

## European Parliament Decision on the discharge to be granted to the Commission in respect of the 1976 financial year (13 December 1978)

**Caption:** This decision taken by the European Parliament on 13 December 1978 on the discharge to be granted to the Commission in respect of the implementation of the budget of the European Communities for the 1976 financial year is the first that the Parliament takes alone in this field.

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## Decision of the European Parliament of 13 December 1978 on the discharge to be granted to the Commission in respect of the implementation of the budget of the European Communities for the 1976 financial year

THE EUROPEAN PARLIAMENT,

- having regard to the Treaty establishing the ECSC and in particular Article 78g thereof,
- having regard to the Treaty establishing the EEC and in particular Article 206b thereof,
- having regard to the Treaty establishing the EAEC and in particular Article 180b thereof,
- having regard to the revenue and expenditure accounts and the financial statements for the accountancy procedures in respect of the budget for the 1976 financial year,
- having regard to the report of the Audit Board on the accounts for the 1976 financial year and the answers of the institutions to the report (Doc. 132/78),
- having regard to the Council recommendation on the granting of a discharge to the Commission in respect of the implementation of the budget for the 1976 financial year (Doc. 317/78),
- having regard to the report of the Committee on Budgets (Doc. 489/78),

1. Notes that:

- (a) Estimates of revenue for the 1976 financial year totalled 8 509 738 961 u.a.,
- (b) Estimates of expenditure for the 1976 financial year totalled 8 470 609 608 u.a. ;

2. Notes that:

- (a) Expenditure to be met from revenue for the financial year totalled 7 952 574 591 u.a.,
- (b) Appropriations (commitments) utilized during the financial year totalled 8 311 464 518,47 u.a. ;

3. Grants a discharge to the Commission in respect of the following amount shown in the revenue and expenditure accounts:

(a) Revenue:

- Entitlement for the 1976 financial year: 7 993 217 897,32 u.a.,
- Entitlement collected at 31 December 1976: 7 423 870 669,15 u.a.,

broken down as follows:

1. Amounts collected from the entitlement for the financial year: 6 589 035 058,13 u.a.,
  2. Amounts collected from entitlement carried forward from the preceding financial year: 834 835 611,02 u.a.,
- (b) Expenditure (payments shown in the accounts for the financial year): 6 257 193 266,96 u.a. ;
4. Points out that the surplus of revenue <sup>(1)</sup>, over expenditure for the financial year <sup>(2)</sup>, totalling 40 542 573,12 u.a. is being carried forward to the following financial year ;
  5. Draws attention to its resolution embodying the comments accompanying the decision granting a discharge and requests the institutions to report on the measures taken following those comments in accordance with Article 85 of the Financial Regulation ;
  6. Instructs its President to communicate this decision and the attached comments to the Commission, to forward them to the other institutions and to arrange for their publication in the *Official Journal of the European Communities*, 'L' series.

Done at Luxembourg, 13 December 1978.

*The Secretary-General*  
H. R. NORD

*The President*  
Emilio COLOMBO

### **Resolution embodying the comments accompanying the decisions granting a discharge on the implementation of the budget of the European Communities for the 1976 financial year**

THE EUROPEAN PARLIAMENT,

1. Draws the attention of all the institutions to the irregularities and aberrations noted by the Audit Board, and invites them to take all measures necessary for their eradication ;
2. Instructs its Control Subcommittee to give the closest possible attention to action taken on the comments accompanying the decisions granting a discharge in respect of the 1975 financial year, and to report on the matter to the Committee on Budgets ;

### **Implementation of the budget for the 1976 financial year**

3. Notes that the pattern of expenditure in the 1976 budget bears no relation to the major factors influencing economic policy during the period, such as inflation, unemployment and the impact of the drought on harvest yields ;
4. Emphasizes that the 1976 financial year was notable for the rapid take-off of the Regional Fund, initial progress on the EAGGF Guidance Section and the Community campaign of solidarity on behalf of the Friuli disaster victims ;

5. Regrets the stagnation in food aid and research expenditure during the same period ;
6. Deplores the distortions affecting the decisions of the Budgetary Authority, caused by an excessive number of transfers, carryings forward, cancellations and supplementary budgets, particularly since the decisions in question were reached within the framework of the inter-institutional dialogue ;

### **Revenue**

7. Requests the Commission to ensure that the Community character of own resources is not called into question by the national procedures employed for the establishment, collection and payment of such resources ;
8. Proposes that the Commission should be provided automatically with information on these procedures and their operation in order to facilitate its task ;
9. Calls upon the Commission to see to it that the Member States comply strictly with the obligation imposed on them by the Community Regulations to provide the Commission with the information it needs for the exercise of its responsibilities, and stresses that it is in the interests of all concerned for the Commission to be able to ensure the effective operation of the system.
10. Is following with great interest the Commission's efforts to coordinate on-the-spot audits in the Member States ; asks that its Control Subcommittee should be notified regularly of the results of these audits and their coordination ;
11. Considers that the entry into force of financial autonomy will considerably increase the Commission's responsibilities in respect of the implementation of the 'revenue' section of the budget and is in favour of a corresponding increase in the staff responsible for auditing and the management of revenue, without any alteration in the present decentralized structure ;
12. Notes that the current presentation of the 'revenue' section of the budget does not allow the Budgetary Authority and the Discharge Authority to carry out their responsibilities satisfactorily ; is, moreover, of the view that the budgetary transparency of the section on revenue is unlikely to be markedly improved except on the basis of thorough reform of the agricultural funds and hence of the entire CAP system ;
13. Urges the Commission to take steps in the near future to promote the use of the EUA for the calculation and payment of Community fines ;
14. Instructs its Control Subcommittee to make a detailed review of the Community's publications policy, with particular reference to the cost of producing these publications ;

### **Operating expenditure**

15. Notes that a relatively high proportion of staff are not covered by the Staff Regulations of officials of the European Communities. Although the recruitment of such staff facilitates a more flexible staff policy, it should be kept to an absolute minimum and discrimination against other persons, who have to go through the competition procedure, should be avoided ;
16. Feels that recruitment procedures should be closely coordinated between the institutions and that, for certain grades at least, it should be possible to use joint reserve lists ;
17. Calls on the Commission to extend the measures it has introduced to encourage staff mobility to the concept of mobility between institutions ; invites the other institutions to take measures to this effect ;
18. Considers that clear and precise conditions governing *ad personam* promotion should be drawn up for application in all the institutions ; and will carefully monitor the course of future budgetary procedures, the

creation of *ad personam* posts ;

### **Comments with regard to the European Parliament**

19. Calls on the administration of the European Parliament to take the appropriate steps to conform with the recommendations in the Audit Board's report on administrative expenditure for 1976 ;

20. Notes that as regards transfers of sums abroad by officials, the total amount remained relatively insignificant and did not exceed a certain percentage of staff salaries, and that these transfers will, in any case, cease to bring any exchange profits after introduction of the European unit of account for administrative expenditure ;

21. Instructs its Subcommittee, following receipt of preliminary studies, to formulate recommendations to rationalize acquisitions policy, substituting purchasing for renting where appropriate ;

### **Expenditure on research and investment**

22. Has noted the efforts of the Commission to enhance the clarity and transparency of the presentation of the research and investment appropriations ;

23. Considers that the tendering system should be used as widely as possible and insists that invitations to tender should be issued only after a detailed examination of requirements and after careful planning ;

24. Notes that delays in decision-making in the case of JET caused an avoidable loss of several million EUA to the Community and urges simplification of the decision-making procedures to avoid recurrence of such regrettable situations ;

25. Believes that careful attention should be paid to the desirability of concentrating Community research efforts on a limited number of lines which dovetail and synchronize with existing programmes, conducted on a national basis and which could be prosecuted vigorously rather than diluting the Community effort by spreading the limited funds available over too wide an area with a watering can effect ;

26. Insists that an effective system for the gauging of return on outlay be evolved, in so far as it is realistic to arrive at value judgements about research ;

27. Is of the view that a policy of a degree of mobility for researchers should constitute an integral part of the overall Community approach to research ;

28. Draws attention to the need for maintaining the appropriate balance between staff costs and expenditure on operational research ;

### **Euratom Supply Agency**

29. Notes from the Agency's operating account that the budget, which was largely financed with a Commission subsidy, amounted to 458 879 u.a. and welcomes the fact that no major irregularities were found by the Audit Board ;

30. Instructs the Committee on Budgets to continue to study, together with the Commission, the financial management of the Euratom Supply Agency at the time of the audit for the next financial year ;

### **Social Fund**

31. Notes that, once again, payments made in the 1976 financial year on the basis of appropriations for the financial year were insignificant (1,81 %) ; that the total of cancelled appropriations from the 1974 and , 1975 financial years amounted to 90 million u.a. and that this figure rose still higher, to 227 million u.a., in

the 1977 financial year ;

32. Endorses the Control Subcommittee's view that the Commission's internal implementing procedures and administrative practices should be revised so as to reduce the delays observed in the making of payments ;

33. Refers in this connection to the discussions held within the framework of the budgetary procedure for the 1979 financial year, and to the efforts to find new procedures such as will improve the flow of appropriations and to develop new ideas on cooperation with the Member States ;

34. Invites the Commission to submit proposals to this end ;

35. Instructs its Control Subcommittee to give close attention, particularly during the discharge procedure for the 1977 financial year, to such of these problems as remain unresolved ;

### **European Regional Development Fund**

36. Notes that the rate of utilization of commitment and payment appropriations has been satisfactory but nevertheless invites the Commission to urge the Member States to accelerate implementation of the operations for which they are responsible ;

37. Requests the Commission to see to it that more uniform use is made of the appropriations within the quotas allocated to each Member State ;

38. Notes that no major irregularity was reported during the financial year ;

39. Nevertheless calls upon the Commission to examine with all due stringency all applications for assistance so as to ensure the effectiveness of financing in terms of the objectives pursued, and also to avoid harming the prestige of the Community's activities ;

### **EAGGF — Guarantee**

40. Considers that it is appropriate to look at the guarantee and guidance aspects of the EAGGF jointly when examining the impact of money spent in the context of the common agricultural policy ;

41. Reiterates its view that greater emphasis should be laid on guidance outlay if the continued emergence of persistent surpluses with resultant intervention costs is to be minimized ;

42. Believes that there is a danger that aid to agriculture by the Member States could run counter to the objectives of the common agricultural policy by having protective effects and that such aid needs to be examined carefully ;

43. Urges that the closing of EAGGF accounts for earlier financial years be expedited and recalls that it made available 37 extra posts in the 1978 budget to help the Commission carry out its responsibility in this area ;

44. Appreciates that it is difficult to measure precisely the economic effects of the agri-monetary system but urges the Commission to pursue its efforts at quantification in this area ;

45. Asks that every effort be made to measure costs, draft possible alternatives, and generally open up the possibility for the making of political choices in the sphere of agriculture ;

46. Expresses its surprise at the relatively few cases of irregularities reported by several Member States under Regulation (EEC) No 283/72, particularly in the beef and dairy products sectors ;

47. Deplores the fact that the Commission should find itself obliged to point out that (a) it is sometimes

necessary to remind Member States of the deadlines for reporting irregularities and (b) the data received tends to omit details ;

48. Fears that the complexity of Community Regulations may be rendering the detection of irregularities more difficult and therefore calls for a simplification of these Regulations ;

49. Is concerned at the slow rate of recovery of the amounts involved in those irregularities which come to light and recommends a speeding up of recovery procedures ;

50. Considers the work of the Special Audit Mission to be particularly positive and useful and recommends that it be extended and intensified ;

51. Notes that, in its final report, the Audit Board 'was unable to conclude that financial management in the sectors investigated has been sound in the sense of achieving the desired objectives at the lowest possible cost or even, in certain cases, of achieving them at all' and sees in this a measure of the size of the task confronting the new Court of Auditors in its work in relation to the EAGGF ;

52. Reiterates its demand that a fuller breakdown of intervention costs should be provided in future budgets and that the Commission should provide, by the end of this year, a report on the working of the intervention system ;

53. Believes that longer-term projections of Community production capacity and demand for agricultural products are an essential adjunct to management control of the EAGGF, from the effectiveness viewpoint, and asks the Commission to put the preparation of such projections in hand ;

54. Calls for wider use of the tendering system to enable the EAGGF to operate as efficiently as possible ;

55. Suggests that the Court of Auditors should comment in detail, in its annual report, on the operation of the intervention agencies ;

### **EAGGF — Guidance**

56. Emphasizes that the farm structures guidance policy can make a decisive contribution to the reduction of social and economic imbalances within the Community ;

57. Asks, therefore, for the appropriations in respect of the activities of the Fund to be fixed commensurately with real needs, within the framework of the budgetary procedures ;

58. Considers, nevertheless, that to ensure that the funds are actually used and are channelled towards the least developed regions, a simpler financing system should be established and the Member States should be encouraged to adopt less complicated bureaucratic procedures ;

59. Asks once again for an effective link to be established between the instruments (particularly the Social Fund and the Regional Fund) which are capable of providing a practical response to problems of economic development ;

60. Invites the Commission to take especial care to ensure that projects financed with the participation of the EAGGF contain features of a kind that enable the Community aspects of the Fund to be appreciated ;

61. Urges all the relevant institutions to intensify their control operations to ensure that the principles and aims described above are truly reflected in the management of the Fund ;

### **Development aid**

62. Recommends that the development aid appropriations should be presented more consistently, that responsibilities should be divided between the Council, Parliament and the Commission as uniformly as

possible for Title IX as a whole and that methods of management and control be harmonized ;

63. Draws attention to the shortcomings and delays in the budgetary management of food aid and reiterates its concern that the budgetary and legal relationship between food aid and the EAGGF Guarantee Fund could make food aid policy dependent on the vicissitudes of the common agricultural policy ;

64. Expresses its surprise at the Commission's reluctance to utilize the appropriations provided for aid to the non-associated developing countries without the Council's formal approval ;

### **Development Fund**

65. Notes the practical difficulties arising from the introduction of the EUA in the EDF ; will do its utmost to find a solution to these difficulties ; considers, nevertheless, that they are not such as to cast doubt on the principle of the use of the EUA as an accounting instrument, an instrument for the execution of projects and a unit of currency ;

66. Will reinforce its control over the EDF appropriations for whose utilization the EIB is responsible ;

67. Attaches particular importance to the introduction of mechanisms allowing for greater parliamentary control over the appropriations earmarked for aid to the ACP in the context of an EDF which is incorporated in the budget ;

68. Will pursue its investigation, in collaboration with the relevant departments and the Court of Auditors, into the working of the delegations in the ACP States and the effectiveness of the Stabex mechanisms.

<sup>(1)</sup> See 3 (a) first indent: 7 993 217 897,32 u.a.

<sup>(2)</sup> See 2 (a): 7 952 574 591 u.a.