



European Communities

EUROPEAN PARLIAMENT

SESSION DOCUMENTS

English Edition

22 March 1991

Doc. A3-0071/91/PART A

R E P O R T

of the Committee on Budgetary Control

on giving discharge to the Commission in respect of the implementation of the budget of the European Communities for the 1989 financial year

Rapporteur : Mr Terence WYNN

Part A. I : Proposal for a Decision

A. II : Motion for a Resolution

- Part B (Explanatory Statement) will be published separately
- The working documents and opinions of the other committees are available, on request, from Distribution and the secretariat of the Committee on Budgetary Control

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PE 148.032/fin./Part A
Or. EN

A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

* = Consultation procedure requiring a single reading

**II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

**I = Cooperation procedure (first reading)

*** = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

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B. EXPLANATORY STATEMENT (published separately)	
NB : The documents below, relating to the 1989 discharge procedure, are published separately :	

WORKING DOCUMENTS

- . Traditional own resources : COLOM i NAVAL (PE 146.320)
- . Own resources deriving from VAT and the fourth resource : SARLIS (PE 146.268)
- . Administrative expenditure of the Institutions : TOMLINSON (PE 148.188)
- . Agriculture - horizontal problems : WETTIG (PE 148.035)
- . Cereals and other plant products : PASTY (PE 148.005)
- . Meat and other animal products : McMAHON (PE 148.034)
- . Structural Funds - horizontal problems : LO GIUDICE (PE 146.202)
- . EAGGF Guidance Section : SCHODRUCH (PE 148.031)
- . European Regional Development Fund : GOEDMAKERS (PE 146.204)
- . Social policy : BLAK (PE 146.358)
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- . Aid to the countries of Central and Eastern Europe : MARCK (PE 146.313)

COMMITTEE OPINIONS

- Opinion of the Committee on Energy, Research and Technology (PE 148.123/Fin.)
- Opinion of the Committee on External Economic Relations (PE 148.268/Fin.)
- Opinion of the Committee on Social Affairs, Employment and the Working Environment (PE 146.350/Fin.)
- Opinion of the Committee on Regional Policy and Regional Planning (PE 148.183/Fin.)
- Opinion of the Committee on Transport and Tourism (in the form of a letter, PE 146.468/Fin.)
- Opinion of the Committee on the Environment, Public Health and Consumer Protection (PE 146.433/Fin.)
- Opinion of the Committee on Youth, Culture, Education, the Media and Sport (in the form of a letter, PE 148.358/Fin.)
- Opinion of the Committee on Development and Cooperation (PE 146.173/Fin.)
- Opinion of the Committee on Women's Rights (PE 148.131/Fin.)

On 31 May 1990 the Commission submitted to the European Parliament, pursuant to Article 78d of the ECSC Treaty, Article 205a of the EEC Treaty and Article 179a of the EAEC Treaty, the revenue and expenditure accounts and the balance sheet for the 1989 financial year (SEC(90) 700 - 704), together with the report on the implementation of the general budget.

On 18 March 1991 the Council forwarded to Parliament the recommendation on the discharge to be given to the Commission in respect of the implementation of the general budget for the 1989 financial year.

The President of the European Parliament referred these documents pursuant to rule 68 and Annex V of the Rules of Procedure to the Committee on Budgetary Control as the committee responsible and to the committees concerned for their opinions.

At its meeting of 29 October 1990 the Committee on Budgetary Control confirmed the appointment of Mr Terence WYNN as rapporteur.

On 27 November 1990 the Court of Auditors submitted its report on the 1989 financial year to the European Parliament (OJ No. C 313, 12.12.1990).

At its meetings of 8 and 9 January, 29 - 31 January, 6 - 8 February, 26 - 28 February, and 20 - 22 March 1991 the Committee on Budgetary Control considered the revenue and expenditure accounts and the balance sheet for the 1989 financial year, the report on the implementation of the general budget, the report of the Court of Auditors; COM(90) 397 final (Nineteenth financial report on the European Agricultural Guidance and Guarantee Fund, Guarantee Section and food aid and accounts clearance); COM(90) 204 final (Thirteenth report on the implementation of financial and technical aid to the Latin American and Asian developing countries); Court of Auditors opinion no. 1/90 on human resource management of the Council and the Commission; SEC(90) 1876 final (Commission's approach to the management of resources), and the working documents drawn up by members of the committee on the various sectors of Community activity, the draft report and the opinions of the committees concerned.

At the latter meeting it adopted the proposal for a decision unanimously and the motion for a resolution by 10 votes in favour and one abstention.

The following took part in the vote : Price, Chairman; Wynn, Vice-Chairman and rapporteur; Funk, Goedmakers, Kellett-Bowman, Langes, Lo Giudice, Marck, Pasty and Schodruch.

The report was tabled on 22 March 1991.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

A

I. PROPOSAL FOR A DECISION

giving discharge to the Commission in respect of the implementation of the general budget of the European Communities for the 1989 financial year as regards Sections I - Parliament, II - Council, III - Commission, IV - Court of Justice and V - Court of Auditors

The European Parliament

- having regard to the ECSC Treaty and in particular Article 78g thereof,
- having regard to the EEC Treaty and in particular Article 206b thereof,
- having regard to the EAEC Treaty and in particular Article 180b thereof,
- having regard to the budget for the 1989 financial year,
- having regard to the revenue and expenditure accounts and the balance sheet of the European Communities for the 1989 financial year (SEC(90) 700 - 704),
- having regard to the report of the Court of Auditors for the 1989 financial year and the replies of the institutions¹,
- having regard to the Council recommendation of 18 March 1991, (C3-0174/91),
- having regard to the report of the Committee on Budgetary Control, and the opinions of the Committee on Energy, Research and Technology, the Committee on External Economic Relations, the Committee on Social Affairs, Employment and the Working Environment, the Committee on Regional Policy and Regional Planning, the Committee on Transport and Tourism, the Committee on the Environment, Public Health and Consumer Protection, the Committee on Youth, Culture, Education, the Media and Sport, the Committee on Development and Cooperation and the Committee on Women's Rights (Doc. A3-0071/91),

¹ OJ No. C 313, 12.12.1990

1. Notes that the authorized revenue and expenditure for the 1989 financial year amounted to :

	ECU	ECU
- revenue		44 870 266 601
- appropriations for commitments:		
. appropriations authorized in the general budget	46 425 799 370	
. appropriations remaining from the financial year 1988 or made available as a result of cancellations of commitments in the financial year 1989	811 374 608	
. appropriations corresponding to revenue from services rendered to third parties	<u>31 353 667</u>	47 268 527 645
- appropriations for payments		<u>44 870 266 601</u>

2. Gives the Commission discharge in respect of the implementation of the following amounts :

	ECU	ECU
(a) revenue		
. own resources	41 881 289 119	
. financial contributions	1 641 838 364	
. other revenue	<u>2 376 658 341</u>	
		<u>45 899 785 142</u>
(b) expenditure		
. payments made for the financial year	40 411 224 559	
. appropriations carried over to 1990	<u>438 793 888</u>	<u>40 850 018 447</u>
(c) balance for the financial year 1989		+ <u>5 080 088 866</u>

Calculated as follows:

. revenue for the financial year		45 899 785 142
. payments from the appropriations for the financial year	40 411 224 559	
. appropriations carried over to 1990	<u>438 793 888</u>	- <u>40 850 018 447</u>

Difference	5 049 766 695
. appropriations carried over from 1988 which have lapsed	+ 98 150 322
. exchange difference in the financial year 1989	- <u>67 828 151</u>
Balance for the financial year 1989	5 080 088 866

This balance reflects the accounting situation only and does not include expenditure actually incurred during this financial year

(d) utilization of appropriations for commitments	<u>43 724 839 136</u>
(e) balance sheet as at 31 December 1989	

	ASSETS (ECU)	LIABILITIES (ECU)
Fixed assets	9 540 284 645	
Inventories	90 636 120	
Current assets	460 465 726	
Cash accounts	7 853 010 667	
Prepaid expenses	227 961 273	
TOTAL	<u>18 172 358 430</u>	
Fixed capital		15 475 864 593
Current liabilities		2 526 267 150
Cash accounts		8 268 389
Accrued expenses		161 958 298
TOTAL		<u>18 172 358 430</u>

- Records its comments in the resolution which forms an integral part of this decision;
- Instructs its President to forward this decision and the resolution containing its comments to the Commission, the Council, the Court of Justice, the Court of Auditors and the European Investment Bank and to have them published in the Official Journal (L series).

A.

II. MOTION FOR A RESOLUTION

containing the comments which form part of the decision giving discharge to the Commission in respect of the implementation of the general budget of the European Communities for the 1989 financial year

The European Parliament,

- having regard to Article 206b of the EEC Treaty,
- having regard to Article 89 of the Financial Regulation of 13 March 1990 under which each Community Institution is required to take all appropriate steps to take action on the comments appearing in the decisions giving discharge,
- whereas under the same article the Institutions are also required to report, at Parliament's request, on the measures taken in the light of these comments and, in particular, on the instructions given to those of their departments which are responsible for the implementation of the budget,
- having regard to the Council recommendation of 18 March 1991 (C3-0174/91),
- having regard to the report of the Committee on Budgetary Control and the other documents mentioned in the discharge decision (Doc. A3-0071/91),

I. CONTROL POWERS OF THE COURT OF AUDITORS AND OF PARLIAMENT

1. Affirms the right and duty of the Court of Auditors to assess Community policies from the perspective of sound financial management in order to enable Parliament to exercise its budgetary control powers effectively, and considers that these powers of the Parliament should be strengthened in step with moves towards European Union;

2. Welcomes many of the comments of Council contained in its recommendation for discharge, the substance of which has been included in this resolution, thereby giving them legal effect;

II. COMMENTS ON IMPLEMENTATION OF THE BUDGET AND ON SHARED MANAGEMENT

3. Notes with regret the lower utilization rate of appropriations for commitments under categories of 2, 3 and 4 of the Financial Perspective, for non-compulsory expenditure under those categories and for differentiated appropriations globally;

4. Notes also that the volume of appropriations for payments cancelled (ECU 753 million) decreased somewhat, but that the volume of appropriations cancelled following decommitment (ECU 701 million) remained constant;

5. Considers that these cancellations highlight :

- (a) continuing management problems at national and Community level,
- (b) the risk that the Community will fail to achieve the multiannual objectives laid down in the Financial Perspectives particularly as regards economic and social cohesion, should such trends persist,
- (c) the need for the budgetary authority and the Commission to ensure the effective use of the Community's financial resources within the budget and the Financial Perspective and, where appropriations are cancelled, to make the necessary adjustments pursuant to Articles 10 and 11 of the Interinstitutional Agreement, particularly to ensure the achievement of economic and social cohesion;

6. Calls on the Commission in future to inform Parliament more fully of the reasons underlying decisions not only to carry over appropriations, to make decommitted appropriations available again or to propose the transfer of allocations in certain cases, but also of the reasons for not doing so in other cases;

7. Points out that too many budget headings, including some amended by Parliament, were not implemented to a satisfactory level and calls on the Commission to look into and remedy the causes of overestimation or underutilization;

8. Asks its Committees to intensify their monitoring activity during each financial year of the budget headings which concern them;

9. Deplores the fact that by the end of 1989 ECU 16.5 billion were tied up as appropriations for outstanding commitments, in many cases for very old projects, thereby denying funds to worthwhile projects;

10. Reiterates its call to the Commission to improve its procedures for monitoring and closing files, especially in the area of the Structural Funds, research and cooperation, and to ensure more rigorous application of Article 1(7) of the Financial Regulation concerning the duration of commitments entered into for multiannual projects; asks the Commission in particular to make proposals aimed at laying down strict and objective criteria for derogations from the time-limits set;

11. Calls on the Commission to take the necessary steps to improve cash management, notably to ensure that it obtains the best banking terms available, and also to rectify irregularities relating to its takeover of overseas delegations and to the operation of imprest accounts;

12. Notes that the gradual decentralization of management introduced by the Commission has still not been matched by intensified Commission activity at the levels of monitoring, control and evaluation of actions managed at national level; calls on the Commission to acknowledge its ultimate responsibility for all measures subject to shared management rather than seeking to evade it, and in particular to step up its efforts to ensure on the one hand that Member States respect the principle of additionality, and on the other hand that Community support is granted in strict compliance with the principle of subsidiarity;

III. COMMENTS ON THE MANAGEMENT OF INDIVIDUAL SECTORS

Own resources

13. Considers that the Commission's dilatoriness in making out recovery orders once debts were established may be seen as a lack of diligence in collecting own resources;

14. Deems unacceptable the Commission's reference to political considerations to justify slack application of the administrative rules governing preferential arrangements such as those with the GSP and ACP countries; insists that the Commission apply and enforce the rules relating to certificates of origin under those systems in such a way as to increase their effectiveness and, specifically, that it :

- (a) take explicit account, as regards regulations or administrative practices, of the peculiarities of the administrations in the beneficiary countries rather than seeking refuge behind those peculiarities,
- (b) secure inclusion, in the administrative provisions of preferential agreements, of compulsory refusal of preference when the beneficiary countries fail to observe certain rules,
- (c) lay down a precise definition of "reasonable doubt" as to the authenticity of certificates of origin,
- (d) ensure that the manual on the issue of certificates of origin is distributed,
- (e) adopt common rules of origin for petroleum products;

15. Further insists that the Commission improve the effectiveness of procedures for entering VAT resources in the accounts and making them available to the Community, especially where the Commission and the Member States disagree on the VAT resources base;

16. Calls on the Commission to make full use of the Treaties and Community law to verify that Member States discharge their duties in full with regard to establishing and making available VAT own resources;

17. Also calls on the Commission to

- (a) carry out and submit to Parliament by September 1991 a thorough review of its procedures for recovering VAT and GNP-based resources owed,
- (b) report to Parliament by September 1991 on the criteria which determine whether or not interest is claimed on late payments of VAT own resources and on proposals to improve management in this respect,
- (c) ensure that the report it is required to submit to Parliament by 31 December 1991 on implementation of Regulation no. 1559/89 is sufficiently detailed and that it highlights shortcomings identified since the regulation came into force;

18. Looks to the Court of Auditors to examine management of the fourth (GNP) resource in respect of financial year 1990;

EAGGF Guarantee Section : controlling agricultural expenditure

19. Deplores the Commission's failure to act under the terms of Article 6 of the Council Decision on budgetary discipline to contain expenditure under individual chapters of the EAGGF Guarantee Section, which has led to chapter overruns totalling nearly half a billion ECU in 1989 and close to ECU 2 billion in 1990, to an alarming build-up of agricultural stocks and, finally, to a crisis situation in 1991;

20. Considers that if, despite the adoption of strict new rules in 1988, the level of Community agricultural expenditure were to be determined less by the budget than by internal and external contingencies, as had happened regularly before those new rules were adopted specifically to prevent such a situation recurring, this would jeopardize confidence in the entire budgetary management of the Community;

21. Welcomes the clear restatement by Council, in its recommendation for discharge, that the objective of Article 6 of the Decision on budgetary discipline is to avoid the initial appropriations for individual EAGGF Guarantee chapters being exceeded; insists that henceforward the Commission take remedial action promptly as required by Article 6 of the Council Decision wherever expenditure is exceeding the profile or risks doing so;

22. Further insists that the Commission, in seeking to resolve current budgetary difficulties, avoid adopting measures which would entail heavy costs for future years and instead tackle the root causes of expenditure overruns;

23. Urges the Commission to take steps to improve the forecasting and monitoring of agricultural expenditure and, in particular, to

- (a) seek to obtain quantitative data underlying all agricultural expenditure from each Member State on a monthly basis, and make full use of such data,
- (b) step up its audits of national control systems with a view to increasing the reliability of Member States' figures,
- (c) make greater use of remote-sensing techniques which provide a valuable further check on such figures;
- (d) inform Parliament immediately whenever Member States fail seriously in their duty to implement Community measures;
- (e) provide for sanctions against such Member States;

24. Emphasizes that the Commission's powers in respect of clearance of accounts are, within the existing system, the key method of supervising the disbursement of agricultural expenditure and therefore that these powers must be exercised, as far as possible, contemporaneously with the expenditure and clearance completed speedily after the conclusion of that year;

25. Considers that the prospects for success of the set-aside scheme will depend on the extent to which the Commission can secure adoption of rules to make it more obligatory, to extend it to more productive land, to prevent production being increased on non-eligible land, to ensure its uniform application and to increase its cost-effectiveness;

26. Urges the Commission to adopt a consistent treatment for valuation and accounting of the various programmes for free distribution of intervention stocks;

27. Calls on the Commission to pursue with all due vigour the recovery of sums relating to reported cases of fraud or irregularity under the Guarantee Section, and to offset such amounts against future claims;

28. Insists that the Unit for Coordination of the Fight Against Fraud focus its efforts on the areas of greatest known abuse, and looks to the Commission at all levels to give the Unit full backing at all times;

EAGGF Guarantee Section : problems in specific sectors

29. Considers that the co-responsibility levy in the cereals sector does not sufficiently meet the objective of restricting production and that a reform is called for whereby the co-responsibility levy would be more closely linked to a restriction of production;

30. Expresses concern at the long-standing and growing problems in the tobacco sector and calls upon the Commission to table urgently a proposal for fundamental reform, which must include effective controls on expenditure in this sector;

31. Is especially disturbed by developments in the dairy sector, as well as in the beefmeat, sheepmeat, pigmeat and poultry sectors since 1989, and insists that in these sectors too the Commission take steps urgently to bring expenditure back under control;

32. Calls upon the Commission, when reviewing the "butter for bakeries" scheme, and when devising or selecting among other schemes for disposal of surplus milk products, to take greater account of the administrative costs involved including those at national level;

33. Urges the Commission to take steps without delay, in respect of the premium for maintaining suckler cows, to ensure that it is better informed on herd sizes and development (for instance by requiring that reliable national systems for identification of cows be set up), as well as on the management and impact of the scheme at national level; also urges the Commission to give due consideration to the possibility of targeting the premium towards the farmers whose income most warrants support;

Structural policy

34. Notes that implementation of appropriations allocated to the Structural Funds was satisfactory in 1989 but has since deteriorated;

35. Considers that the continuing high level of decommitments in 1989, especially in the case of the Social Fund (ECU 600 million decommitted), reflects serious shortcomings in project selection and monitoring at both national and Community level; nevertheless welcomes the fact that smaller amounts were decommitted in 1990;

36. Also notes that the level of outstanding commitments under the Structural Funds continued to rise in 1989, and calls upon the Commission to exercise strict supervision to ensure that this problem is not exacerbated as a result of decentralized management of the new operational programmes;

37. Considers that the system of commitment of aid in annual instalments presents certain advantages but also the disadvantage of not reflecting in the accounts the total level of outstanding Community liabilities relating to multiannual programmes under the Structural Funds; therefore looks to the Commission to guarantee the necessary transparency in this respect, and also to monitor the funding of such programmes closely;

38. Stresses the key role of supervision, monitoring and assessment in ensuring that the Structural Funds realize their goals of promoting social and economic cohesion within the Community; insists that the representativeness of the Monitoring Committees be enhanced and, specifically, that in all Member States they include at a minimum not only representatives of both sides of industry but also wherever appropriate representatives of voluntary bodies involved in implementing operational programmes; urges in addition that the powers of the Monitoring Committees be strengthened and asks that their reports be communicated to the discharge authority on request; calls on the Commission to step up considerably its on-the-spot checks;

39. Insists that the Commission give priority to ensuring that the Member States genuinely apply the Community principle of additionality, and that it report to Parliament by June 1991 on its efforts to this end; awaits the findings of the Court of Auditors' investigations into additionality;

40. Calls on the Court of Auditors to carry out an in-depth analysis of the first phase of implementation of the reform of the Structural Funds as a matter of urgency and instructs its Committee on Budgetary Control to report on this subject;

41. Calls on the Commission to ensure that aid under the EAGGF Guidance Section is in future granted in a manner more consistent with the principle of subsidiarity and that its impact is assessed more rigorously;

42. Considers that selection methods insufficiently geared to the economic and social reality of the regions and sectors concerned have been a major cause of the dispersal of aid and of the heavy under-utilization of budgetary resources under the Social Fund;

43. Considers that part of the responsibility for failure of the psychiatric reform programme in Leros lies with the Commission for not having defined

sufficiently clear objectives or monitored implementation adequately; insists that henceforward the management of any Community funds allocated to the programme be above reproach and that Parliament keep it under close review; calls on the Commission to submit a full progress report by the beginning of June 1991, indicating in particular the extent to which the conditions laid down by Parliament in 1990 for a resumption of Community aid to the programme have been met;

Energy and research

44. Notes that the volume of outstanding commitments, especially in the energy sector, continued to rise and asks that a procedure be introduced to review all projects which have lain dormant for more than one year as a matter of course and to exercise continuous supervision over the management of scientific programmes;

45. Calls on the Commission to improve its programme planning to take account of the legislative process and to avoid unnecessary delays in tendering procedures, with a view to maximising use of appropriations for research and development;

46. Reiterates its call to the Commission to make use of the provisions of Articles 10 and 11 of the Interinstitutional Agreement to allow Community expenditure on research and development to reach the levels permitted by the Financial Perspective;

47. Recommends that the Commission take steps to enhance the autonomy, accountability, market-orientation and competitiveness of the JRC institutes and of their directors, and to ensure that the directors have skilled management support;

48. Looks to the Commission to ensure that the new JRC Management Efficiency Unit is endowed with resources adequate to its task; considers that the Unit should concentrate on rationalising the Centre's costs and staffing and, in particular, should

- (a) devise methods for evaluating staff-costs and relating them to performance, and for apportioning these and other overheads between the institutes;
- (b) devise ways of further improving the scientific quality, age structure and mobility of JRC staff;

49. Asks that the Unit's periodic reports be made available to Parliament;

50. Calls on the Commission to introduce more rigorous budgetary planning for JRC staff in order to avoid the cancellation of appropriations for non-utilization, and calls for all scientific and administrative posts to be inventoried so that an analysis can be made of current over- and understaffing;

51. Recommends that work carried out by the JRC for the Commission be placed on a proper contractual footing, and that the amounts for support to each Directorate-General be indicated in the remarks against the relevant budget headings, in the institutes' annual plans and in the Analyses of Financial Management;

52. Urges that marketing and public relations activities in respect of work for third parties other than the Commission be reinforced and directed at both scientific and political levels, as part of a drive to improve the competitiveness of the relevant institutes;

53. Considers that the favourable cash position in respect of JET should result in lower precepts on Member States;

54. Urges the Council to take a decision as rapidly as possible on the life of the JET project to reduce the risks of abortive or premature expenditure;

Development aid, food aid and aid to countries of Central and Eastern Europe

55. Deplores the significant volume of payment appropriations lapsing in 1989 in respect of cooperation with developing and third countries (164,7 mECU);

56. Requests the Commission to present to Parliament by 30 September 1991 an analysis of its staff resources devoted to aid for Asian and Latin American Developing Countries, both in Brussels and in each country receiving aid, together with comparisons of its staff resources devoted to aid for each of the ACP countries, the staff of Member States dealing with development aid and the staff of international aid organizations, in all cases showing the ratio of staff to amounts of aid; further requests that the analysis be accompanied by proposals designed to speed up and improve the effectiveness of such development co-operation programmes;

57. Expresses dissatisfaction with the management of aid to Bangladesh and calls on the Commission to take firm action to ensure that in future the Bangladeshi authorities comply with agreements on such matters as operation of counterpart and revolving funds, reporting, and supply of government funds, and that they improve the local input into Community-aided projects;

58. Asks, exceptionally, to be consulted on the next food aid agreement with Bangladesh;

59. Calls on the Commission :

(a) to set aid and cooperation objectives more realistically, for instance by having greater recourse to feasibility studies;

(b) to step up the supervision of aid, including the role of European co-financing NGOs, by its central and delegation staff;

60. Insists that the Commission improve medium-term planning of food aid and monitor its implementation more rigorously, particularly to ensure that the criteria for distribution on the spot are respected; and invites the Court of Auditors to analyze the effects of the system for mobilizing food aid set up in 1987;

61. Also insists that the Commission submit written reports to the budgetary authority on implementation of aid to countries of Central and Eastern Europe on at least a quarterly basis;

Administrative expenditure

62. Calls on the Commission to ensure uniform presentation of the different sections of the budget, and calls on Parliament in future to contribute to the Analysis of Financial Management;

63. Reaffirms its insistence that the Financial Controllers of Community institutions be able to exercise their duties independently of internal or external authority;

64. Calls on the superior authority of Parliament henceforward to base any decisions to overrule its Financial Controller on a recommendation from the Committee on Budgetary Control; calls on the Commission to provide the Court of Auditors with the information it requires concerning refusals of approval by its Financial Controller;

65. Notes the opinion of the Court of Auditors on human resource management of the Council and the Commission, and the Commission's response; calls upon the Commission to ensure that the newly-created Inspectorate-General for Resources is endowed with resources commensurate with its task;

66. Considers that the Budgetary Authority should set an example in the area of human resources management and therefore:

(a) invites the Council to indicate what action it will take in response to the Court's recommendations; and

(b) calls for an external audit of staff management at the Parliament, which should take account of the institution's growing workload, specific working conditions and position as an equal opportunities employer;

67. Urges the Commission, as regards the pension scheme and other measures concerning termination of service,

(a) to intensify its action to secure fulfilment by Member States of their Treaty obligations in respect of transfer of pension rights;

(b) to seek agreement between the Heads of Administration as to (i) the proper interpretation of the Statutory Provisions governing orphans' pensions, and (ii) the link which might be established between periods of service and periods for which allowances are paid under the Unemployment Insurance Scheme;

68. Asks that criteria be laid down to ensure that funds under Item A 3031 (Subsidy to the European Foundation for Freedom of Expression) are allocated in the manner originally intended;

European Schools

69. Calls on the Board of Governors of the European Schools to apply the Financial Regulation which came into force on 1 January 1989 to the Schools rigorously as and when they come on stream in the central computerised accounting scheme;

70. Insists that the Board of Governors appoint an independent Financial Controller for the Schools without delay;

71. Considers that the Budgetary Authority should pronounce on whether the costs for children of EIB staff attending the Schools is chargeable to the Community budget;

Flow of information to the Discharge Authority

72. Points out that the quality of the Commission's written and oral replies to the observations of the Court of Auditors on occasion left much to be desired, and that in such instances the discharge authority can only conclude that the Court's observations are correct;

73. Asks that in future the report which the Commission prepares, pursuant to Article 89(5) of the Financial Regulation, on the measures taken in light of the comments accompanying decisions giving discharge be communicated to Parliament by 15 December of the year in which the discharge has been granted;

74. Requests the Commission to publish each year in the annual accounts a summary of the cost of administering at Community level each main budgetary sector (such as the EAGGF Guarantee Section, the common Fisheries policy, the Structural Funds, Research and Development programmes, and development and co-operation policy), showing separately the costs attributable to administration by Commission officials and those attributable to others acting for the Commission, and appending notes showing the extent to which general overheads have been attributed to each of these sectors;

75. Calls upon the Commission to submit to Parliament an analysis showing for each spending policy its methods of carrying out systematic evaluation of the results and illustrating how these findings have been used to improve effectiveness;

76. Asks the Commission to ensure that the data it presents on the rate of implementation of headings entered or amended by Parliament relate to the appropriations as entered or amended by Parliament rather than after transfers;

77. Asks the Court of Auditors to broaden the presentation of data in its annual reports to take account of the categories of the Financial Perspective.