions;
  - (c) procedures which safeguard the responsibilities of the institutions and prevent these responsibilities from being obscured by the use of management committees; a possible first step would be for the Commission to inform Parliament without delay of the decisions of the management committees;

17. Desires furthermore a dialogue with the Council on the subject in order to put an end to the present state of affairs which harbours the danger that the Council, by inaction or by intervention in the utilization of appropriations, may circumvent the budgetary powers of Parliament;
18. Regrets that again nothing was done in the 1979 financial year to meet the European Parliament's repeated demands that all financial activities of the Community be covered in the general budget, and calls once more for the immediate budgetization both of the borrowing and lending activities of the Community and of the European Development Fund;
19. Takes the view that all revenue should be identified as such and entered against revenue in the budget, and therefore advocates that in future budgets the revenue from co-responsibility levies should no longer be entered as negative expenditure, but instead as revenue;
20. Notes that only the following proportion of the total appropriations available for the 1979 financial year were utilized:
- |   |      |
|---|------|
| - non-differentiated appropriations (%) | 96.9 |
| - differentiated appropriations         |      |
| - commitment appropriations (%)         | 78.6 |
| - payment appropriations (%)            | 39.4 |
21. Observes with satisfaction that the percentage utilization of appropriations in certain sectors increased appreciably by comparison with previous years and encourages the Commission to persevere energetically with its efforts in future;
22. Calls on all the institutions concerned in the budgetary procedure in future to enter in the budget only those appropriations which are likely to be utilized in the course of the financial year;

### III. The situation as regards the assets and liabilities of the European Community

23. Regrets that it was not possible by the closure of the 1979 financial year to produce a complete and readily understandable summary of the situation in respect of the assets and liabilities of the European Community and trusts that the Court of Auditors' proposals aimed at remedying this state of affairs will be heeded in future;
24. Calls on all bodies to make available to the Commission in future all the information necessary for drawing up a complete balance sheet;
25. Calls on the Commission to examine carefully the comments of the Court of Auditors concerning the problems of showing carry-overs in the balance sheet and to submit appropriate proposals of its own to Parliament by the end of the year;
26. Calls on the Commission to clarify definitively the legal situation with regard to the ownership of stocks and in so doing to devote particular attention to how depreciation of stocks may be shown in the balance sheet;

### IV. Revenue

27. Confirms once again that the budget can and must be directly implemented as soon as the President of the Parliament has declared the budgetary procedure to be closed;
28. Considers unacceptable and legally invalid all attempts to call this principle of direct implementation into question, particularly by means of unilateral reductions in the amounts owed;  
  
points out that the amounts collected from the Member States are the Community's own resources, on all of which the Community has a direct claim and which from the first fall outside the powers of disposition of the Member States;
29. Expresses deep concern because the contrary view held by a number of Member States could destroy the foundations of the Community;
30. Is of the opinion that in principle demands for interest resulting from delays in payment by Member States should in future no longer be waived, and that the Commission should in principle enforce such claims for interest vis-à-vis Member States with all means at its disposal;

V. EAGGF - Guarantee Section

31. Reiterates its view that the system of financing, financial management and accounting in respect of the EAGGF Guarantee Section and in particular the procedure for granting advances and entering them in the accounts and the procedure for the closure of accounts are not really compatible with the structure of an annual budget;
32. Notes that in 1979 this system resulted in appropriations being exceeded by 203.5 m EUA;
33. Stresses therefore that it is indispensable, in spite of all the difficulties, to adhere strictly to the principle of annuality in the future, especially since the advance payments system to a large extent also undermines the fundamental principle of specificity;
34. Emphasizes the need to carry out a thorough review of the system currently in use and instructs the Commission to report on the outcome of this review and to propose appropriate amendments to the Financial Regulation;
35. Notes with satisfaction the Commission's endeavours henceforward to take full account of the principle of annuality;
36. Instructs it, however, to submit by the end of 1981 a study on the feasibility of introducing a centralized system of financial management and accounting using data processing techniques for the EAGGF Guarantee Section;
37. Recalls the Commission's pledge to consult Parliament and its appropriate committees before the adoption of any political measure with material implications for the administration of the appropriations of the EAGGF Guarantee Section;
38. Notes with regret and disapproval that the Commission was unable in 1979 to dispose of surpluses, and in particular stocks of milk powder, under optimum financial conditions in the light of the market situation and that a substantial financial loss was thereby incurred by the Community;

39. Calls on the Commission to submit proposals concerning the policy for agricultural exports, in particular with regard to reforming the refund and advance fixing system;
40. Notes with disapproval the fact that the Commission neglected the political and financial interests of the Community when carrying out such transactions in 1979;
41. Considers it urgently necessary for the Commission to assume more conscientiously its responsibilities for transactions within the framework of the EAGGF, particularly in respect of trade with third countries, especially state-trading countries;
42. Calls on the Commission to make every effort to put an end to the uneconomic use of appropriations, of the kind observed in the milk products, beef and veal and fruit and vegetable sectors in 1979;
43. Calls on the Commission to take measures to ensure that appropriations are used in a manner consistent with the political and economic objectives of the Community, to a greater extent than was the case in 1979;

#### VI. EAGGF - Guidance Section

44. Calls on the Commission to exercise the utmost care in the administration of the appropriations for the EAGGF Guidance Section in order to reduce the quantitative and qualitative under-utilization of appropriations and the extent of transfers, in particular by adjusting the financial mechanisms to the difficulties that have arisen in the past and through greater coordination of market intervention, measures for the implementation of the guidance policy and other structural measures adopted by the European Community and the Member States;

#### VII. ERDF

45. Reaffirms the principle that Community aid should supplement measures taken by the Member States; calls on the Commission to take steps to ensure that this principle is applied and instructs it to submit a report on the difficulties of monitoring the implementation of this principle and on national practices which jeopardize its application;

takes the view that the non-quota section should receive greater attention;

reiterates its observation on the Fifth Annual Report on the Regional Fund, in particular with regard to the utilization of payment appropriations, which was still insufficient in 1979;

## VIII. ESF

46. Calls on the Commission to persevere with the efforts it successfully made in 1979 to speed up the rate of payment;  
recommends the Commission also to take steps to ensure that the system of advances does not have any negative effect on the selection of programmes or on the achievement of the objectives of the Fund;  
stresses the importance of and the need for on-the-spot checks by the European Court of Auditors and points out that, since the realization of a Community policy is involved, these checks can in no case be left to national audit bodies alone;
47. Stresses the importance of Community disaster relief for the populations affected and as a means of fostering an awareness of the Community in the minds of the European peoples and underlines the need for this relief to reach disaster victims as rapidly as possible;  
regrets that in 1979 the payment of appropriations was considerably delayed;  
stresses that Community aid is intended to supplement national and other aid, but under no circumstances to replace such aid;  
calls on the Commission to press henceforward for certain conditions to be met - in particular the provision of better clearing facilities - before such aid is granted;

## IX. Energy

48. Takes the view that the appropriations available to the Commission are inadequate, from the point of view of volume and from the point of view of the financing system, for the implementation of a genuine energy policy, which raises the question of whether they can be used in any meaningful way;
49. Takes the view, also, that the Commission's attitude to its own responsibility for the implementation of appropriations in this sector - in relation to the role of the Council - has not been conducive to an effective Community energy policy;  
notes in particular with astonishment that in the hydrocarbons sector (Article 320) the Commission abstained from the general utilization of appropriations with a reference to the absence of a Council regulation, and yet implemented one individual project (Greenland) after the Council had empowered it to do so by means of a specific regulation;

considers that in this respect the Commission yielded to interference by the Council in its obligation to implement the budget on its own responsibility;

#### X. Research

50. Strongly deprecates the use of an excessive number of transfers of appropriations in the implementation of the budget, with a resulting loss of transparency;

disapproves of the fact that the Budgetary Authority's clear wishes to the contrary were blatantly disregarded inasmuch as the construction of an administrative building in Ispra was financed by means of transfers, and calls on the Commission to submit in the near future a detailed report on the circumstances in which these transfers of appropriations were decided upon and approved and to specify what measures it has taken or intends to take in order to prevent the repetition of such incidents;

51. Notes that the functional budget system raises a number of problems and calls on the Commission to prepare a study explaining the advantages and disadvantages of the functional budget in more detail; also calls on the Commission to investigate measures designed to enhance the effectiveness of the independence of internal financial control and to report to Parliament on the progress achieved;

52. Calls on the Commission to report to Parliament as soon as possible on the measures that must be taken to ensure that the staff of the research institutes are employed to the best possible advantage on the basis of their technical qualifications and that where necessary such staff as can no longer be given posts which suit their qualifications are retired from their work in the service of the Community with full social benefits;

53. Calls for the immediate introduction by the responsible authorities of the European Community of improved control procedures, particularly for on-the-spot checks, in the indirect actions sector in order thereby to increase the effectiveness of measures financed from Community funds;

takes the view that a more thorough evaluation of measures financed from Community funds is urgently necessary;

54. Reaffirms its demand for an effective and well-managed Community research policy and for a reduction in the influence of the advisory committees;

intends to set up a permanent control procedure in this field of financial management;

XI. Policies which formed the object of special initiatives by Parliament (industry, environmental conditions, infrastructure, transport, cultural measures, scientific information)

55. Notes that the utilization of appropriations by the Commission left a great deal to be desired in those very sectors in which Parliament made use of its budgetary powers by means of amendments and gave particularly clear expression to its political will; will not tolerate this situation any longer; expects the Commission to draw attention during the budgetary procedure and in the course of the implementation of the budget during the financial year to any difficulties which, in its view, stand in the way of the utilization of appropriations;

XII. Development aid

56. Insists that, at long last, the principles of the universality and annuality of the budget should be more strictly observed; therefore once again advocates the budgetization of the EDF;

disapproves of the excessive use, precisely in the field of food aid, of transfers from programme to programme, and carry-overs, and of the high rate of cancellations in the field of development aid for the non-associated countries;

points out, furthermore, that the Committee on Budgetary Control, in collaboration with the Committee on Development and Cooperation, will shortly be submitting a separate report on the problems of implementation in respect of Community food aid;

57. Takes the view that the introduction of the system of differentiated appropriations is not an appropriate means of preventing delays in the implementation of food aid programmes;

58. Does not approve of the fact that the Commission has made its financing decisions in the field of aid for non-associated developing countries dependent upon agreements with the Council and the authorization of that institution; such agreements and authorizations have no basis in the Treaties and, in fact, are clearly at variance with Article 205 of the EEC Treaty; calls on the Commission to forward to it the opinions of the committee set up under Article 11 of Regulation (EEC) No. 442/81 immediately after they are adopted;

XIII. EDF

59. Notes that the financial regulation on the 5th European Development Fund has been adopted without regard for the European Parliament's right to be consulted before the adoption of this regulation;
- notes that the financial regulation adopted without consultation of Parliament is by that failure rendered inoperative, and that the European Parliament cannot duly exercise its powers to grant a discharge with regard to the implementation of the EDF since it did not participate in the drawing up of the financial regulation;
- instructs its appropriate committees to draw up proposals for the action now to be taken in this situation;
60. Notes that the balance sheets and the accounts of the first four development funds - contrary to the provisions in force - have not been fully and finally established and calls on the Commission to rectify these shortcomings without delay;
61. Welcomes the fact that the Commission has made an attempt to evaluate the effectiveness of its development projects, encourages it to continue along this road and, in this connection, asks it to pay particular attention to the effects of the development projects on the economic and social structure of the recipient countries and the patterns of trade between the ACP countries and the EEC countries and between the ACP countries themselves;
62. Points with satisfaction to the effectiveness of the checks carried out by the Commission, its representatives and the Court of Auditors, bearing in mind in particular the added difficulties caused by the circumstances in which these controls had to be carried out, and having regard to the distances involved;
- calls nevertheless for more precise information on the results of these controls and, in particular, for details of the location and nature of the projects investigated;
63. Will investigate, in a separate report to be drawn up by its appropriate committees, the question of whether the status of staff working abroad in connection with the Community policy pursued under the EDF should be changed;
64. Asks the Commission to submit a report on whether a system of alternating duties at home and abroad should be introduced for such staff;

XIV. Administrative expenditure and staff

65. Disapproves of the Commission's decision to overrule in 1979 the Financial Controller's refusal to grant his approval for the transfer of emoluments paid to officials of the Joint Research Centre without application of the weighting and takes note of the assurance that such transactions will not recur;
66. Calls on all institutions to pay emoluments to staff only within the framework of the relevant provisions, and to take measures in accordance with the conclusions set out in the attached working document on personnel, administrative and operational expenditure;
67. Insists in general that persons responsible for violating the spirit and the letter of the legal provisions, at whatever level, should be made personally accountable for their actions - insofar as legally possible - unless they can prove they acted in good faith or on instructions from a superior authority; this shall apply even if the persons concerned have since taken up other posts or have left the employment of the Community;
- calls on the Community institutions to submit confidential reports to the Committee on Budgetary Control of the European Parliament immediately and at regular intervals on the measures taken in this regard;
68. Will in the near future give separate consideration, within the framework of its control powers, to the following points, among others, on the basis of reports by its appropriate committees:
- the policy of the institutions as regards immovable property,
  - the procedure for the acquisition of office materials,
  - the management of shops and restaurants,
  - follow-up measures to the Spierenburg report and personnel policy,
  - the coordination of information activities,
  - financial implications of obstacles to parliamentary work caused by measures taken by the staff in connection with labour disputes;

XV. Satellites

69. Intends to intensify its control activities with regard to decentralized bodies, and in particular with regard to the European Schools, the Office for Official Publications, the European Association for Cooperation and the Centre for Industrial Development;

70. Calls on the Commission directly to ensure that the Court of Auditors can carry out its audit activities with regard to the bank statements of the Euratom Supply Agency;
71. Welcomes the fact that in practice a situation has evolved in which the European Parliament makes direct checks on the decentralized bodies and considers this a useful adjunct to controls carried out by the Commission;
72. Points out, with regard to the European Schools, that the 1978 discharge was only granted with reservations, that the appropriations entered in the 1981 budget for European Schools remain blocked and that the conditions for the withdrawal of the reservations and the release of the appropriations have still not been met;
- also expresses its reservation concerning the 1979 discharge for the European Schools and intends to submit details of its views on the accounting procedure of the European Schools in a separate report;

XVI. Borrowing and lending

73. Stresses once again its demand that the borrowing and lending activities of the Community should be budgetized;
74. Stresses the need to strengthen the democratic control of the the borrowing and lending activities of the Community which now constitute the chief instrument for a Community policy in the field of economic and social structures; points in this connection to its report on the stepping-up of political control of the borrowing and lending activities of the Community;
- asks the Commission to submit a detailed report to the European Parliament each year by 30 September on the entire borrowing and lending activities of the Community during the previous year, comprising:
- a comprehensive summary of all the results of the Community's borrowing and lending policy (including EIB activities),
  - a detailed analysis of the use and financial situation of every instrument which is dependent in any way on the appropriations entered in the budget,
  - an analysis of the working of the system of interest rate rebates granted out of budget appropriations,
  - a report on relations between the Commission and the EIB,

XVII. Final remarks

75 Notes moreover with satisfaction that the work of the Commission and its staff in 1979 has yielded positive results and contributed to the continued development of the Community towards its common objectives.

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 1979 financial year

The European Parliament,

- having regard to the report of the Court of Auditors for the 1979 financial year and the replies of the Institutions to that report (OJ No. C 342/1980),
  - having regard to the balance sheet and accounts of the European Development Fund for the 1979 financial year (COM(80) 694 final),
  - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (Doc. 1-136/81),
  - 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 1979 financial year;
  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).