RESOLUTION

of the European Parliament containing the observations which form an integral part of the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 1999 financial year (Commission)

THE EUROPEAN PARLIAMENT,

Having regard to Article 276 of the EC Treaty,

Having regard to Article 89(7) of the Financial Regulation of 21 December 1977, pursuant to which each Community institution is required to take all appropriate steps to act on the comments appearing in the decisions giving discharge,

Having regard to the annual report concerning the 1999 financial year and the special reports of the Court of Auditors, and Institutions' replies (C5-0617/2000) ([1]),

Having regard to the 1999 Annual Report on protecting the Communities' financial interests — the fight against fraud (COM(2000) 718),

Having regard to the Council recommendation of 12 March 2001 (C5-0127/2001),

Having regard to the report of the Committee on Budgetary Control and the opinions of the interested Committees (A5-0113/2001),

Whereas:

A. The decision on discharge is based on the way the Commission implemented the budget of the relevant financial year, including the question of how effectively the Commission has followed up previous recommendations by Parliament, external audits by the European Court of Auditors including its special reports, internal audits by the Financial Controller and evaluations and controls by operational Directorates-General, allegations of mismanagement by whistleblowers and reports of serious irregularity by the Anti-Fraud Office.

B. The appraisal also depends on how well the policy of zero tolerance of fraud and irregularities is implemented by the Commission, whose members and Directors-General, under the reform programme, are fully answerable for adequate internal controls in their departments.

C. For 1999, for the sixth successive year, the Court of Auditors declines to provide an assurance that the transactions underlying the financial statements are legal and regular, except in respect of own resources, staff expenditure of Institutions and other commitments (excluding international fisheries agreements).

D. Considerable time and energy was expended by Commission services to reply to questions raised during the discharge procedure especially in response to requests made on 6 November 2000, set out in a first questionnaire on 5 December 2000 ([2]) and reiterated in a second questionnaire on 24 January 2001 ([3]). In full accordance with the Framework Agreement on relations between the European Parliament and the European Commission ([4]), recalls that, in accordance with point 14 of its resolution of 13 December 2000 on the reform of budgetary control procedures and institutions ([5]), annexed to the discharge report is a list of all documents received from the Commission (Annex 1), as well as a list of those requested and not yet received (Annex 2).

E. The first transmission of executive summaries of internal audits on 12 February 2001 and follow-up action on 16 February 2001, after requests in November and December 2000 and January 2001, suggests that the Commission has insufficient human resources to respond to requests from the discharge authority and does not appear to possess an overview of all audits carried out and followed up by both the Financial Controller and operational Directorates-General.

([1]) OJ C 342, 1.12.2000.
([2]) Letter to Commissioner Schreyer, 6 December 2000.
([3]) Letter to Commissioner Schreyer, 24 January 2001.
([4]) Texts adopted on 5 July 2000, point 9.
([5]) Texts adopted, point 15.

F. In paragraph 8 of its abovementioned resolution of 13 December 2000, Parliament called on the Court of Auditors and the Commission to reduce the formal contradictory procedure period and hence allow for an earlier presentation by the Court of Auditors of its annual report.

G. In the annual report for 1999, Financial Control reported that it had carried out 209 audits in that year and stated that reports generally included an executive summary and presented clearly and concisely key findings and recommendations.

H. In accordance with the Sound and Efficient Management Programme, SEM2000, the Commission published a summary of evaluations carried out in 1999 and an evaluation of the process of evaluation of EC external aid programmes [1], which stated that all Directorates-General do not systematically follow-up findings and considered that careful examination of value for money, results, impacts and sustainability of programmes and projects is rare.

I. Parliament requested the Commission to provide, by Directorate-General, details of the receipt, investigation and follow-up of allegations made by whistleblowers, including those transmitted to the Court of Auditors or the Anti-Fraud Office.

J. In the context of the current reform of the Commission, the dysfunction in the implementation of external measures repeatedly condemned by the European Parliament must be remedied, in particular: the inappropriate division of responsibilities between the DG for External Relations and the joint service for Community aid to non-member countries — SCR — set up by the Commission at the end of 1998 to tackle the problems in the administration of external aid programmes, where the permissible allocations in the various phases of aid projects in non-member countries were not complied with; points out that dysfunction of this kind has given rise to additional costs to the budget and reduced the effectiveness of European Union aid to non-member countries.

K. On 12 February 2001, in view of the importance placed on transparency and public access by the Swedish presidency, a request was made to attend the Ecofin meeting of 12 March 2001 at which the Council will adopt its recommendation on discharge.

Access to information

1. Regrets that, even after the conclusion of the Framework Agreement, the Commission has not forwarded certain information and documents requested by the discharge authority; again reaffirms point 26(b) of its resolution of 19 January 2000 containing the comments which form an integral part of the decision giving discharge to the Commission for the implementation of the general budget of the European Union for the 1997 financial year [2], in which Parliament points out that it has to have at least as much access to Commission documents as the Court of Auditors; recalls that Parliament has respected the Framework Agreement when requesting information from the Commission despite the fact that the rules:

   (i) are open to very broad interpretation, in particular as to whether a document is deemed confidential;

   (ii) may cause undue delays, for example the transmission of documents on 16 February 2001 following the questionnaire of 5 December 2000;

   therefore calls, in the light of this experience, for the revision of the Framework Agreement, this process to be governed by the following principles:

   (a) confirmation of the right of any Member of Parliament to demand and receive confidential information, too, where necessary, from the Commission pursuant to Article 197 of the EC Treaty;

   (b) unreserved application of the provisions of Annex VII to the Rules of Procedure on the consideration of confidential documents, which includes the right of any committee member to consider the confidential documents;

   (c) forwarding of complete original documents without prior alterations or obliterated text;

[1] Meta-evaluation commissioned by SCR, Final draft, 14 December 1999.
[2] OJ L 45, 17.2.2000, p. 37.

2. Reminds the Commission of Article 80 of the Financial Regulation, pursuant to which the analysis of the financial management must supply details as to whether the principles of sound management laid down in Article 2 of the Financial Regulation have actually been complied with; regrets that that document, which is fundamental to budgetary control, contained no more than highly incomplete information for 1999 and was available in one language only; calls on the Commission to submit a complete analysis for 2000 which covers all budget headings and is available in all official languages;

Statement of Assurance

3. Questions the utility of the global Statement of Assurance for 1999 so long as the figures are not given; notes that the Court of Auditors, which expends considerable resources of both the auditor and auditee, has not published substantive and formal error rates in recent years, which would allow Parliament to gauge the success or otherwise of the Commission's management of the Union budget:

   (i) recalls that the overall substantive error rate of the Union budget was reported as 4,0 % in 1994, 5,9 % in 1995 and 5,4 % in 1996 and not published for subsequent years;

   (ii) notes, however, that the figures for the agriculture sector, provided for the first time by the competent Commissioner [1] responsible for the expenditure of EUR 39,5 billion or 47 % of the budget, amounted to 2,52 % in 1995, 3,78 % in 1996, 1,94 % in 1997, 3,29 % for 1998 and 3,06 % for 1999 and was markedly lower than the global error rate;

   (iii) notes that funds managed by other Directorates-General, particularly those jointly managed with Member States, suffer, as a whole, from much greater error rates; calls for all remaining Commissioners to inform Parliament of annual error rates, in their respective areas of responsibility, since 1994 and in the future;

   (iv) welcomes the Court's willingness to undertake sectoral appraisals as an initial step towards more transparent and accurate assessments of budget utilisation rates but insists that the Court modify its approach in the direction of quantifying the error rate and specifying its results from DAS audits on both a geographical and a sectoral basis; if necessary, recommends that the Court identify the additional human and financial resources required to provide such data;

   (v) calls on the Court of Auditors to transform the DAS into an instrument enabling the discharge and budgetary authorities to compare and monitor progress in financial management;

   (vi) restates point 1(a) of its resolution of 13 April 2000 on the postponement of discharge to the Commission in respect of implementation of the general budget of the European Union for the 1998 financial year [2] that the Commission should cut the error rate of more than 5 % by a considerable rate; calls for this reduction to be made in conjunction with Member States, on the basis of a method to be discussed by the Court of Auditors, the discharge authority and the Commission; urges the Commission to ensure that it achieves a positive statement of assurance for budget year 2003 at the latest;

Council

4. Regrets that the Council:

   (i) in spite of its attempts at greater transparency and openness to the citizens of Europe, a did not acceed to a request from the general rapporteur [3] on the 1999 discharge to attend the 12 March 2001 meeting at which the Council adopted its recommendation on the 1999 discharge; notes that unelected officials take de facto political decisions behind closed doors often without sufficient supervision by national parliaments; recalls that the Council has for years granted discharge in respect of accounts which it knew to be flawed;

   (ii) on 15 March 1999, hours before the 'Santer' Commission resigned, despite evident problems in the management of Community funds, the Council unanimously recommended granting discharge to the Commission for 1997;

[1] Hearing at the Committee on Budgetary Control on 7 Febuary 2001.
[2] OJ C 40, 7.2.2001, p. 381.
[3] Letter to Mr Bosse Ringholm, Swedish Minister of Finance, 12 February 2001.

(iii) on some occasions along with the Parliament, has obstructed proposals by the Commission to minimise fraud and irregularities by improving CAP legislation including proposals applying to milk and sugar market organisations, the aid regime to flax and hemp and transmissible spongiform encephalopathies (TSE), which includes BSE; notes that in 1999 proposals for improvements were rejected for the sixth time since 1996;

(iv) along with Parliament, has imposed tasks on the Commission, for which the latter has not the human resources, such as the EC monitoring mission to the Balkans, the reconstruction programme for central America in the wake of Hurricane Mitch and food support to Russia in 1999; therefore calls on the budgetary authority to make the resources available to the Commission to implement the tasks imposed on it;

Member States

5. Recalls that more than 80 % of the Union budget is administered by the Member States:

(i) calls for Member States which have not yet ratified the 1995 Convention on the Protection of Financial Interests, namely Belgium, Ireland and Luxembourg, to do so as soon as possible;

(ii) notes that, in its answers of 26 January 2001 to the questionnaire from the discharge authority, the Court of Auditors indicates that in its Annual Report following Member States are singled out for criticism;

Member State	Total	Own resources	Common agricultural policy	Structural Funds
Greece	16	1	15	
United Kingdom	15	3	12	
Spain	15	1	14	
Italy	10	2	8	
France	8	2	6	
Germany	8	3	5	
Portugal	8	2	6	
Austria	7	1	6	
Ireland	6	1	2	3
Netherlands	5	3	2	
Belgium	3	2	1	
Finland	3	1	2	
Denmark	2		2	
Sweden	2		2	
Luxembourg	2	1		1

(iii) is surprised that figures of irregularities and fraud given by Member States [1] are, as a whole, much lower than error rates drawn up by the Court of Auditors under the sectoral declaration of assurance; observes that the figures provided by Member States may give a distorted picture owing to differences in definitions and methods used by the Court of Auditors and Member States; invites the discharge authority to investigate this matter;

[1] COM(2000) 718, 8.11.2000.

(iv) Own resources section:

(a) recalls that Member States reported irregularities and fraud of EUR 266,1 million, i.e. 1,92 % of the own resources budget of EUR 13,8 billion (Regulation (EEC, Euratom) No 1552/89); notes that of a total of EUR 214,8 million reported as irregularities by Member States, 48,7 % were identified by the United Kingdom and of a total of EUR 51,3 million reported as fraud by Member States, 76,8 % were identified by Germany;

(b) points out that four Member States, namely Ireland, Luxembourg, Portugal and the United Kingdom have not reported any cases of fraud in the collection of traditional own resources;

(c) calls on the Commission to explore the feasibility of bringing forward a financial corrections procedure for own resources adapted from the EAGGF-Guarantee clearance of accounts system;

(v) EAGGF Guarantee Section:

(a) recalls that Member States reported irregularities and fraud of EUR 232,1 million, i.e. 0,59 % of the EAGGF Guarantee Section budget of EUR 39,5 billion (Regulation (EEC) No 595/91); notes that of a total of EUR 116,5 million reported as irregularities by Member States, 70 % were identified by Germany, Spain and Italy and of a total of EUR 115,5 million reported as fraud by Member States, 78 % were identified by Germany, France and Italy;

(b) points out that two Member States, namely, Greece and Finland, have not reported any cases of fraud in the area of the CAP;

(c) regrets that one Member State, Denmark, had, at 1 February 2001, built up an unacceptably high level of DKK 2,2 billion (approximately EUR 300 million) as export refund guarantees, a level that seems too high and of which DKK 6 million (approximately EUR 800 000) was deposited by companies five years ago; urges the Commission, along with the Court of Auditors, to audit the handling of export refunds by the Danish Directorate for Food, Fisheries and Agro Business:

(d) regrets that Italy has been paying the super-levy for the breaching of milk quotas, on behalf of its farmers, thereby distorting competition across the Union; attaches great importance to the establishment of an appropriate legal basis allowing penalisation of Member States with inadequate management of the milk quota system; urges the Commission to investigate thoroughly the allegations that skimmed-milk powder subsidised by the Community may be being reprocessed as fresh milk;

(e) regrets that Greece has not set up a vineyard register, despite a legal obligation to do so since 1992; deplores the Commission's persistent failure to set up an effective specialised control body in the wine sector, in spite of repeated requests by both the Court and Parliament; asks that conditions attached to the granting of supplementary human resources for the Commission, in the context of the 2002 budget, include specific and verifiable measures for the operation of the body in question;

(f) calls for the Commission to extend the clearance period for which financial recoveries can be made from the current 24 months to 36 months, review the membership of the conciliation body and bring forward a proposal for a legal base enabling the Commission to apply increasing financial corrections to Member States for repeated weaknesses in control systems, including for delays in the introduction of IACS;

(vi) Structural Funds section:

(a) recalls that Member States reported irregularities and fraud of EUR 120,6 million, i.e. 0,39 % of the Structural Funds budget of EUR 30,6 billion (Regulations (EC) No 1681/94 and (EC) No 1831/94); notes that of a total of EUR 97,3 million reported as irregularities by

Member States, 64 % were identified by Italy and the United Kingdom and of a total of EUR 23,2 million reported as fraud by Member States, 99 % were identified by Germany, Italy and the United Kingdom;

(b) points out that nine Member States, namely, Belgium, Denmark, France, Luxembourg, the Netherlands, Austria, Portugal, Finland and Sweden, have not reported any cases of fraud in the area of Structural Funds;

(c) takes note of the substantial improvements brought about by the new Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds [1]; counts on the Commission to make sure that the Regulation is applied in full and, in particular, to make the necessary financial corrections where Member States are responsible for irregularities; calls on the Commission to ensure that the decommitting procedure laid down in that Regulation is fully implemented; calls on the Commission to introduce a clearance of accounts procedure for Structural Funds;

(d) regards the trend in the amount of outstanding commitments both in the area of structural measures and TEN projects as unacceptable; calls for the submission of an emergency reduction programme coordinated between the Member States and the Commission, in particular for pre-1994 outstanding commitments in the area of structural measures; calls for no extensions requested by Member States to be granted to payment deadlines;

(vii) urges the Member States to comply with the eligibility criteria laid down in the new regulations, so as to avoid any recurrence of the irregularities that are highlighted each year and asks to be kept informed of the action taken by the Commission on the irregularities in European Social Fund operations in Member States, especially:

— Netherlands: Rijnmond-Drechtsteden and Gelderland,

— Spain: Catalonia,

— Denmark: Kolding, recalling that the national authorities did not report the case to the Anti-Fraud Office;

(viii) calls on Member States who have not yet done so to give their national Court of Auditors full powers to audit the use of EU-funds down to the final recipient level; welcomes the reports produced by the Netherlands Court of Auditors which have led to steps being taken by the Netherlands Government;

(ix) notes that when examining transactions in order to draw up the declaration of assurance the Court of Auditors identified irregular payments worth EUR 418 million; invites the Commission to recover funds incorrectly paid to Member States and to propose a simplification of the infringement procedure, which allows a lump sum or penalty payment to be paid by the Member State, following a judgement by the Court of Justice, if the Commission considers that the Member State concerned has failed to fulfil an obligation under the Treaty (Article 228);

Court of Auditors

6. Invites the Court of Auditors to:

(i) Statement of Assurance: continue to develop its methodology, based on best practice, for drawing up the Statement of Assurance and indicate what steps both the Commission and Member States will have to take in order to improve the financial management of Community funds and notably the Commission's internal control thereof; publish the actual global error rate and other statistics that will provide important benchmarks by which future Statements of Assurance can be judged;

(ii) naming auditees: adopt a consistent approach on naming Member States and Directorates-General found to be deficient in protecting the financial interests of the Union;

(iii) cooperation: improve coordination with national Courts of Auditors where management is shared; inform the discharge authority of work undertaken in cooperation with these bodies, both in Member States and in enlargement countries;

[1] OJ L 161, 26.6.1999, p. 1.

(iv) publication: publish its observations and the replies of the auditee on facing pages in the Official Journal and, in view of their highly technical nature, publish the executive summaries of special reports in the Official Journal, crossreferencing to the full text on the Court's website;

(v) work programme: introduce a multi annual plan, whereby all areas of the budget managed by the 29 Directorates-General are appraised over a five-year period; encourages the Court, as external auditor, to make use of work carried out by the Commission's central Internal Audit Service and the internal audit units of each Directorate-General; begin this exercise by auditing higher-risk areas such as external actions, i.e. those under the responsibility of the Enlargement, External Relations, Development, Humanitarian Office, Europe Aid and Trade Directorates-General; present its draft annual work programme to the Committee on Budgetary Control before its adoption; commission an external evaluation on how effectively the Court fulfils its mission;

(vi) special reports: present special audits on the following topics, highlighting the strengths and weaknesses of the financial management of programmes, technical recommendations for improvements and the cost of the audit both in terms of time and funds expended including human resources;

Directorate-General for External Relations:	Common Foreign and Security Policy (CFSP), TACIS cross-border cooperation, Kosovo,
Directorate-General for Agriculture:	Integrated administration and control system (IACS — EAGGF Guarantee Section), Milk quotas, Export refunds, Bananas,

carry out special audits of programmes that may negatively affect public health if not properly implemented; draw up a special report on the administration of Community funding for town-twinning schemes (A-3 2 1);

(vii) Code of Conduct: make public the declarations of financial interests of its Members and certify that the Code of Conduct for its Members is being adhered to;

Anti-Fraud Office

7. Underscores the urgent need for clarification of OLAF's information policy, so as to allow account to be taken of three demands, which are contradictory in some respects, in a rigorous and balanced fashion:

(i) a demand for transparency vis-à-vis the discharge authority;

(ii) a demand for confidentiality for certain information, the disclosure of which is likely to harm legitimate material and non-material interests;

(iii) a demand for compliance with the presumption of innocence and with the rights to defence of natural or legal persons called into question;

8. Regards it as essential in this regard to continue the debate between OLAF and its competent committee, the Committee on Budgetary Control, so as to lay down agreed, precise and binding ground rules on the matter; looks forward to receiving from the Anti-Fraud Office, under appropriate conditions of confidentiality as laid down in Annex VII of the Rules of Procedure, the final internal and external reports of investigations into programmes or organisations that fall under the responsibility of the following Directorates-General; invites the Anti-Fraud Office to indicate the date the allegation was received, the overall cost, main problems identified and recommendations to the Commission and/or other parties:

Directorate-General for Agriculture:	illicit traffic in butter-based products,
Directorate-General for External Relations:	Commission delegations including Washington, IRELA (Instituto de Relaciones Europeas Latino Americanas) ACEAL (Association pour la Coopération Europe-Amérique latine),
Humanitarian Office:	Echoflight — Africa, International Federation of the Red Cross — former Yugoslavia,
Directorate-General for Justice and Home Affairs:	European Migrants Forum,
Directorate-General for Employment and Social Affairs:	European Social Fund in the Netherlands, Spain and Denmark,
Directorate-General for Personnel and Administration:	Berlaymont building,

Commission

9. Expects the Commission to report back on developments in cases discussed below, in particular with regard to remedying underlying system weaknesses brought to light by those cases:

   (i) *Retroactivity and proportionality — Fléchard affair*

   (a) recalls that in 1991 a French company Fléchard agreed to transport 6 750 tonnes of Irish butter, to the former Soviet Union, upon submission of a guarantee of ECU 17 617 500 [1]; points out that a joint mission by DG VI and the Irish authorities, to Poland in May 1992, concluded that the transaction 'was orchestrated as a fraud from the beginning';

   — notes that the Commission adopted on 22 July 1993 Regulation (EEC) No 1938/93 [2] under which the guarantee would be lowered to ECU 6 277 500 [3] and applied retroactively to Fléchard;

   — understands that a decision to lower the guarantee to ECU 3 003 750 [4] was adopted during the meeting of 7 January 1994, chaired by the deputy head of Cabinet of the President of the Commission, in the presence of the Financial Controller, the Director-General of the Legal Service and the Director of EAGGF;

   — points out that the Anti-Fraud Office [5], Parliament's Legal Service [6], the Court of Auditors [7], and the Committee of Independent Experts [8] have questioned the legal basis of the decision taken by the Commission to lower the penalty to ECU 3 003 750;

   (b) regrets that the Commission took an ad hoc decision:

   — without a sufficient legal basis,

   — without carrying out a conclusive investigation into fraud,

   — without the involvement of the Commission College or responsible Commissioner on the basis of a meeting of its senior officials, the minutes of which have disappeared;

   (c) welcomes the fact nevertheless that the Commission has:

   — acknowledged, for the first time to Parliament, that the handling of the Fléchard case is open to criticism,

   — acknowledged that a more thorough investigation should have been carried out,

   — realised the extent of the problems highlighted by the case;

   (d) calls on the Commission to:

   — state clearly and unequivocally that it would not handle a similar case in the same manner today,

[1] Calculated on the basis of ECU 261/100 kg of butter.
[2] OJ L 176, 20.7.1993, p. 12.
[3] Calculated on the basis of ECU 93/100 kg of butter.
[4] Calculated on the basis of ECU 44,5/100 kg of butter.
[5] Note to Mrs Theato, 9 March 1999.
[6] Avis Juridique, 27 August 1999 in reply to letter of Mr Mulder.
[7] Presidential letter of the Court of Auditors, 11 May 2000.
[8] Analysis of current practice and proposals for tackling mismanagement, irregularities and fraud, 15 September 1999.

— bring forward, by November 2001, guidelines on the application of the principle of proportionality, as promised [1],

— ensure that the College takes a formal decision in cases involving proportionality for the waiving of debts greater than EUR 1 million or EUR 100 000, if this represents a reduction greater than 25 %;

(ii) *Flax*

questions why insufficient action was taken by competent authorities in Spain, even though weaknesses in control systems were reported by the Commission (Financial Control and the Agriculture Directorate-General) and the Anti-Fraud Office; asks the Anti-Fraud Office to investigate similar irregularities in the flax sector in other Member States; asks the Committee on Budgetary Control to continue to monitor developments in those cases; expects the Commission to apply rigorous financial corrections to Spain and other Member States under the clearance of accounts procedure; expects the Commission to sanction adequately the violation of Community legislation both by the producers of flax and by the processing factories;

(iii) *Adulteration of dairy products*

Parliament is alarmed by reports of fraud, involving the adulteration of 35 200 tonnes of butter, orchestrated by a multinational organised crime syndicate; recalls that Community subsidies were paid on what was declared illegally as butter; encourages the Anti-Fraud Office to continue to coordinate controls in a number of Member States, including Italy, France and Belgium; calls on the Commission, within the clearance of accounts procedure, to apply maximum financial corrections, once the results of the investigation by the Anti-Fraud Office are finalised;

(iv) *Enlargement*

(a) regrets, with regard to support for public administration, the lack of a strategy, the general nature of objectives and the fact that candidate countries appear not to have the capacity to apply, manage and monitor programmes to prepare for accession; welcomes, however, improvements in twinning programmes;

(b) deplores, with regard to PHARE, that financial decisions are concentrated at the end of the year; notes that the Commission was forced to make late payments, because supplementary and amending budgets were adopted at the end of the year; is concerned about the financial impact this may have on the beneficiaries of programmes or projects; expects that the adoption of new guidelines will improve tender procedures;

(c) calls on the Commission to ensure that, before accession to the Union, all applicant countries have introduced proper control systems in the areas of shared management of Community funds;

(v) *Food aid to Russia*

doubts the appropriateness of the programme to supply agricultural products to the Russian Federation; wonders whether the objectives pursued were realised; regrets that the Commission was unable to enforce its policy with the Russian federal authorities; expects the Commission to forward the final audit report to Parliament before the end of 2001;

(vi) *Nuclear safety*

encourages the Commission, to pursue efforts for:

(a) operations undertaken by the European Union in the field of nuclear safety in central and eastern Europe (CEE) and in the New Independent States (NIS), to continue its efforts to improve the management of this aid in the context of the reform process, notably as foreshadowed in the document on 'Externalisation of the management of Community progammes' of 12 May 2000 by the Planning and Coordination Group on Externalisation, and

[1] Commission replies to the Fléchard questionnaire, 19 March 2001.

(b) redirecting funds by creating an independent budget line with the intention of strengthening cooperation in the field of nuclear safety for TACIS countries;

(vii) *'Screening' of Delegations*

(a) regrets that staff and resources allocated to the Commission's Delegations are not always commensurate with the Union's current political priorities or amount of aid disbursed; points out that there is an uneven attribution of resources, noting by way of example that the Delegation to Mali, responsible for an annual budget of EUR 152 million, is staffed by six officials while Barbados, with a negligible aid budget, also has six officials; notes that there are no Delegations in key regions including Singapore, Malaysia or any of the Gulf States;

(b) notes that in view of the benefits deriving from Annex X of the Staff Regulations, the average cost of an official overseas is EUR 270 000 in the first year and EUR 207 000 in subsequent years, as compared with the average cost of officials in Brussels or Luxembourg of EUR 120 000; notes that the cost of a locally recruited expatriate is one third of the cost of an official; encourages the Commission to continue the redeployment progamme launched in 1996 in which regional Delegations would be created; notes that, since 1996, 70 statutory posts were redeployed between Delegations and 50 posts from headquarters to Delegations; considers that a number of official posts in ACP countries could legitimately be replaced with locally recruited expatriates;

(c) calls for a clear definition of the duties to be conferred on all categories of staff; considers that a coherent approach must be taken to the question of the ratio of officials to local staff; calls for a proposal on how to simplify management of auxiliary, temporary and permanent staff in order to avoid the application of different standards;

(viii) *Sarajevo Delegation*

welcomes that at Parliament's instigation the Commission gave greater powers to the Sarajevo delegation which is now a role model for other offices;

(ix) *Jerusalem Delegation*

(a) welcomes that a further 23 Delegations have been selected to take on direct financial responsibilities, including the Delegation in Jerusalem; notes that although aid to Palestine amounts to EUR 132 million, in 1999 the Jerusalem office was essentially staffed by two A-grades, one B-grade and one C-grade official; invites the Commission, in view of its new tasks, to increase the number of staff in Jerusalem beyond the fixed ceiling of officials and experts, established by the Israeli authorities, by starting negotiations with Israel, as the Delegation itself already suggested in 1999;

(b) stresses the importance of European Union assistance within the framework of the Middle East Peace Process; points out that both the independent external evaluation [1] and the special report No 19/2000 [2] by the Court of Auditors, noted that the positive impact of aid was reduced by a number of factors including the fragmentation of responsibility, a lack of performance indicators and insufficient coordination with other donors; calls on the Commission, within the context of the reform of external aid, launched on 16 May 2000, to draw up an action plan following the audit and evaluation and to report on progress, the first time after six months and thereafter at least once a year;

(c) notes that the European Union, as the Palestinian Authority's largest donor, should ensure that its assistance promotes peace and reconciliation; the Commission should ensure that its support for Palestinian education does not either directly or indirectly finance expressions of racial hatred but that, on the contrary, its desire to play a role in the peace process results in the promotion of peace and reconciliation among the younger generation in a region where peoples have been subjected to terror for too long;

[1] Evaluation of EC assistance to the West Bank and Gaza, CEPT II, January 1999.
[2] OJ C 32, 31.1.2001.

(x) *Stockholm Reprensentation*

regrets, as regards the Commission's handling of the Stockholm office affair, the lack of openness to the discharge authority, delays in the disciplinary case of involved officials and the failure to investigate other offices for similar cases:

(a) notes that the Commission audit of the Stockholm office in March 1999 apparently revealed no problems, although allegations in November 19 following press reports of alleged malpractice proved partly true; urge the Commission to improve the quality of audits; regrets procedural delays, pointing out that whilst the Anti-Fraud Office recommended disciplinary enquiries in May 2000, three disciplinary cases were only transmitted to the disciplinary board in March 2001; expects the disciplinary proceedings to be concluded in a consistent, professional and fair manner;

(b) calls on the Commission to inform Parliament of the rules and the application regarding officials under investigation;

(c) welcomes that audits were carried out in the Commission's Representations in Helsinki, Vienna, Madrid and Barcelona; calls upon the Commission to initiate preventive controls in all its remaining Representations and to inform Parliament of the results;

(xi) *Washington Delegation*

(a) notes that the Financial Controller, following a comparison with the German, United Kingdom and Netherlands embassies, pointed out highly questionable practices regarding the refurbishment of the Washington Delegation residence, the cost of which was in excess of the sale value, and the provision of temporary accommodation, at greater than average market value cost, over a two-year period;

(b) believes that *a posteriori* approval of overspend on refurbishment by the Advisory Committee on Procurements and Contracts and approval by headquarters for lodgings of delegation staff that breach existing standards is questionable; asks the Commission to investigate this incident and review its buildings policy with respect to delegations;

(xii) *Europe Aid*

notes that the new 'Europe Aid' service is an important step towards solving existing problems of arrears in payment appropriations. None the less considers that such a step is not sufficient to achieve the desired level of efficiency; therefore invites the Commission to draw on the experience of external agencies in implementing external aid on the ground, provided that these agencies can demonstrate a higher level efficiency than the existing centralised and decentralised services; points out that in such cases the activities of these agencies must be carried out in compliance with policy guidelines set by the Commission and the European Community's legal framework with regard to financial and accounting standards;

(xiii) *IRELA*

(a) points out that Commission services were alerted to problems regarding the management of the Europe-Latin America Institute (IRELA) by Financial Control in its report of 6 June 1997 and by the Court of Auditors in its sector letters of 12 May 1998 and 13 November 1998, as well as in its special report No 12/2000 of 18 May 2000 [1], regrets that the Commission audit was only completed in 2001;

(b) asks the Commission to give urgent consideration to the means of solving the problem of unpaid staff not involved in irregularities and mismanagement, calls on the Commission to recover EUR 4,4 million, identified by the audit, lost owing to gross mismanagement including losses incurred owing to ineligible expenditure, including non-contractual remuneration of the Director and double payments from parts A and B of the general budget and undue travel expenses;

[1] OJ C 230, 10.8.2000.

(c) urges the Commission to launch administrative enquiries and, if appropriate in the light of the Anti-Fraud Office internal enquiry, disciplinary proceedings;

(xiv) *ACEAL*

carry out a thorough audit of ACEAL and an investigation of its links with Commission staff and asks the Commission not to hesitate to launch administrative or disciplinary enquiries in the event of any apparent favouritism in the granting of contracts by officials to former agents of the Commission;

(xv) *A-30 subsidies*

cooperate with the Anti-Fraud Office and the Court of Auditors in auditing institutes or centres funded almost exclusively from the Union budget and to report to Parliament in time for the second reading of the 2002 budget; calls for Members of Parliament holding positions on executive boards or similar boards of organisations that receive a majority of their funding from the Union or to declare their interest in writing before budgetary debates and votes, in line with Annex I, Article 1 of Parliament's Rules of Procedure;

(xvi) calls on the Commission to develop an information policy which promotes dialogue by making it possible for all organisations respecting fundamental human rights to apply for funds;

(xvii) *International donor co-ordination (including the United Nations (UN))*

(a) regrets that despite requests in both discharge questionnaires the Commission has been unable to indicate the amount of funds channelled through the United Nations as a whole, as well as individual agencies; requests details including objectives of support, amounts committed, amounts spent, impact of aid and action taken following audits and evaluations;

(b) is concerned about funds channelled through the United Nations International Drug Control Programme, asks for information and follow-up; notes that Commission audits have revealed the high risk of double payments to beneficiaries, once through the Commission and once more via UN agencies such as via the United Nations High Commission for Refugees; regrets that the World Food Programme has not allowed audit access, leading to the delay or even blockage of projects;

(c) regrets that the Commission has failed to ensure full compliance of EU-funded investment promotion activities with core International Labour Organisation and other international human rights standards;

(d) calls on the Commission to ensure control and visibility of funds under mandate to international organisations; make its financial assistance provisions subject to obtaining sufficient information on the use of the funds spent by international organisations acting in parallel with the Commission and, where there is found to be too little transparency, to halt the contribution to the UN agencies concerned;

(xviii) *Non-governmental organisation*

(a) encourages the Commission to continue its general audit plan for NGOs based on risk analysis and welcomes the action of the Development Commissioner for not hesitating to recover monies lost owing to mismanagement by various NGOs;

(b) notes that although the Commission was aware of problems in March 2000, an audit of CLONG (Liaison Committee of NGOs to the EU) was only started in October 2000; looks forward to receiving the audit report as soon as it is finalised;

(c) notes that CLONG has not made all documentation available to the auditors, neither during the first visit to the NGOs nor in the contradicatory procedure; encourages CLONG to submit any further information immediately; calls on the Commission to take full account of any further documentation in the recovery procedure; expects the Commission to unblock the funds put on hold when the recoveries issue has been settled and sufficient guarantees as to the proper financial management have been established;

(d) welcomes that, following allegations of misuse and diversion of humanitarian aid in Yugoslavia in November 1999, ECHO, together with the International Federation of the Red Cross, commissioned an audit of the Yugoslavian Red Cross; is concerned about the risk of double payments, excessive invoicing and weaknesses in management control systems; calls on the Commission to apply lessons from its audit of the International Federation of the Red Cross in Yugoslavia to similar operations in other countries;

(xix) *Development aid*

notes that in 1999, out of EUR 6,5 billion spent on external cooperation activities, including development aid, only 1 % of this total was spent on health; notes also that detailed figures for sectoral spending remain unavailable for category 4 in Latin America and Asia, although these have been available for over twenty years for the ACP states; urges the Commission to report fully on all external assistance according to OECD DAC methodology;

(xx) *Energy sector*

regrets the Commission's discontinuation, in 1999, which means that EUR 5 million out of EUR 15 million will remain unused, of the Synergy programme which focuses on small scale and flexible projects to favour dialogue and cooperation between the EU and third countries; calls for the best projects of the call for proposals of 1999 to be transposed immediately in order to disburse funds foreseen under the 2001 budget; calls for a new call for proposals with a lower minimum threshold but with criteria that specify high quality and allowing bigger but also small and medium-sized projects to be taken into account;

(xxi) *Internal policies*

(a) asks the Commission to make provision for contractual penalties in the event of excessive expenses being claimed;

(b) asks the Commission to require beneficiaries above a certain size to submit a certificate by an independent auditor attesting the correctness of the expenses claimed and the eligibility of expenditure for subsidy in accordance with contractual conditions;

(c) calls on the Commission to draw up detailed breakdowns of implementation in the financial year 2000 of the Socrates (B3-1 0 0 1), Youth (B3-1 0 1 0) and Culture (B3-2 0 0 8) programmes;

(xxii) *Agencies*

(a) notes that appraisals of satellite agencies by the Court of Auditors and the Commission have, on the whole, focused on purely financial matters; calls for regular independent evaluations to determine how effectively the agency fulfils its mission; calls for the results of the evaluation and recommendations to be made public;

(b) notes, for those agencies not based in the capital city of the Member States, the substantial difference in the cost of living between the location of agencies and the capital of the corresponding Member States; calls on the Commission to re-examine the system of weightings applied to agencies;

(c) expects the Management Board and management of the European Monitoring Centre on Racism and Xenophobia, with due regard for their respective roles, to take the measures needed to ensure that, in future, the accounting systems are modernised and that staff are recruited and supply, goods and services contracts are awarded in compliance with all the rules in force;

(xxiii) *Joint Research Centre*

recalls that, in its special report No 10/2000 on the public contracts awarded by the Joint Research Centre [1], the Court of Auditors asked that all irregular, questionable and dubious practices, identified during the course of the audit, should be terminated by appropriate means; recalls that financial penalties for authorising and accounting officers have not been laid down in the Financial Regulation, which has been in existence for more than 20 years; calls on the Commission, in conjunction with the reform of the Financial Regulation, to make proposals to this end without delay;

(xxiv) *Leonardo*

notes that with regard to the Leonardo da Vinci budget heading the Commission, because of, *inter alia*, pressure from Parliament and as a result of a legal complaint to the Brussels public prosecutor's office, terminated the contract with the Agenor technical assistance office; acknowledges that the Commission has in the meantime adopted measures concerning management of Community programmes and external technical assistance; demands that the Commission provide Parliament, within six months, with a meticulous assessment of the current situation with regard to all external technical assistance;

(xxv) *Drug abuse and sex tourism*

criticises the obvious management deficiencies affecting the following budget lines:

— B7-6 2 1 0 North-south cooperation schemes in the context of the campaign against drug abuse,

— B7-6 6 3 Campaign against sex tourism in third countries;

(xxvi) *Administrative expenditure*

(a) recalls that, in 1999, the annual cost of invalidity pensions in all institutions, awarded to officials in the case of total permanent invalidity, was around EUR 114 million for approximately 2 700 officials [2]; notes that 28 779 officials worked in all European institutions in 1999; observes that the high incidence of retirement on grounds of invalidity indicates undue use of such retirement arrangements as part of personnel policy; would welcome a comparative study of invalidity rates in Member States and other international organisations from the Court of Auditors; calls on the Commission to report on underlying causes for such problems and ensure that existing provisions are strictly enforced;

(b) recalls that an EU-USA fellowship programme was set up 20 years ago, whereby EU officials, with at least five years' experience, may be sent on long-term mission to American academic institutes; regrets that no such programme exists for European universities; calls on the Commission to carry out an evaluation of the cost-effectiveness of the programme before the start of the next discharge procedure;

10. Congratulates and encourages the Budget Commissioner who has been striving to drive through much-needed change; acknowledges that, in response to repeated calls by Parliament to reduce unacceptably high error rates, the Commission submitted action plans in February 2000 and in February 2001; is determined to closely, monitor the follow-up and implementation of the action plan; regrets the absence of a 'performance scoreboard' to judge the effectiveness and efficiency of the management of taxpayers' money by the Directorates-General of the Commission under the MAP2000 and SEM2000 reform programmes; welcomes that, at Parliament's request, the Commission has embarked on comprehensive root-and-branch reform and has proposed a recasting of the Financial Regulation in order to improve financial management; expects the Commission to make a commitment to those items in the following 10-point plan that have not already been addressed by the Commission reform and report back in a progress report on Commission reform before the next discharge procedure begins in November 2001; asks the Commission to:

I. Annual plans: submit, for the first time, a summary by Directorate-General of all completed and outstanding tasks for 2000, since annual work plans for each of the 29 Directorates-General and job descriptions of all 59 officials who occupy A 1 posts were not established for 1999, or for any prior year; welcomes that under Action 22 of the White Paper on Reform, the Commission would carry out individual performance appraisals of A l and A 2 officials in April 2001; regrets

[1] OJ C 172, 21.6.2000.
[2] Total number of invalids: 2 741, 1 096 aged less than 60, 563 aged between 60 and 65, 1 082 aged over 65.

substantial delays whereby the first appraisal will only start by the end of 2001, as stated in the Commission Decision of 22 December 2000 on the appraisal, selection and appointment of senior Commission officials (SEC(2000) 2305); calls for the transmission of annual work plans and, on a confidential basis, appraisals of A 1 officials; asks the Commission to inform Parliament of the number of officials that have left under Articles 50 and 51 of the Staff Regulations; calls on the Commission to take into account the staff appraisals; invites the Commission to implement measures that will allow it to dismiss A1 officials whose career development reports indicate that performance is inadequate ([1]);

II. Annual declaration: ensure that each Commissioner, Director-General and Head of Delegation signs an annual declaration of assurance, for the first time by June 2001, that adequate internal controls have been put in place; also ensure that each of these persons signs annually, for the first time by March 2002, a statement that all funds for which he/she is responsible have, as far as he/she is aware, been spent in accordance with the principles of sound and efficient management; notes that the consequences of not signing, and of not living up to the expectations deriving from such assurances and statements, as well as the consequences for the chain of responsibility would have to be clarified;

III. League table : introduce a suitable management information system to allow a qualitative and quantitative assessment to be established and thereby share best-practice across the Commission; notes that a statistical breakdown, by Directorate-General, was not available for the 2 805 commitment proposals, payments and recovery orders, rejected in 1999 by the Financial Controller and Accounting Officer, on a number of grounds including errors due to incorrect draft contracts, ineligible expenditure, ineligible beneficiaries, insufficient consideration of economy and value for money as well as duplicate payments; calls for a comparison of Directorates-General on a number of management criteria including: payment delays, *reste à liquider*, recoveries initiated and completed, actual to planned execution, hours of training, average time of vacancy of posts and action following financial audits, performance evaluations, allegations of malpractice by whistleblowers and reports by the Anti-Fraud Office;

IV. Follow-up of audits, evaluations and budgetary implementation:

(a) Audits: transmit, on a bi-annual basis, to the discharge authority a synthesis of key findings, recommendations and follow-up of all internal audits carried out by the Commission; notes that action following audits carried out by the Financial Controller in 1999 has not always been swift, effective or comprehensive; asks the Commission to indicate what action was taken following the audits listed in Annex 3;

(b) Sectoral evaluations: undertake regular policy evaluations by sector and present results to the Committee on Budgetary Control in the presence of the relevant policy Director-General, the relevant Member of the Court of Auditors and a delegation from Parliament's relevant specialised committee;

(c) Implementation figures: send a representative to the Committee on Budgetary Control to present and explain the quarterly budget implementation figures, outlining and examining any trends or potential areas of concern as well as problems relating to late payments, in order to allow Parliament to fulfil its priority to monitor closely budget expenditure at regular intervals during the course of the year; regrets that the analysis for financial management for 1999 is incomplete and only available in one language; calls on the Commission to make a full analysis for subsequent years and make this available in all languages;

([1]) Consultative document on maintaining professional standards of 28 February 2001, Annex I.

V. 'Revolving door': tighten the interpretation of and strictly apply existing provisions [1] to avoid the state of affairs where former Commissioners, cabinet appointees and officials are able to use their in-house knowledge and expertise, in an inappropriate manner, in the service of private interest groups or industry; points out that this occurred for a number of senior persons in 1999; notes that provisions [2] exist whereby the Commission must specify those posts which debar officials who have held them from engaging in any occupation, whether gainful or not, for a period of three years after leaving the service; asks for details of such posts and information on the application of such, or similar, provisions to former Commissioners, cabinet appointees, Heads of Delegation or Representation or Director-Generals;

VI. Whistleblowing: ensure that the discharge authority is informed, at least on an annual basis, of all completed investigations into allegations of serious wrongdoing, including the date the allegation was made, a description of alleged wrongdoing, action taken within the Commission, date of disclosure to the Court of Auditors and/or Anti-Fraud Office and details of any follow-up action including the launching of administrative or disciplinary proceedings and measures taken to protect the legal position of the whistleblower in question; welcomes that the Commission adopted, on 29 November 2000, a consultative document on raising concerns about serious wrongdoing (SEC(2000) 2078); welcomes that the Commission has satisfactorily investigated allegations, forwarded by the Committee on Budgetary Control, including those regarding the use of Community funds in Bolivia (technical assistance), Colombia (Tumaco housing project) and Lebanon (UNRWA refugee camps);

VII. Disciplinary proceedings and sanctions: provide summary information on closed administrative enquiries and disciplinary procedures; notes that the Commission provided information on 14 of the 26 cases opened, conducted or finalised in, or concerning expenditure from the year 1999; considers that 12 pending cases should be dealt with under the next discharge procedure; calls on the Commission to apply strictly suitable penalties against persons, be they Commissioners, cabinet appointees or officials, found to have been grossly negligent in their duties; recalls that officials may be stripped of their pension rights under the Staff Regulations [3]; asks to be informed how the revised disciplinary procedure operates, with emphasis on external supervision; takes note of the Commission consultation paper of 29 November 2000 (SEC(2000)2079) on reform of the disciplinary procedure; notes that the proposals it contains are inadequate because:

(a) the external element provided for is too weak: only the chairman of the disciplinary board would be appointed from outside the institution on an annually extendable contract only;

(b) the projected establishment of an additional Investigation and Disciplinary Office to carry out administrative inquiries will lead to overlapping remits and conflicts with the European Anti-Fraud Office, on which the Commission has already conferred responsibility for administrative inquiries in cases of serious breaches by officials of their obligations under the Staff Regulations;

(c) the issue of the financial liability of officials for the damage they have caused has been completely excluded and, to date, the Commission has made no proposals whatever in this connection;

VIII. 'Black list': maintain a central database, in line with best practice in international organisations such as the World Bank, containing the names of companies and individuals found to have defrauded the Union budget so as to avoid contracts being granted by different departments to the same companies or individuals; asks that details of convicted defrauders are published on the Commission website; regrets that an early warning system, the so called grey list, is poorly understood and is not strictly enforced throughout the Commission; points out that no preferential treatment should be given to organisations with direct links to persons working or having worked in European institutions; asks that both the black and grey lists be cross-referenced to the central register of invoices foreseen in April 2001 under Action 11 of the White Paper on Reform

[1] Article 17 of the Staff Regulations.
[2] Article 16 of the Staff Regulations.
[3] Article 86 of the Staff Regulations.

(COM(2000) 200) and to the central contracts database foreseen in June 2001 under Action 74 of the White Paper on Reform; asks the Commission to put forward proposals to amend Council Regulation (EC) No 1469/95 of 22 June 1995 on measures to be taken with regard to certain beneficiaries of operations financed by the Guarantee Section of the EAGGF [1] in order to list companies under suspicion of wrongdoing or fraud; asks the Commission to ensure that all external contractors indicate whether they have worked in European institutions; reserves the right to make enquiries concerning individual contracts; calls on the Commission to put forward a proposal for a legal base enabling the Commission to add the names of companies and individuals to the Black list;

IX. Recovery of losses: ensure that there is no laxity or omission in the recovery of funds unduly paid to Member States, companies or individuals; calls for a regular progress report, at least on an annual basis, from the central recovery department, set up in July 2000, indicating, by Directorate-General, all cleared and outstanding recovery requests; urges the Commission to recover irregular payments discovered by the Court of Auditors for the financial year 1999 as soon as possible and in future to launch recovery proceedings within three months of receipt of details of irregularities from the Court; calls for the Commission College to take a formal decision, similar to those taken under the clearance of accounts procedure, for the waiving of debts greater than EUR 1 million; ensure that a 'firewall' is introduced so that decisions taken by civil servants are exempt from any political interference;

X. Archiving: introduce, in the light of best practice in Member States and using the latest cost-effective technology, electronic archiving of all documents to avoid files being lost or mislaid; deplores that no visible action has been taken, although, in paragraph 1(e) of its abovementioned resolution of 13 April 2000 on the postponement of the discharge for the 1998 financial year, Parliament asked the Commission to present a detailed regulation on new archive routines and launch full administrative enquiries where documents are found to be missing.

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[1] OJ L 145, 29.6.1995, p. 1.

ANNEX 1

EXECUTIVE SUMMARIES OF AUDIT REPORTS CONCERNING THE 1999 BUDGETARY YEAR RECEIVED BY THE DISCHARGE RAPPORTEUR
Representation in Stockholm
Delegation in Prague
Delegation in Washington
Information concerning ACEAL
IRELA audit
Audit to follow up actions for external relations' DGs
European Association for Cooperation
Audit of ECHO projects
Sincom II database system
Systems audit on informatics
Civil servant allowances (salary, travel, family …)
Contract management concerning research projects
Systems audit on economics and finance
European Migrants' Forum
Systems audit on research
European Environmental Agency in Copenhagen
European Monitoring Centre on Racism and Xenophobia in Vienna
European Foundation for the Improvement of Living and Working Conditions in Dublin
Cedefop in Thessaloniki
COMPLETE AUDIT REPORTS CONCERNING THE 1999 BUDGETARY YEAR RECEIVED BY THE DISCHARGE RAPPORTEUR
IRELA audit
Representation in Stockholm
Flax

ANNEX 2

AUDIT REPORTS REQUESTED BUT NOT YET RECEIVED BY THE RAPPORTEUR FOR THE DISCHARGE

DIRECTORATE-GENERAL	AREA
Regional Policy	Audit and evaluations of Member States
Joint Research Centre	Internal audit reports
External Relations	All inspection reports of Delegations (Angola, Bolivia, Bosnia, Gambia, Lesotho, Malawi, Nicaragua, Pakistan, Romania, Senegal, Swaziland, Switzerland and Tanzania)
Humanitarian Aid Office (ECHO)	Report on the main recommendations of audits and on subsequent action including recovery of funds Red Cross in Yugoslavia
Enlargement	Report on the main recommendations of audits and on subsequent action including recovery of funds
Personnel and Administration	Audits of A-3 0 budget lines (Community subsidies)
Informatics Directorate	Integrated Resource Management System
Economic and Financial Affairs	Internal audit reports
Press	Audits of Representations (Helsinki, Vienna, Madrid and Barcelona)

ANNEX 3

AUDIT REPORTS CARRIED OUT BY THE FINANCIAL CONTROLLER

Sector	Number of audits	
	1998	1999
EAGGF — Guarantee Section	43	39
ERDF	17	18
European Social Fund	24	24
EAGGF-Guidance Section	10	7
Fisheries	3	5
Structural Funds: pilot projects and direct contracting	13	7
Cohesion Fund	1	3
Internal market	3	12
Culture	1	1
Social policy	4	3
Audiovisual	0	1
Education	8	2
Information and communication	2	7
Energy	0	0
Environment	0	3
Research	10	5
European Development Fund	3	7
Humanitarian aid		1
PHARE/TACIS	8	6
Developing countries: Asia and Latin America	3	3
Developing countries	2	1
CFSP		0
ECSC	0	3
Intersectoral activities	0	0
Non-regulated subsidies	5	4
NGOs	1	1
Delegations	3	0
Agencies	14	10
Administrative expenditure	1	18
Traditional Own Resources	14	12
VAT	1	5
Other	7	1
Total	201	209

Source: Commission Financial Controller's Annual Report for 1999.