

COM0166

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 237 final
Brussels, 30 May 1975

Proposals for
A REGULATION
amending the financial regulation as
regards appropriations for the
European social fund

(submitted to the Council by the Commission)

EXPLANATORY MEMORANDUM

1. At present, appropriations for the European Social Fund (ESF) are subject - as regards carrying forward - to the general rules in Article 6 of the Financial Regulation. As a result, appropriations for payments outstanding under commitments entered into between 1 January and 31 December are carried forward automatically, although this is limited strictly to the following financial year.

2. Experience in recent years has shown that this rule is too inflexible for Social Fund appropriations.

2.1 The ESF's payment procedures derive from Regulation (EEC) No 858/72 of the Council of 24 April 1972 on certain administrative and financial procedures of the operation of the European Social Fund¹, Article 4(1) first subparagraph of which states that payments on account may be made, at the request of the beneficiary and to a total not exceeding 85% of the total assistance granted. The balance shall be paid, however, only after the Commission has received a general statement of expenditure (together with supporting documents) drawn up on conclusion of the operation. As a result, the application for payment of the balance, possibly covering the whole of the assistance granted, could generally be lodged only in the course of the financial year to which the appropriations are carried forward.

2.2 Council Regulation (EEC) No 2396/71² provides that the Commission shall grant assistance from the Fund on the basis of the actual cost of operations. As a result, the beneficiaries must assemble all particulars and all supporting documents relating to operations financed in order to cost and support the application for payment of the balance.

In view of this, it is hardly possible to require the said applications to be lodged before 30 June.

¹ OJ No L 101 of 28 April 1972, page 3.

² 8 November 1971 implementing the Council Decision of 1 February 1971 on the reform of the European Social Fund (OJ L 294 of 10 November 1971, p.54).

2.3 In view of the "actual cost" rule the Commission is required to subject all applications for payment to thorough checking. With a few exceptions such checking entails in-situ verification.

2.4 In view of the constraints on beneficiaries (see para. 2.3), the tasks of checking against supporting documents and of in-situ verification inevitably fall in the second half of the year, more specifically in the final months. These few months are undoubtedly not sufficient to provide the assurance, in all cases, that applications are well-founded. Consequently the appropriations in question become time-expired and applications for payment must be honoured, following full checking, from the appropriations for the succeeding financial year. However, the latter appropriations are not intended primarily for paying off the remainder of assistance for earlier operations but rather for promoting and encouraging fresh projects.

3. In view of the foregoing, provision should be made to extend the period during which appropriations carried forward can be used. In this connection it should be pointed out that Article 6(5), first subparagraph, of the Financial Regulation itself makes a similar provision in respect of the EAGGF, Guidance Section. In the case of the European Social Fund it will be sufficient to provide that appropriations for payments outstanding under commitments assumed against appropriations for one financial year will be automatically carried forward to the next two financial years.

PROPOSALS FOR A REGULATION AMENDING THE FINANCIAL
REGULATION AS REGARDS APPROPRIATIONS FOR THE
EUROPEAN SOCIAL FUND

The Council of the European Communities;

Having regard to the Treaty establishing the European Economic Community and in particular Article 209 thereof;

Having regard to the Proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Whereas Article 6(1)(c) of the Financial Regulation of 25 April 1973 applicable to the General Budget of the European Community¹ provides that appropriations for payments still outstanding for commitments properly entered into between 1 January and 31 December shall be carried forward automatically to the next financial year only;

Whereas this rule has proved too inflexible with regard to appropriations for the European Social Fund, in view of the provisions governing the lodging of applications for payment and the checking thereof;

Whereas, consequently, it must be rendered more flexible by providing that the appropriations in question shall be carried forward automatically for a period of two years;

HAS ADOPTED THIS FINANCIAL REGULATION:

Article 1

Article 6 of the Financial Regulation shall be supplemented by paragraph 6a worded as follows:

¹OJ No L 116 of 1 May 1973, p.1.

"By way of derogation from paragraph 1, appropriations relating to the European Social Fund for payments outstanding for commitments entered into against the appropriations for one financial year shall be automatically carried forward for the following two years."

Article 2

This Regulation shall enter into force on 1 December 1975.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President