

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 1-275/83/A

Report

drawn up on behalf of the Committee on Budgetary Control

PART A:

- I on the discharge to be granted to the Commission in respect of the implementation of the budget of the European Communities for the 1981 financial year and the report of the Court of Auditors (Doc. 1-1098/82 - OJ No. C 344, 31.12.1982)
- II on the discharge to be granted to the Commission of the European Communities in respect of the utilization of the appropriations of the fourth European Development Fund in the 1981 financial year
- III on the discharge to be granted to the Commission of the European Communities in respect of the utilization of the appropriations of the fifth European Development Fund in the 1981 financial year
- IV and embodying the comments accompanying the decisions granting a discharge in respect of the implementation of the budget of the European Communities for the 1981 financial year (Article 85 of the Financial Regulation of 21 December 1977)

Rapporteur: Mr Konrad SCHÖN



Pursuant to Article 78 d of the ECSC Treaty, Article 205a of the EEC Treaty and Article 179a of the EAEC Treaty, the Commission of the European Communities forwarded to the European Parliament the accounts and a financial statement of the assets and liabilities on 2 July 1982 and an analysis of financial management on 9 November 1982 (COM(82) 233 final, COM(82) 234 final and COM(82) 270 final).

The President of Parliament referred these documents to the Committee on Budgetary Control.

At its meeting of 3 December 1982, the Committee on Budgetary Control confirmed the appointment of Mr Konrad SCHÖN as rapporteur.

On 30 November 1982, the Court of Auditors of the European Communities forwarded to the European Parliament its annual report concerning the financial year 1981 (OJ No. C 344, 31.12.1982). The Committee on Budgetary Control considered the accounts, the financial statement of the assets and liabilities, the analysis of financial management, the report of the Court of Auditors and the working documents drawn up by its rapporteurs on the various fields of the European Community's financial activities at its meetings of 16 December 1982, 27/28 January 1983, 15/16 February 1983, 24/25 February 1983, 17/18 March 1983, 23, 24 and 25 March 1983, 21/22 April 1983 and 28/29 April 1983.

At its meeting of 21/22 April 1983, the committee adopted the motion for a resolution (Part IV) unanimously with one abstention.

The following took part in the vote: Mr AIGNER, chairman; Mrs BOSERUP, vice-chairman; Mr PRICE, vice-chairman; Mr K. SCHÖN, rapporteur; Mrs van HEMELDONCK, Mr KELLETT-BOWMAN, Mr MARCK, Mr NOTENBOOM and Mr PROTOPAPADAKIS (deputizing for Mr RYAN).

At its meeting of 28/29 April 1983, the committee unanimously adopted the decisions (set out in parts I, II and III).

The following took part in the vote: Mr AIGNER, chairman; Mr TREACY, Mrs BOSERUP and Mr PRICE, vice-chairmen; Mr K. SCHÖN, rapporteur; Mr BATTERSBY, Mr GABERT, Mrs HERKLOTZ (deputizing for Mr WETTIG), Mr KELLETT-BOWMAN, Mr MARCK, Mr NOTENBOOM and Mr SABY.

The opinions of the Committee on Agriculture, the Committee on Energy and Research, the Committee on Social Affairs and Employment and the Committee on Development and Cooperation are attached.

The final version of this report was submitted on 4 May 1983.

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The Committee on Budgetary Control hereby submits to the European Parliament the following proposed decision:

PROPOSED DECISION

on the discharge to be granted to the Commission in respect of the implementation of the budget of the EC for the 1981 financial year concerning Sections I - Parliament, II - Council, III - Commission, IV - Court of Justice, V - Court of Auditors

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 108b thereof,
- having regard to the revenue and expenditure account and balance sheet in respect of the budget for the 1981 financial year,
- having regard to the report of the Court of Auditors on the accounts for the 1981 financial year and the replies of the Institutions to the report (Doc. 1-1098/82)¹,
- having regard to the examination of all revenue and expenditure of the Community undertaken by the Court of Auditors pursuant to Art. 206a (1) of the EEC Treaty,
- having regard to the Council recommendation of 15 March 1983 on the granting of a discharge to the Commission in respect of the implementation of the budget for the 1981 financial year,
- having regard to the report of the Committee on Budgetary Control, the annexed working documents on the various Community policy sectors and the opinions of the Committee on Agriculture, the Committee on Energy and Research, the Committee on Social Affairs and Employment and the Committee on Development and Cooperation (Doc. 1-275/83),

¹ OJ No. C 344, 31.12.1982

ECU

ECU

1. Notes that

A. estimates of revenue for the 1981

financial year totalled 18,434,030,071

broken down as follows

Own resources	17,329,851,202
Surplus available from the preceding financial year	246,132,415
Balance of VAT own resources and financial contributions for preceding financial years	546,116,190
Other	311,930,264

B. Estimates of expenditure for the

1981 financial year totalled 18,434,030,071

2. Grants a discharge to the Commission
in respect of the following amounts:

A. Revenue

(a) Entitlements established for

the 1981 financial year 18,468,644,790.87

(b) Entitlements collected at

31 December 1981 18,449,136,922.42

broken down as follows

- Amounts collected from entitle- ments for the financial year	18,446,989,687.90
made up as follows	
. Own resources	17,327,613,160.69
. Surplus available from the preceding financial year	246,132,414.26
. Balance of VAT own resources and financial contributions for preceding financial years	544,950,534.13
Other	328,293,578.82

ECU

ECU

- Amounts collected from entitlements
carried forward from the preceding
financial year 2,147,234.52

B. Appropriations carried forward from
1980 to 1981 transferred to other items 2,696,000

C. Expenditure 16,712,031,449.41
(payments made in respect of the 1981 financial year)

3. Notes

the surplus from the 1981 financial year to
be carried forward to the next financial
year 661,494,114.80

Revenue collected in respect of 1981	18,449,136,922.42
Specifically allocated repayable revenue brought forward from 1980	- 580,448.02
Repayable financial contributions for additional programmes in the research and investment sector	- 179,285.87
Appropriations carried forward from 1980 to 1981 transferred to other items	+ 2,696,000.00
	18,451,073,188.53

Payments made against appropriations for 1981	16,712,031,449.41
Appropriations carried forward to 1982	+ 1,172,800,012.19
Appropriations carried forward from 1980 and now cancelled	- 123,006,238.94
Exchange losses	+ 27,753,851.07
Expenditure to be financed from the revenue for the 1981 financial year	17,789,579,073.73

4. Draws attention to its resolution embodying the comments accompanying the decisions granting a discharge and requests the Institutions to report on the measures taken following those comments in accordance with Article 85 of the Financial Regulation¹;

5. Notes the positive reaction of the Commission to specific requests submitted to it in connection with the implementation of the budget of the European Communities, in particular :

with respect to the implementation of the decisions taken by Parliament during the budgetary procedure :

(a) that the Commission would inform Parliament of the utilization of the appropriations it approved by means of amendments during the course of the financial year and, in particular, of any difficulties arising on their utilization and, where the Council fails to enact the appropriate regulations, the appropriations are either utilized with corresponding specific measures or in budget lines with similar objectives;

with respect to the administration of own resources :

(b) that the Commission adopt as a general policy approach that funds saved during the financial year normally remain in the Community budget and are carried over to the next financial year as a surplus and that interest be levied on Member States who are late in making payments in accordance with Article 11 of Regulation (EEC) 2891/77;

with respect to irregularities and fraud :

(c) that the Commission had acknowledged that certain measures had been taken and promised that further measures would be taken to follow up rapidly and effectively any irregularities or frauds, and that it was anticipated that a special mobile unit would be set up to this end along the lines of those operating in other areas of Community activity;

(d) that in its recommendation of 15 March 1983 on the granting of the discharge to the Commission (Doc. 1-108/83), the Council made the following demand :

¹ OJ No. L 356, 31.12.1977

'The Council was concerned at the inconsistency in the communication of irregularities in the various Member States. It considered that it was essential for activity in this area to be stepped up and asked the Commission to submit a written report drawn up in cooperation with the Committee responsible for examining irregularities. This report should indicate the obstacles to more extensive and speedy detection of irregularities.'

with respect to food aid :

- (e) that the Commission had adopted a new approach to simplify and speed up the procedure; Parliament reserved the right to investigate the practical effectiveness of its action;

with respect to the European Development Fund :

- (f) that the Commission would submit a proposal for the budgetization of the sixth European Development Fund before the opening of the negotiations;

with respect to research policy :

- (g) that the Commission was similarly convinced that a genuine research policy should be implemented and that the Community budget was the most appropriate instrument for so doing; Parliament called on the Commission to assess the financial implications of the closing down of the SUPER-SARA project;

6. Instructs its President to communicate this decision and the attached comments to the Commission of the European Communities, to forward them to the other Institutions and to arrange for their publication in the Official Journal (L series).

II

The Committee on Budgetary Control hereby submits to the European Parliament the following proposed decision :

PROPOSED DECISION

on the discharge to be granted to the Commission of the European Communities in respect of the utilization of the appropriations of the fourth European Development Fund in the 1981 financial year

The European Parliament

- having regard to the Treaty establishing the EEC, and in particular Article 206^b thereof,,
 - having regard to the ACP-EEC Convention of Lomé (OJ No L25, 30.1.1976, p.2),
 - having regard to the internal agreement on the financing and administration of Community aid (OJ No L 25, 30.1.1976, p. 168),
 - having regard to the revenue and expenditure account, the balance sheet and the report on the activities of the fourth European Development Fund,
 - having regard to the report of the Court of Auditors on the revenue and expenditure account for the 1981 financial year and the replies of the Institutions to the report (Doc. 1-1098/82) ¹,
 - having regard to the Council recommendation of 28 March 1983 concerning the implementation of the fourth European Development Fund in the 1981 financial year (Doc. 1-125/83),
 - having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (Doc.1-275/83),
1. Grants a discharge to the Commission in respect of the following amounts shown in the revenue and expenditure account for the 1981 financial year and verified by the Court of Auditors pursuant to Art 206a(1) of the EEC Treaty:
- | | |
|---------------------------|--------------------|
| - revenue: | 576,716,814.90 ECU |
| - expenditure (payments): | 445,765,711.49 ECU |
2. Instructs its President to communicate this decision to the Commission of the European Communities, to forward it to the other Institutions and to arrange for its publication in the Official Journal (L series).

¹ -----
OJ No. 344, 31.12.1982

III

The Committee on Budgetary Control hereby submits to the European Parliament the following proposed decision:

PROPOSED DECISION

on the discharge to be granted to the Commission of the European Communities in respect of the utilization of the appropriations of the fifth European Development Fund in the 1981 financial year

The European Parliament,

- having regard to the Treaty establishing the EEC, and in particular Article 206b thereof,
- having regard to the second ACP-EEC Convention of Lomé (OJ No L 347, 22.12.1980, p.2),
- having regard to the internal agreement on the financing and administration of Community aid (OJ No L 347, 22.12.1980, p. 210),
- having regard to the revenue and expenditure account, the balance sheet and the report on the activities of the fifth European Development Fund,
- having regard to the report of the Court of Auditors on the revenue and expenditure account for the 1981 financial year and the replies of the Institutions to the report (Doc. 1-1098/82)¹
- having regard to the Council recommendation of 28 March 1983 concerning the implementation of the fifth European Development Fund in the 1981 financial year (Doc. 1-125/83),
- having regard to the reports of the Committee on Budgetary Control and the opinion of the Committee on Development and Cooperation (Doc 1-275/83),

1. Grants a discharge to the Commission in respect of the following amounts shown in the revenue and expenditure account for the 1981 financial year and verified by the Court of Auditors pursuant to Art. 206a(1) of the EEC Treaty:

- revenue: -
- expenditure (payments): 195,915,208.76 ECU

(pending the receipt of resources from the fifth European Development Fund, expenditure was covered by a repayable advance from the fourth Development Fund in the sum of 209,966,306.76 ECU and a STABEX residue in the sum of 10,563,902 ECU)

2. Instructs its President to communicate this decision to the Commission of the European Communities, to forward it to the other Institutions and to arrange for its publication in the Official Journal (L series).

¹ OJ No. C 344, 31.12.1982

IV

The Committee on Budgetary Control hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the comments accompanying the decision granting a discharge in respect of the implementation of the budget of the EC for the 1981 financial year

The European Parliament,

- A. having regard to the significance of the discharge procedure, which places on Parliament the responsibility of assessing the implementation of the budget from the standpoints of the lawfulness, regularity and economic and political soundness of the financial management,
- B. whereas the possibility exists of accompanying the discharge decision with political demands that must be met by the Commission,

Accompanies its decisions on the discharge in respect of the 1981 financial year with the following comments, which are binding on the Institutions concerned pursuant to Article 85 of the Financial Regulation of 21 December 1977; and calls on the Commission to submit a report by 30 September 1983 on the follow-up measures it has taken in the light of the decisions and resolutions concerning the 1981 discharge.

MANAGEMENT OF OWN RESOURCES

1. Recalls its resolution of 17 December 1982 on the amending and extending of the period of validity of Regulations 2891/77 and 2892/77, and wishes in particular to stress paragraphs 4, 6 and 7 thereof; similarly, in the transition period where two methods of determining the VAT base continue to be permitted, the Commission should pay particular attention to harmonization and to the accuracy of the national accounting systems of the Member States; in this connection the Commission and the Court of Auditors are urgently requested to find a solution to the problems that have hitherto prevented them from examining the relevant statistics;
2. Reiterates its previously stated standpoint that revenue from co-responsibility levies should, in accordance with the rule that items should not be offset, be entered as an item of revenue. This would mean treating it by analogy with other items of allocated revenue, and would remove a long-standing discrepancy from the presentation of the budget;
3. Reaffirms its standpoint that the declaration by the President of the European Parliament that the budget has been finally adopted provides a legal basis for its implementation; unilateral withholding of amounts by Member States must therefore be emphatically condemned and should in principle lead to the enforcement of claims for interest payments; expects that in its report referred to in Article 29 of the Financial Regulation of 21 December 1977 the Commission will announce not only the amount collected but also its claims for interest resulting from delays in payment;
4. Points out that the budget line 'flat-rate repayment to the Member States of costs incurred in collecting own-resources' (Article 400 in the 1981 budget) logically implies that the Commission can set minimum standards and control requirements in respect of the work of collecting for which repayment is made;
5. Urges the Commission and the Court of Auditors to make a careful and sustained attempt to improve the systems, procedures and methods used by the Member States and the Institutions alike in the operation and control of the own-resources collection process;

6. Expects the Commission and the Court of Auditors to report on the specific problems that have arisen in connection with the levying of customs duties and associated control procedures since the accession of Greece, a country comprising many hundreds of islands. The report should include an account of the existing customs infrastructure;
7. Urgently requests the Commission to forward to the European Parliament, through its Committee on Budgetary Control, such information as it has concerning frauds and irregularities, specifying in each case:
 - (a) the date on which the matter first came to its attention,
 - (b) how diligently it has followed up the handling of the matter at national level,
 - (c) any measures that have been taken or should be taken to recover amounts outstanding;

ENERGY SECTOR

8. Points out that the low rate of utilization of appropriations reflects an important failure of efforts to put into effect the political decisions embodied in the 1981 budget, for which Commission and Council jointly bear responsibility;

RESEARCH SECTOR

9. Notes that there needs to be greater clarity in research priorities;

The European Parliament,

10. Notes once again that the regulation, operation and administration of the ESF are hampered by a lack of flexibility in many cases, as a result of which this instrument, which is required to give practical shape to policy regarded by the budgetary authority as high priority, cannot operate at peak efficiency; therefore urges that in the review of the instrument concerned efforts should be made to achieve greater flexibility not only in its objectives but also in its day-to-day organization and administration; especially as regards examination of the applications, selection, follow-up and monitoring of the projects and prompt notification of any funds released;
11. Is aware that, to a large extent, the lack of flexibility is attributable to the Member States, and therefore considers that the Commission should bring greater pressure to bear on the Member States with a view to achieving an improvement in the processing of applications, in which connection a change in attitude on the part of not only the Commission but also the Member States is essential:
12. Calls to mind its resolution commenting on the discharge for 1980 (dated 14.1.1983) and particularly paragraphs 9 and 10 thereof; duly reiterates its view that procedures must be developed for effective assessment of the results achieved by the ESF, and that conclusions must be drawn from examination of the various national systems for the management of ESF projects to improve the effectiveness of projects receiving ESF support and of national and Community administrative efficiency; expects this aspect to be reported on;

EUROPEAN REGIONAL DEVELOPMENT FUND

13. Draws attention to the delays in launching the non-quota measures; calls on the Commission and the Member States to increase the activities which have a more direct impact on job creation;

14. Requests the Commission in future to comply more closely with the existing provisions governing the procedures for the commitment of appropriations;
15. Stresses that the Commission must receive from the Member States sufficiently comprehensive information, submitted in good time, to enable it to assess the impact of the assisted projects on the economic situation in the regions;
16. Requests the Commission to examine more closely the consistency of the assisted projects with the regional development programmes and with the objectives of the other Community policies;
17. Reaffirms that to increase the effectiveness of the invested funds, it is essential for the assisted projects to be completed by the scheduled date and strongly supports the Commission's intention of systematically inspecting projects begun in the years 1975, 1976 and 1977 which have not yet been completed, with a view, where appropriate, to taking the steps provided for in the existing regulation;

EAGGF GUARANTEE SECTION
MILK products sector

18. Notes that the decline in expenditure on milk products (1,409 m ECU less than in the preceding year) is attributable to various economic factors, such as the rapid rise in the value of the dollar, but also to improvements in the administration of the sector implemented in response to pressure from Parliament; points out, however, that the problem of surpluses in the dairy sector continues to give grounds for concern;
19. Calls for the budgetary authority and in particular Parliament to be involved in the political decisions on new developments as they are responsible for providing the funding;
20. Calls on the Commission and the Court of Auditors to step up their efforts to combat fraud in this area and to concentrate their attention on sectors where there is some prospect of recovering the sums unduly paid. In these efforts, the Court of Auditors should adapt its strategy to the nature of the fraud or irregularity;

- 21.. Calls for an improvement of the system of the co-responsibility levy, given that part of the revenue used on specific measures is allocated to measures of doubtful efficiency in the disposal of surpluses and is poorly managed, and urges greater involvement of Parliament in the allocation of funds;
22. Points to the importance of the principle of budgetary annuality for the transparency of the agricultural budget and the attribution of responsibility for the expenditure incurred in that connection;

EAGGF - GUARANTEE SECTION - Other sectors

23. Notes that in 1981 the EAGGF Guarantee Section was once again burdened by increased expenditure generated by speculative import and export operations and calls for proposals to strengthen specific customs checks;
24. Requests the Commission to clarify at an early date the reasons for the differences between the cash funds shown in the books by the Commission and those shown by the Member States;
25. Requests the Commission to examine how far the anticipated writing down of stocks could be better harmonized with the principles of budget annuality and truthfulness of the balance sheet;
26. Notes that over or underestimates have been made in agricultural forecasting and will continue its efforts to bring about greater accuracy in budgetary forecasts;
27. Requests the Commission to effect more careful planning of expenditure for budget lines with low appropriations;
28. Intends to examine in one or more special reports the problems arising in the use of appropriations in the various sectors of the Guarantee Section of the EAGGF (particularly in the fruit and vegetable sector, the beef and veal sector, etc.);

29. Insists on the need for complete clarification of the cases of fraud affecting olive oil that have come to light and asks the Commission to see to it that an effective control system is set up;
30. Asks the Commission to ascertain whether there is any possibility of suspending the payment of subsidies for as long as there is a definite suspicion of fraud;
31. Reminds the Council of the implementation of the Commission's proposals concerning aid for durum wheat and asks what consequences the Commission has drawn from the report of the Special Committee of Inquiry;
32. Asks the Commission for information on the measures it has taken in the light of the report on the costs of the common agricultural policy in the cereals sector (Doc. 1-680/82);

EAGGF - GUIDANCE SECTION

33. Agrees with the Commission that in view of the unsatisfactory outcome in 1981, there is a need to define and apply more rigorous principles when granting advance payments;
34. Draws attention to the need for more frequent review of the provisions in force, particularly as regards indirect actions, in order to give them the flexibility needed to meet the objective of the Fund, i.e. to reduce structural and regional imbalances;
35. Notes that in some cases expenditure is still inaccurately estimated, although to a lesser extent than in the past, and invites the Commission to take the greatest care at this stage of management;
36. Stresses the need for a better flow of information between the Commission and the Member States, particularly with a view to arriving at uniform criteria for defining 'irregularities' in the implementation of the measures;
37. Welcomes the Commission's efforts to organize information courses for administrators in the Member States but points out that, as far as both the Guidance and Guarantee Sections of the EAGGF are concerned, this should not prejudice the maintenance of an adequate level of on-the-spot controls of implementation of the measures.

FOOD AID (Chapter 92)

38. Reaffirms the firm conviction it has already expressed on a number of occasions that food aid cannot of necessity achieve its purpose and must lead to a waste of money and in some cases even harmful effects on the food situation in the recipient countries if it is pursued in isolation, governed by irrelevant considerations and unless it forms part of a comprehensive overall design for development policy;
39. Condemns most strongly the fact that the Council has unilaterally declared the conciliation procedure on the basic food aid regulation to be closed, without even informing Parliament, and has summarily adopted Regulation 3331/82;
40. Doubts whether the regulation can be regarded as legally valid under such circumstances and fears, in addition, that the substance of the regulation is ill-suited to overcoming the severe structural weaknesses in the procedure as described in the special report of the Court of Auditors and the report of the European Parliament;
41. Instructs the Commission to submit without delay a comprehensive report on the steps it has taken to meet the demands formulated by the European Parliament in its resolution on the special report of the Court of Auditors;
42. Criticizes once again the violation of basic budgetary principles in the implementation of food aid as shown by large-scale carry-overs and the cancellation of quite considerable appropriations, as well as the manipulations which still continue to be used to cover the financial requirements of earlier programmes with resources from programmes for the current financial year;
43. Criticizes the fact that the Commission has made no greater efforts than in the past to take account of the forceful objections made time and again by the Court of Auditors and the Parliament and calls on the Commission, when submitting its preliminary draft budget for 1984, to explain in detail to what extent the estimates for earlier programmes compared with the estimates for programmes in the financial year in question are more realistic than in the past;

44. Calls on the Commission to adopt the proposals made by the Court of Auditors for practical improvements (packaging, specification of dates, etc.) based on studies of previous failures;
45. Calls in particular for the utmost attention to be given to the question of quality control and to ensuring that the loading dates are notified without exception to the Commission, the authorities in the recipient countries and the delegations on the spot in good time;

Financial and technical cooperation with non-associated developing countries
(Chapter 93)

46. Does not consider it proper that the realistic estimates proposed by the Commission and Parliament in the budgetary procedure should first be drastically reduced by the Council then, in the course of the financial year, made up to the level originally proposed by the Commission and endorsed by Parliament by transfers of appropriations or supplementary budgets;

Cooperation with third countries (Chapter 96)

47. Considers it intolerable that almost half the appropriations set aside in the budget for financial aid to third countries escapes the control of the Court of Auditors, and hence also of Parliament, by being administered by the EIB, and finds itself to this extent unable to accept full responsibility for the discharge;
48. Calls therefore on the Commission to submit proposals without delay on how an effective, and not simply internal, control of the management of budgetary resources by the EIB can be established;

European Development Fund

49. Reaffirms that as the authority responsible for granting a discharge, it could only fulfil this duty properly if it were to be involved in the approval procedure as one arm of the budgetary authority;

50. Regrets the lack of flexibility in the financial instruments which, if revised, could strengthen the Stabex system;
51. Urges the Commission, the Council and all the Member States most strongly, therefore, to make every effort to achieve the budgetization of the sixth and all subsequent Development Funds and requests the Commission to submit a precise programme of action to that end before opening the negotiations on the follow-up treaty to Lomé II;
52. Intends to follow closely whether the Council and the EIB fulfil their undertaking to supply more exact and comprehensive information in future on projects where the EIB administers resources on behalf of the Community, this being an essential basis for control and consequently for the discharge procedure;
53. Calls on the Commission to ensure with all the resources at its disposal that each Member State pays its financial contribution on time and urges the Commission in future to reclaim from the defaulting Member States losses of interest or funds incurred as the result of delayed payments;
54. Considers it necessary, when selecting and planning projects and equipment, to give more attention in future to local circumstances, in particular the availability of local specialist staff in sufficient number and with adequate qualifications, and to ensure that operating and maintenance costs arising subsequently can be covered so that the benefits of the investments are guaranteed in the long term;
55. Considers it possible that problems of increased cost, which may even threaten the aims of the project by exceeding the planned time-scale, could be reduced by ensuring that deadlines are adhered to more closely by obtaining binding agreements and undertakings from all those involved in advance;

JOINT RESEARCH CENTRE

56. Calls on the Commission to report briefly by 1 November 1983 on the security, inventory and cost-effectiveness aspects of the Joint Research Centre establishments;

THE EUROPEAN SCHOOLS

57. Insists that an effective internal control system be put into operation in the European Schools by 15 September 1983 and asks the Commission to report back on this matter;
58. Asks that the systems governing the payment of salaries in the European Schools be comprehensively reviewed with special reference to the computerization aspect;

BORROWING AND LENDING ACTIVITIES

59. Notes that in many respects, the existing mechanisms do not give Parliament adequate possibilities of influence or control;
60. Points out that the division of lending activities between the EIB and NCI does not correspond to precise criteria and so does not ensure the continuity that is vital;
61. Emphasizes that despite the need for political guidelines for the Community's financial activities as a whole, it is impossible to ascertain whether activities under the general budget and borrowing and lending operations are complementary;
62. Reiterates the demand it has put forward on numerous occasions for the budgetization of borrowing and lending operations and harmonization of the financial rules applicable to these operations;

ADMINISTRATIVE AND PERSONNEL SECTOR OF THE COMMISSION

63. Calls on the Commission to take measures in accordance with the conclusions contained in the working document on the personnel, administration and operational expenditure of the Commission.

COUNCIL RECOMMENDATION OF THE DISCHARGE TO BE GIVEN TO THE COMMISSION

64. Welcomes the fact that the Council has investigated thoroughly the points raised by the Court of Auditors and endorses the views expressed in the following points¹ of the Council's recommendation (Doc. 1-108/83):

- Point 1.2 on significant non-utilization and carryovers of appropriations
- Point 2.14 (c) on presentation of the Communities' consolidated balance sheet
- Point 4.32 on slowness in clearance work, where it should be pointed out that the Member States also bear some responsibility
- Point 6.4 on the decommitment of appropriations under the European Social Fund
- Point 6.8 on the lateness with which the Commission is informed of the cancellation of the ESF projects
- Points 9.7, 9.8, 9.11, 9.13 and 9.15 on the utilization of appropriations in the area of cooperation with developing countries and non-Member States
- Point 10.10 on translation costs, where emphasis should be placed on the urgent need to prevent the increase in translation costs getting out of hand

65. Does not, however, share the views expressed in the following points¹ of the Council's recommendation:

- Point 11 on the drawing up of special reports by the Court of Auditors, Parliament's attitude being rather that such reports are necessary to ensure continuous

¹ The numbering corresponds to that of the Court of Auditors annual report concerning the financial year 1981 (OJ No. C 344, 31.12.1982)

- control and the early improvement of the procedures criticized therein
- Point 3.3 on the Commission's decision to waive interest on defaulted payments
 - Point 7.33 on the Court of Auditors' analysis of the content of Regulation (EEC) No 214/79 (OJ No. L 35, 9.2.1979), where it is pointed out that the Court of Auditors should be encouraged to make a critical and constructive assessment of regulations.

