RESOLUTION

of the European Parliament containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year — Section V — Court of Auditors

THE EUROPEAN PARLIAMENT,

— having regard to the Revenue and Expenditure Account and Balance Sheet in respect of the financial year 2001 (SEC(2002) 405 – C5-0245/2002),

— having regard to the annual report of the European Court of Auditors for the financial year 2001, together with the institutions' replies (C5-0538/2002) ([1]),

— having regard to the Statement of Assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the European Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0538/2002),

— having regard to the Council's recommendation of 7 March 2003 (C5-0087/2003),

— having regard to Articles 272(10) and 275 of the EC Treaty,

— having regard to Article 22(2) and (3) of the Financial Regulation of 21 December 1977 ([2]) and Article 50 of the Financial Regulation of 25 June 2002 ([3]),

— having regard to Rule 93a and Annex V of its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A5-0101/2003/rev1),

1. Commends the promptness of the Court of Auditors in making its public presentation of its 2001 annual report within the Committee on Budgetary Control in early November 2002, thus enabling the members of the Committee to start work early enough in order to be able to prepare for the debate held in plenary the following month; strongly recommends that this procedure be made the general rule and that the non-availability of all the language versions of the report should not be deemed an obstacle to its public presentation;

2. Notes the report by the independent auditor on the Court of Auditors' accounts for the financial year 2001 ([4]) together with the auditor's certificate concerning the regularity and fairness of the financial statements at 31 December 2001 and the auditor's report on the administrative and accounting procedures, the soundness of the financial management and the internal control system;

3. Requests that in future chapter 7 of the annual report (administrative expenditure) be extended so as to give the reader an overall picture of the situation within the various Institutions in this sector; repeats its request to the Court for a separate statement of assurance for each Institution or, failing that, a separate certificate or assessment of regularity/conformity for each Institution, possibly reflecting the annual activity reports of the authorising officers by delegation pursuant to Article 60(7) of the new Financial Regulation;

4. Welcomes the efforts undertaken by the Court of Auditors to make the Statement of Assurance (DAS) an instrument with measurable indicators allowing an assessment to be carried out of progress in financial control and management over time; considers nevertheless that the DAS

([1]) OJ C 295, 28.11.2002, p. 1.
([2]) OJ L 356, 31.12.1977, p. 1.
([3]) OJ L 248, 16.9.2002, p. 1.
([4]) OJ C 268, 4.11.2002, p. 1.

should allow a distinction to be made between, on the one hand, management aspects where improvements have been noted and, on the other, those for which action plans should be established to rectify shortcomings; expects the reformed DAS methodology to be effective for the 2003 discharge exercise;

5. Notes the Court's attempt at improving the presentation of its audit observations in its reports so as to make them more consumer-friendly by the use of more informative headings and more clearly identified recommendations, but believes that more radical measures can be taken;

6. Wonders how the Court of Auditors is able to issue a positive DAS when it itself asserts that, despite the significance of the reform of accounting systems at the Commission now under way, the Commission has simply made a start and that there are a host of shortcomings to be rectified;

7. Calls on the Court of Auditors to adapt the DAS so as to make it an instrument enabling the discharge and budgetary authorities to compare and monitor progress in financial management and control over time, preferably in a quantified manner;

8. Urges the Commission and the Court of Auditors to step up collaboration in order to rectify, as far as possible, the host of shortcomings which have emerged in the various DAS of Commission Directorates-General, so as to enable the Court of Auditors to use them as the basis for a new management tool for external control of the Commission;

9. Recalls that, with the abolition of the independent ex-ante financial controls, the basic conditions governing the Court of Auditors' work have been radically altered and that the ensuing additional risk to the financial interests of the Community can only be offset by increasing the number of audits carried out by the Court; asks the Court, in the context of an action plan, to show in detail for each area of expenditure how many budget transactions it audited in 2001 and 2002 and how the number of budget transactions it audits can be significantly increased;

10. Urges the Court to agree with the Commission on a common methodology for calculating error rates by Directorate-General or by category of expenditure; suggests that the Court use data from Member States resulting from obligatory controls in the field of agriculture and the Structural Funds in order to increase the sample; notes that the Court has failed to publish a global error rate and error rates by directorate-general or by category of expenditure as the Parliament requested in its decision of 25 April 2002 concerning discharge for the financial year 2000 ([1]);

11. Welcomes the fact that, as regards Parliament's demand for 'naming' specific Member States found or suspected to be deficient in protecting the financial interests of the Union, the annual report for 2001 and the special reports published during the year already contain references to individual Member States; regrets that the Court does not consider it appropriate to list in an annex to the annual report the individual errors identified in each Member State in an easily readable way;

12. Calls on the Court of Auditors, the Commission and the Member States to develop and introduce a single audit model in order to further improve and rationalise audit and reporting activities;

13. Is pleased that, despite awarding six ad personam promotions, the Court of Auditors has decided to limit them to very exceptional and particularly deserving cases; rejects, however, the principle of ad personam promotions;

14. Expects the Court of Auditors to take immediate action on the recommendations communicated by OLAF and made public in a press release dated 11 November 2002;

([1]) OJ L 158, 17.6.2002, p. 66.

15. Recalls that the Court itself has called upon all Institutions to provide a more global analysis of budgetary management which highlights and explains trends over time in expenditure and the funding of major capital items and which offers key measures of economy and efficiency ([1]); welcomes therefore the Court's willingness to make available to the discharge authority management information on its performance ([2]) and the annual activity reports of the authorising officers by delegation ([3]) required by Article 60(7) of the new Financial Regulation; invites the Court in future to amplify the commentary on financial management annexed to its management account (SEC(2002)405), possibly on the basis of the annual activity reports of its authorising officers by delegation;

16. Asks for that information to be supplied to the discharge authority in good time before the beginning of the discharge procedure for the 2002 financial year;

17. Calls upon the Court of Auditors and all Institutions, with a view to measuring and improving economy and efficiency in the management of major capital projects, to improve budgetary management information so that trends over time can be identified and explained, allowing corrective action to be taken as necessary; invites the Institutions to establish a system whereby each Institution's key administrative costs can be compared on an interinstitutional basis and in a systematic manner (i.e. by a system of 'benchmarking'), so that opportunities for reducing these costs can be identified and acted upon;

18. Notes with satisfaction, with regard to buildings, that the Court of Auditors is currently benefiting from the technical expertise and experience of the Commission's Office for Logistics and Infrastructures ([4]); notes further the Court's decision not to proceed for the time being with its second extension, for reasons connected with the 2003 budget; notes that the Court has commissioned a technical study of its long-term building needs and asks to be informed of the conclusions in due course;

19. Notes the difficulties experienced by the Court of Auditors in recruiting and retaining professionally qualified staff ([5]) and the estimate by the Court's Secretary-General that it will require (in addition to the posts within each of the 10 new 'cabinets') 60 additional auditors, 22 additional administrative staff as well as linguistic staff ([6]);

20. Notes with concern that during 2002 a total of 17 officials amongst its audit staff left the Court, in part because of insufficient promotion possibilities ([7]);

21. Notes OLAF's inquiries into the allegations made by an employee of the Court of Auditors;

22. Asks the Court to inform the discharge authority how it intends to adapt its working methods to the new situation obtaining after enlargement;

23. Notes in this context that it is only possible for the Court of Auditors to operate efficiently if the number of Members of the Court is limited; expects the European Convention to take this reservation into account;

24. Notes with satisfaction that the Court has set up the financial irregularities panel ([8]) required by Article 66(4) of the new Financial Regulation with effect from 1 January 2003;

([1]) Annual report 2001, paragraph 7.3.
([2]) Replies to Questionnaire PE 315.844 (Q5).
([3]) Replies to Questionnaire PE 315.844 (Q3).
([4]) Replies to Questionnaire PE 315.844 (Q4).
([5]) SEC(2002)405 and replies to questionnaire PE 315.844 (Q7).
([6]) Note of 21.9.2001 on financial implications of enlargement.
([7]) Replies to questionnaire PE 315.844 (Q7).
([8]) *Source:* Letter of 7.1.2003 from Mr Fabra Vallés.

25. Notes that at its meeting of 19 December 2002 the Court of Auditors decided to lift its suspension of the weightings in respect of transfers of its Members' emoluments ([1]); notes that this decision was taken on the basis of an analysis by the Administrative Committee of the Court of Justice, which concluded that there was a legal basis for such weightings, and the fact that budget line A-109 specifically provides for such weightings for Members of the Institution;

26. Recalls the assessment of the Court of Auditors in paragraph 7.18. of its Annual report 2001 that the rules applying to the remuneration of the Members of the Institutions do not include a specific legal basis for such transfers; notes however that certain provisions of the Staff Regulations have been applied by analogy for several years and that, pending clarification of the situation, the Institutions had decided to suspend application of the weightings for the Members concerned with effect from July 2002;

27. Expects the Members of the Institutions to repay the costs incurred if they use the official cars with which they have been provided for non-official purposes; asks the Court of Auditors to forward to Parliament by 30 June 2003 a report on the rules it has issued in this respect and on the amounts paid by Members in 2001 and 2002;

28. Maintains the request contained in paragraph 28 of its abovementioned discharge decision of 25 April 2002 for publication of the declarations of the financial interests of Members of the Court of Auditors; instructs its competent committee to examine the desirability of requiring such a declaration to be submitted (if necessary on a confidential basis) prior to the next hearings in connection with appointments to the Court of Auditors;

29. Notes that all the Members of the Court have declared their financial interests and assets and that these declarations have been sent to the President of the Court; requests that, in the spirit of transparency and to ensure objectivity and accountability, the declarations also be forwarded to the chairman of the Committee on Budgetary Control;

30. Regrets that the Court's work programme for 2003 does not include a timetable indicating the anticipated completion dates of the Court's special reports, as requested by the Parliament in paragraph 29 of its abovementioned discharge decision of 25 April 2002.

([1]) *Source*: letter of 7.1.2003 from Mr Fabra Vallés.