

45
B

European Communities

446.642 +
432.11

EUROPEAN PARLIAMENT

Working Documents

1979 - 1980

7 May 1979

DOCUMENT 161/79

Report

drawn up on behalf of the Committee on Budget

on the proposal from the Commission of the European Communities to the Council (Doc. 156/79) for a Regulation (ECSC, EEC, EURATOM) amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities

Rapporteur : Mr Michael SHAW

122

The President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a Regulation amending the Financial Regulation applicable to the general budget of the European Communities by letter of 4 May 1979.

The proposal was referred to the Committee on Budgets as the committee responsible.

At its meeting on 7 May 1979, the Committee on Budgets confirmed the mandate of Mr Shaw as rapporteur.

It considered this proposal at the same meeting and unanimously adopted the Motion for a Resolution and the Explanatory Statement.

Present: Mr Lange, Chairman; Mr Shaw, Rapporteur; Mr van Aerssen, Lord Bessborough, Lord Bruce of Donington, Mrs Dahlerup, Mr Dalyell, Mr Dankert, Mr Notenboom, Mr Ripamonti and Mr Schreiber.

CONTENTS

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	6

A

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

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a Council Regulation (ECSC, EEC, EURATOM) amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities

The European Parliament

- having regard to the proposal from the Commission of the European Communities to the Council (COM(79) 202 final),
 - having been consulted by the Council, (Doc. 156/79),
 - having regard to the report of the Committee on Budgets (Doc. 161/79),
- (a) stressing its continuing interest in ensuring that Community accounts are prepared at as early a date as possible;
 - (b) anxious to ensure that the Financial Regulation⁽¹⁾ is revised as and when the need arises;
 - (c) recalling that an overall revision will be effected next year;
1. Notes that the proposals put forward by the Commission would have the effect of advancing the date of completion of Community accounts;
 2. Approves the proposals in their entirety because they appear to add to the clarity and transparency of the accounts;
 3. Demands that recourse be had to the conciliation procedure should the Council, in the light of the opinion of the Court of Auditors, come to a different conclusion on the proposals;
 4. Will, in many event, review the operational impact of these amendments in the framework of the three-year review provided for at Article 107 of the Financial Regulation.

(1) OJ Vo. 20, L 356, 31.12.1977

B

EXPLANATORY STATEMENT

1. The Financial Regulation was comprehensively revised two years ago. However, over the past year, it has been necessary to effect further amendments to the text so that it might be kept up-to-date and continue to reflect the evolution of budgetary procedures and so that it might also be altered to take account of necessary changes that came to light in the course of practical experience.
2. Article 107 of the Financial Regulation provides for a three-yearly review of the provisions in the Regulation. However, the rapporteur feels that it would be inappropriate to postpone desirable amendments unduly.
3. The package of amendments put forward by the Commission in COM(79) 202 final can be summarised briefly as falling under two heads: a more rational scheduling of the time limits for the submitting and auditing of accounts and, secondly, the tidying up of the accounting arrangements for the EAGGF Guarantee section.
4. The changes in regard to time limits are fourfold:
 - (a) it is proposed to bring forward from 1 May to 21 February the deadline for submitting carry-over requests under Article 6(3);
 - (b) it is proposed to make 1 April rather than 1 June the deadline for the final drawing up of the revenue and expenditure account, the analysis of financial management and the balance sheet;
 - (c) the transmission of information needed for drawing up the revenue and expenditure account is to be submitted by 15 February instead of 1 April;
 - (d) the Court of Auditors will have one extra month for completing its work under Article 83(1).
5. The second part of the amendments is aimed at reducing the additional period for entering EAGGF Guarantee section expenditure in the accounts.
6. The rapporteur favours giving a positive reaction to these proposals in their entirety because they appear to add to clarity and transparency and they can, in any case, be revised in a year's time under the provisions of Article 107 of the Financial Regulation.

Articles 1 to 5 unchanged

Article 6Article 6

The following rules shall govern the utilization of appropriations:

1. In the case of budget headings where there is no distinction between commitment appropriations and payment appropriations: Unchanged
- (a) appropriations relating to remunerations and allowances of members and staff of the Institutions may not be carried over;
- (b) appropriations in respect of payments still outstanding as at 31 December by virtue of commitments entered into after 15 December for purchases of stores or equipment, performance of work or provision of supplies, and the portion of the appropriation still uncommitted as at 31 December, may be carried over to the next financial year only;
- (c) appropriations in respect of payments still outstanding by virtue of commitments duly entered into between 1 January and 31 December, with the exception of commitments entered into after 15 December for purchases of stores or equipment, performance of work or provision of supplies, shall be carried over automatically to the next financial year only.
2. In the case of budget headings where a distinction is made between commitment appropriations and payment appropriations: Unchanged
- (a) commitment appropriations not committed at the end of the financial year for which they were entered in the budget shall remain available for the following financial year,
- (b) payment appropriations which have not been used at the end of the financial year for which they were entered shall be carried over automatically to the next financial year only.
3. In the case of the appropriations referred to in paragraph 1 (b), the Commission shall submit to the Council and shall forward to the European Parliament, before 1 May, the requests to carry over appropriations, duly substantiated, made by the European Parliament, the Council, the Court of Justice, the Court of Auditors and the Commission itself. 3. In the case of the appropriations referred to in paragraph 1(b), the Commission shall transmit to the Council and shall forward to the European Parliament, not later than 21 February, the requests to carry over appropriations, duly substantiated, made by the European Parliament, the Council, the Court of Justice, the Court of Auditors and the Commission itself.
- Unless the Council, acting by a qualified majority after consulting the European Parliament, decides otherwise within one month, the carry-over of these appropriations shall be deemed to have been approved. Unchanged

- | | |
|--|-----------|
| 4. Unused revenue and appropriations available as at 31 December arising out of the donations referred to in Article 3 (2) shall be carried over automatically. | Unchanged |
| 5. The appropriations referred to in paragraph 1 (b) which have not been committed by 31 December and in respect of which authorization has been given to carry them over to the next financial year shall lapse if they are not committed and paid by the end of the said financial year. | Unchanged |
| 6. The appropriations for the Guidance Section of the European Agricultural Guidance and Guarantee Fund may be used by way of exception to finance projects for which they were not initially committed, under the conditions laid down in Regulation (EEC) No 3171/75 (1). | Unchanged |
| 7. The European Parliament and the Council shall be provided, for their information, before 1 April, with a list of the automatic carry-overs. | Unchanged |
| 8. For the purpose of implementing the budget, the use of appropriations carried forward shall be shown separately in each article in the accounts for the current financial year. | Unchanged |

Articles 7 to 72 unchanged

Article 73

The Commission shall draw up, not later than 1 June of the following year, a revenue and expenditure account for the Communities, which shall include the following documents classified in accordance with the budget nomenclature:

(1) a table of revenue including:

- estimated revenue for the financial year,
- amendments to the revenue estimates as a result of supplementary or amending budgets,
- revenue collected during the financial year,
- entitlements still to be collected from the preceding financial year,
- entitlements established in the course of the financial year,
- amounts still to be collected at the end of the financial year.

Where appropriate, a statement shall be attached to this table showing the balances and the gross payments arising from the transactions referred to in Article 22 (2);

(1) OJ No L 315, 5.12.1975, p.1

Article 73

The Commission shall draw up, not later than 1 April of the following year, a revenue and expenditure account for the Communities, which shall include the following documents classified in accordance with the budget nomenclature:

Unchanged

(2) tables showing the movement in appropriations for the financial year and, by distinguishing between commitment appropriations, payment appropriations and non-differentiated appropriations, indicating:

Unchanged

- the initial appropriations,
- any amendments introduced by means of supplementary or amending budgets,
- any amendments to appropriations introduced by means of transfer,
- the final appropriations for the financial year,
- the appropriations maintained or carried over under Article 6;

(3) tables showing the use of the appropriations allocated for the financial year and, by distinguishing between appropriation commitments, payment commitments and non-differentiated appropriations, indicating:

Unchanged

- the commitments entered into and chargeable to the financial year,
- the payments made and chargeable to the financial year,
- the settlement of the commitments of the financial year and the calculation of the sums still to be paid at the close of that financial year,
- the commitment appropriations maintained both under Article 88 and by a decision of the budgetary authority taken pursuant to Article 6,
- the payment appropriations carried over in accordance with Article 6,
- the non-dissociated appropriations carried over in accordance with Article 6,
- cancelled appropriations.

Where appropriate, a statement shall be attached to this table showing the balances and gross payments arising from the transactions referred to in Article 22 (2);

(4) tables showing the use of the appropriations available from previous financial years and indicating:

Unchanged

- the amount of appropriations maintained or carried over, a distinction being made between commitment appropriations, payment appropriations and non-differentiated appropriations,
- the commitments entered into and chargeable to available commitment appropriations,
- the payments made from payment appropriations and non-differentiated appropriations which have been carried over,
- the settlement of sums still to be paid at the close of the previous financial year and the calculation of the sums still to be paid at the end of the current financial year,
- the amount unused and maintained for the following financial year,
- the amount cancelled, making a distinction between commitment appropriations, payment appropriations and non-differentiated appropriations;

- (5) annexed shall be a document showing capital operations and debt management, indicating:
- the total amount of loans approved,
 - the total amount of the repayments made on borrowings contracted and of the charges on such borrowings,
 - the amount of borrowings contracted,
 - the total amount of repayments of capital and payments of interest made on loans granted.

Unchanged

Article 74

Each Institution shall, not later than 1 April, forward to the Commission the information required for drawing up the revenue and expenditure account and the balance sheet, together with a contribution to the analysis of the financial management referred to in Article 75.

Article 74

Each Institution shall, not later than 15 February, forward to the Commission the information required for drawing up the revenue and expenditure account and the balance sheet, together with a contribution to the analysis of the financial management referred to in Article 75.

Articles 75 and 76 unchanged

Article 77

The Commission shall forward the revenue and expenditure account, the financial analysis and the balance sheet to the European Parliament, the Council and the Court of Auditors by 1 June at the latest.

Article 77

The Commission shall forward the revenue and expenditure account, the financial analysis and the balance sheet to the European Parliament, the Council and the Court of Auditors by 1 April at the latest.

Articles 78 to 82 unchanged

Article 83

1. The Court of Auditors shall transmit to the Commission and the Institutions concerned, by 15 July at the latest, any comments which are, in its opinion, of such a nature that they should appear in the report provided for in Article 78f of the ECSC Treaty, Article 206a of the EEC Treaty and Article 180a of the Euratom Treaty. Each Institution shall address its reply to the Court of Auditors by 31 October at the latest. The replies of the Institutions other than the Commission shall be forwarded simultaneously to the Commission.

Article 83

1. The Court of Auditors shall transmit to the Commission and to the Institutions concerned, by 15 June at the latest, any comments which are, in its opinion, of such a nature that they should appear in the report provided for in Article 78f of the ECSC Treaty, Article 206a of the EEC Treaty and Article 180a of the Euratom Treaty. Each Institution shall address its reply to the Court of Auditors by 31 October at the latest. The replies of the Institutions other than the Commission shall be forwarded simultaneously to the Commission.

2. The Court of Auditors shall attach to the annual report an assessment of the soundness of the financial management.

Unchanged

3. The Court of Auditors may also, at any time, submit observations on specific questions and deliver opinions at the request of one of the Institutions of the Communities.

Unchanged

Article 97

1. Expenditure effected by authorities and bodies under Article 4 of Regulation (EEC) No 729/70 shall be the subject of a commitment by chapter, article and item, and shall also be charged as a payment, after examination of the statements forwarded by the Member States in accordance with the provisions laid down pursuant to Article 5 (3) of the said Regulation, and after the approval of the financial controller.

The commitment shall be entered into within two months following receipt of the statements forwarded by the Member States. The charging as a payment shall, in general, be carried out within the same period.

This Article shall apply without prejudice to the clearance of accounts provided for in Article 5 (2) (b) of Regulation (EEC) No 729/70.

2. The commitments provided for in this Article shall be deducted from the provisional global commitments referred to in Article 96.

Article 98

Expenditure shall be taken into account for a financial year on the basis of payments made up to 31 December by the authorities and bodies referred to in Article 4 of Regulation (EEC) No 729/70, provided that their commitment and authorization have reached the accounting officer not later than 31 March of the following year.

Article 97

1. Expenditure shall be taken into account for a financial year on the basis of payments made up to 31 December by the authorities and bodies referred to in Article 4 of Regulation (EEC) No 729/70, provided that their commitment and authorization have reached the accounting officer not later than 31 January of the following year.

2. Expenditure effected between 1 January and 31 October by authorities and bodies under Article 4 of Regulation (EEC) No 729/70 shall be the subject of a commitment and shall also be charged as a payment by chapter, article and item, after examination of the statements transmitted by the Member States in accordance with the provisions laid down pursuant to Article 5(3) of the said Regulation, and after approval by the Financial Controller.

The commitment shall be entered into within two months at the latest following receipt of the statements transmitted by the Member States. The charging as a payment shall, in principle, be carried out within the same period, subject to subsequent provisions herein.

3. The expenditure to be effected in November and December by authorities and bodies under Article 4 of Regulation (EEC) No 729/70 shall be the subject of a commitment on the basis of the statements of estimates transmitted by the Member States.

The commitments provided for in paragraphs 1 and 3 shall be deducted from those provided for in Article 96.

Article 98

1. The commitments provided for in Article 97(3) shall be the subject of automatic carryovers to the following financial year.

2. The appropriations which at the end of the year remain in the form of global commitments, pursuant to the provisions of Article 96, shall be automatically carried over so that the expenditure chargeable to the financial year of origin may be taken into account under the articles and items in question.

3. The difference between the total expenditure actually disbursed during a financial year by the authorities and bodies under Article 4 of Regulation (EEC) No 729/70 and the total commitments and chargings as payments effected under Article 97(2) and (3) for the same financial year shall be charged against the appropriations carried over under paragraphs 1 and 2 of this Article.

4. The charging provided for in paragraph 3 shall be subject to an examination of the statements transmitted by the Member States in accordance with the provisions laid down pursuant to Article 5(3) of Regulation (EEC) No 729/70, and after approval by the Financial Controller.

5. The Commission shall be authorized, where the need arises, and in accordance with the procedure provided for in Article 13 of Regulation (EEC) No 729/70, to make those transfers which prove necessary from the automatic carryovers provided for in paragraph 1.

Article 99

Any differences which may exist between the expenditure charged to the accounts of a financial year pursuant to Article 98, and that established by the Commission when clearing the accounts as provided for in Article 5 (2) (b) of Regulation (EEC) No 729/70, shall be charged as under- or over-expenditure to the financial year during which the accounts are cleared.

Article 99

1. The appropriations carried over under paragraphs 1 and 2 of Article 98 and which have not been the subject of a commitment or been charged as a payment before 30 June of the financial year to which they were carried over shall be cancelled in respect of the original financial year.

2. A global provisional commitment corresponding to the appropriations cancelled pursuant to paragraph 1 shall be constituted from the appropriations of the current financial year.

Article 100

1. Appropriations which have been globally committed in accordance with Article 96 and which have not been the subject of a commitment under the budget nomenclature in accordance with Article 97 by 1 April of the following financial year, shall be maintained with a view to covering the expenditure chargeable to the original financial year.

2. Any appropriations in excess of such expenditure shall be cancelled under the original financial year.

A provisional global amount corresponding to this sum shall be committed from the appropriations for the current financial year.

Article 100

1. Articles 97 and 98 shall apply without prejudice to the clearance of accounts provided for in Article 5(2)(b) of Regulation (EEC) No 729/70.

2. Any difference which may exist between the total expenditure charged to the accounts for a financial year pursuant to Articles 97 and 98 and the total expenditure established by the Commission when clearing the accounts as provided for in Article 5 (2) (b) of Regulation (EEC) No 729/70 shall be charged, under a single article, as over- or under-expenditure to the financial year in which the accounts are cleared.

Article 101

1. Appropriations made available in one chapter of expenditure may not be allocated to another chapter of expenditure.

However, not later than one month before 31 March of the following financial year, the Commission may submit proposals to the Council for transfers of appropriations from one chapter to another.

Acting by a qualified majority, the Council shall take a decision within three weeks. If it does not act within that period, the transfers of appropriations shall be deemed to be approved.

The Council shall inform the European Parliament of such transfers.

2. Transfers from one Article to another within each chapter shall be made by decision of the Commission taken not later than 31 March, in accordance with the procedure provided for in Article 13 of Regulation (EEC) No 729/70.

The Commission shall inform the budgetary authority of such transfers.

Article 102

Every food-aid programme shall as soon as possible be made the subject of a proposal for commitment in accordance with the procedure laid down in Articles 32 to 35.

The advances paid to Member States shall be entered globally against the abovementioned commitments; the sum set aside for the commitments may not be exceeded.

Articles 97, 98 and 99 shall apply as regards entry as payment of expenditure effected by the Member States using the funds advanced by the Commission, and as regards the clearance of accounts.

The Commission may decide, up to 31 March of the following financial year, on transfers from one Article to another within the chapter relating to food aid.

Article 101

1. Appropriations made available in one chapter of expenditure may not be allocated to another chapter of expenditure.

2. Transfers between chapters and transfers within a chapter shall be made by decision of the Commission taken not later than 31 January in accordance with the procedure provided for in Article 13 of Regulation (EEC) No 729/70.

3. The Commission shall inform the Budgetary Authority of such transfers.

Article 102

Unchanged

Unchanged

Article 97(1) and (2) and Article 100 shall apply as regards the charging as payment of expenditure effected by the Member States using the funds advanced by the Commission, and as regards the clearance of accounts.

Deleted

