

DECISION OF THE EUROPEAN PARLIAMENT**of 6 July 2000****giving discharge to the Commission in respect of implementation of the general budget of the European Union for the 1998 financial year**

(2000/546/EC, ECSC, Euratom)

THE EUROPEAN PARLIAMENT,

Having regard to the revenue and expenditure account, the analysis of financial management and the balance sheet of the European Union for the 1998 financial year [SEC(1999) 412 — C5-0006/1999, SEC(1999) 413 — C5-0007/1999, SEC(1999) 415 — C4-0009/1999, SEC(1999) 1473 — C5-0204/1999],

Having regard to the annual report concerning the 1998 financial year (C5-0266/1999) and the special reports of the Court of Auditors and the Institutions' replies ⁽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 Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0266/1999),

Having regard to the Council recommendation of 13 March 2000 (C5-0154/2000),

Having regard to 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 financial year 1998 and the Commission's replies,

Having regard to the ECSC Treaty and in particular Article 78g thereof,

Having regard to the EC Treaty and in particular Article 276 thereof,

Having regard to the EAEC Treaty and in particular Article 180b thereof,

Having regard to Rule 93 of its Rules of Procedure,

Having regard to the report of the Committee on Budgetary Control (A5-0190/2000),

Whereas:

- A. Pursuant to Article 274 of the EC Treaty, the Commission bears responsibility for implementing the budget in accordance with the principles of sound financial management.
- B. The Commission must, in so doing, ensure the legality and regularity of revenue and expenditure.
- C. Pursuant to Article 276 of the EC Treaty, Parliament is required to give a discharge to the Commission in respect of implementation of the budget and thereby assumes responsibility for ensuring that the Commission meets its Treaty obligations in full.
- D. Parliament is thus accountable to the citizens of the Union for ensuring that their money is spent as economically and efficiently as possible and that the institutions of the Union do everything in their power to secure maximum protection against fraud, corruption and organised crime and to reduce the number of errors in the implementation of the budget as far as possible.
- E. Parliament has postponed discharge for the 1998 financial year in order to ensure that the Commission actually makes all the necessary efforts to improve the implementation of the budget as far as possible and that the Commission pursues a policy of zero tolerance in dealing with cases of fraud, corruption or mismanagement.
- F. The Commission has satisfied most of the requirements set out in its abovementioned resolution of 13 April 2000 on the postponement of the discharge:
 - (a) the Commission is prepared to take action to cut drastically the errors in implementation of the budget;

⁽¹⁾ OJ C 349, 3.12.1999.

- (b) against the background of the Flécharde case, the Commission has clarified its procedure for the forfeiture of claims and has announced that in revising the Financial Regulation it will propose a clear allocation of responsibilities for all areas of implementation of the budget, including the charging of costs;
 - (c) the Commission has agreed to answer further questions on the Flécharde case;
 - (d) the European Anti-Fraud Office (OLAF) has renewed its search for the minutes of the meeting of 7 January 1994 in the private office of the then Commission President relating to the Flécharde case;
 - (e) the Commission will issue new rules for the electronic registration, archiving and management of documents by the end of 2000;
 - (f) the Commission has stated its readiness to reopen disciplinary proceedings in connection with the Echo affair if new evidence comes to light;
 - (g) OLAF is examining whether the full dossier has been submitted to the competent judicial authorities in Belgium, France and Italy in the MED affair;
 - (h) the Commission is prepared to consider the opening of disciplinary proceedings in the light of the outcome of the investigations conducted by the national judicial authorities in the MED affair;
 - (i) the Commission has reported the findings of its investigation into visiting scientists' contracts for the 1998 financial year to Parliament, started disciplinary proceedings in connection with the case of a visiting scientist employed at the instigation of a former Commissioner and forwarded the relevant OLAF report to the Belgian judicial authorities;
 - (j) the Member of the Commission responsible for financial control has launched an administrative investigation in connection with the withheld warning of serious deficiencies at the Joint Research Centre (particularly with the handling of nuclear materials);
 - (k) the Commission has submitted a report by the Financial Controller on the number of correcting communications and postponements/withholdings of approvals in 1998, including an analysis of the most frequent types of errors;
 - (l) the Commission has submitted a report on action taken with regard to Member States which have not yet implemented the integrated administration and control system for agricultural expenditure. Parliament in its abovementioned resolution of 13 April 2000 called for the system to be fully implemented by April 2002 at the latest;
 - (m) the Commission has submitted a report on the measures that it has taken in response to the recommendations of Parliament's Committee of Inquiry into the Community Transit System;
 - (n) the Commission has submitted a report on the number and outcome of disciplinary proceedings carried out since 1998 in all cases in which the Community's financial interests are affected.
- G. The Flécharde case cannot be considered closed until the problems it has revealed, and in particular the questions relating to the monitoring and control of export operations, the proportionality of penalties and the structure of administrative and judicial penalties, have been satisfactorily resolved.
- H. The Commission and Parliament have concluded an interinstitutional agreement to address the fundamental principles set out in particular in paragraph 26 of its resolution of 19 January 2000 on the discharge for the 1997 financial year on Parliament's access to information within the framework of Article 276 of the EC Treaty. Deploring, however, that the Commission is not yet prepared to afford Parliament at least the same access to its documents as the Court of Auditors.
- I. The Commission has also not said that it will introduce an independent external element in its disciplinary procedure but that it will do no more than ensure that the various institutions are represented on the disciplinary board in future.
- J. The current practice of administrative investigations and disciplinary proceedings within the Commission should be evaluated by an independent external body, including a study of best practice within public administration.

- K. The new director of OLAF has submitted a revealing list of cases of suspected fraud or corruption.
- L. The Commission has brought forward a comprehensive package of proposals in the White Paper on administrative reform.
- 1. Gives the Commission discharge in respect of the implementation of the general budget of the European Union for the 1998 financial year.
- 2. Records its comments in the attached resolution.
- 3. 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 it published in the *Official Journal of the European Communities* (L series).

The Secretary-General

Julian PRIESTLEY

The President

Nicole FONTAINE
