

# EUROPEAN PARLIAMENT

2004



2009

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*Committee on Budgetary Control*

6.3.2007

PE 386.378v01-00

## AMENDMENTS 1-135

### Draft report

(PE 382.516v01-00)

**Salvador Garriga Polledo**

Discharge for implementation of the European Union general budget for the financial year 2005

(SEC(2006)0916– C6-0263/2006 – 2006/2070(DEC))

(SEC(2006)0915 – C6-0262/2006 – 2006/2070(DEC))

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### **Proposal for a European Parliament decision on the discharge for implementation of the European Union general budget for the financial year 2005, Section III – Commission**

Amendment by Ashley Mote

Amendment 1

Paragraph 1

1. ***Postpones*** discharge to the Commission for implementation of the European Union general budget for the financial year 2005;

Or. en

Amendment by Ashley Mote

Amendment 2

Recital A a (new)

- Aa.*** ***whereas the European Parliament has not had access to all documents necessary to be able to judge whether the financial management has been carried out in the most***

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*responsible way possible;*

Or. en

**Proposal for a European Parliament decision on closing the accounts for implementation of the European Union general budget for the financial year 2005, Section III – Commission**

Amendment by Ashley Mote

Amendment 3  
Paragraph 1

1. *Postpones* closing the accounts for implementation of the European Union general budget for the financial year 2005;

Or. en

**Motion for a European Parliament resolution with comments forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2005, Section III – Commission**

Amendment by Ashley Mote

Amendment 4  
Paragraph 1

*deleted*

Or. en

Amendment by Salvador Garriga Polledo

Amendment 5  
Paragraph 1

1. Notes that, with some exceptions *referred to* in *its* observations, the Court takes the view that the final annual accounts of the European Communities present fairly the financial position of the Communities as of 31 December 2005, and the results of their operations and cash flows for the year then ended (Chapter 1, Statement of Assurance, paragraphs V to VIII);

Or. es

Amendment by Ingeborg Gräßle

Amendment 6  
Paragraph 1

1. Notes that, with some exceptions dealt with in specific observations, the Court takes the view that the final annual accounts of the European Communities present fairly the financial position of the Communities as of 31 December 2005, and the results of their operations and cash flows for the year then ended (Chapter I, Statement of Assurance, paragraphs V to VIII); ***asks the Court for further remarks, in future annual reports, about the policy areas and states particularly affected;***

Or. de

Amendment by Salvador Garriga Polledo

Amendment 7  
Paragraph 3

3. Expresses concern, nonetheless, at the Court's observations regarding errors in amounts registered in the accounting system (overstatement of the accounts payable and of the total amount of long-term and short-term pre-financings) and errors in the local accounting systems of some directorates-general (***deletion***);

Or. es

Amendment by Jan Mulder

Amendment 8  
Paragraph 5

5. Welcomes the fact that, in response to repeated requests from Parliament, new Article 61 of the Financial Regulation establishes that the Commission's accounting officer signs off the accounts; ***and is empowered to check the information received and to make reservations; stresses that the Accounting Officer needs clear empowerment to execute this responsibility, in particular concerning carrying out checks; invites the Commission to inform the budgetary control committee which organisational changes it has taken or plans to take in order to allow the accounting officer to fulfil his duties under the new article 61;***

Or. en

Amendment by Ingeborg Gräßle

Amendment 9

Paragraph 6

6. *Notes that, as a result of the 2004 discharge resolution, the Commission has submitted information on the unknown accounts; regrets the fact that this has not yet made the transactions via those accounts transparent; notes that the funds credited to the accounts should be transferred back to the budget as other revenue; calls on the Commission in this connection to explain why the ‘Economat’ supermarket operating accounts operated outside the budget have still not been incorporated into the budget;*

Or. de

Amendment by Salvador Garriga Polledo

Amendment 10

Paragraph 7

7. Regrets that, as noted by the Court of Auditors in paragraph 1.49 of its 2005 annual report, the accounting officer failed fully to comply with Accounting Rules Nos 2 and 12 with regard to the new structure and presentation of the balance sheet and the revised treatment of the Communities' pension liabilities; *notes that the Commission's accounting officer revised Accounting Rules Nos 2 and 12 in October 2006;*

Or. es

Amendment by Ashley Mote

Amendment 11

Paragraph 7

7. Regrets that, as noted by the Court of Auditors in paragraph 1.49 of its 2005 annual report, the accounting officer failed fully to comply with Accounting Rules Nos 2 and 12 with regard to the new structure and presentation of the balance sheet and the revised treatment of the Communities' pension liabilities; calls on the Commission to take the necessary steps to remedy this situation *otherwise no discharge can be given next year;*

Or. en

Amendment by Jean-Pierre Audy

Amendment 12

Paragraph 10

11. Deplores, nonetheless, that in extremely important Community spending areas (CAP spending that does not come under the IACS, Structural Funds, internal policies, external actions, Sapard), the Court notes that the supervisory and control systems need to become more efficient, given that there remain (**deletion**) shortcomings that prevent a positive statement of assurance being given in those areas (Chapter 1, Statement of Assurance, paragraph IX to XI);

Or. fr

Amendment by Salvador Garriga Polledo

Amendment 13

Paragraph 11

12. Expresses grave concern at the large number of errors detected by the Court in transactions at final beneficiary level and notes that, **where there is a** shared management arrangement, responsibility for preventing, identifying and correcting errors at final beneficiary level lies with the Member States;

Or. es.

Amendment by Jan Mulder

Amendment 14

Paragraph 11

11. Expresses grave concern at the large number of errors detected by the Court in transactions at final beneficiary level and notes that, under the shared management arrangement, responsibility for preventing, identifying and correcting errors at final beneficiary level lies with the Member States ***whilst at the same time Commission is responsible for giving clear, efficient and effective guidelines to member States on how to prevent, identify and correct these errors;***

Or. en

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 15

Paragraph 12

12. ***Calls on the Commission to further improve its effective supervision of controls delegated to the Member States, insists that the Commission in the case where Member states' control systems are still insufficient should impose clear deadlines and apply sanctions where those deadlines are not met;***

Or. en

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 16

Paragraph 15

15. Welcomes the revised DAS approach that the Court of Auditors started to introduce in 2002, particularly the latest change approved in February 2006<sup>1</sup>, which will be implemented for the first time in the Court's 2006 annual report; ***invites the Court and the Commission to enter into a dialogue on how to further develop the DAS methodology so to further reflect the diversity of management environments;***

Or. en

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 17

Paragraph 16 a (new)

- 16a. ***Welcomes as first step towards national management declarations the agreement reached in the Interinstitutional Agreement that Member States have to provide annual summaries of available audits and declarations;***

Or. en

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<sup>1</sup> Paragraph 1.59 of the Court of Auditors annual report for 2005.

Amendment by Jean-Pierre Audy

Amendment 18

Paragraph 17

17. ***Recalls that in its resolutions on the 2003 and 2004 discharge Parliament proposed introducing a national declaration at the appropriate level covering all Community funds under shared management;***

Or. fr

Amendment by Paulo Casaca

Amendment 19

Paragraph 19

19. Takes the view that national management declarations ***which could take the form of comprising several declarations within a national framework, rather than one alone, in order to acknowledge the federal and decentralised political systems in existence in some Member States*** would, without a doubt, ***(delete)*** improve the quality of the relevant national supervisory and control systems and would be an important factor in obtaining a positive DAS;

Or. en

Amendment by Jean-Pierre Audy

Amendment 20

Paragraph 19

19. Takes the view that national management declarations would, without a doubt, help to improve the quality of the relevant national supervisory and control systems and, ***without detracting from the independence of the Court of Auditors, could facilitate a positive DAS being obtained from it;***

Or. fr

Amendment by Jan Mulder

Amendment 21

Paragraph 19

19. Takes the view that national management declarations would, without a doubt, help to improve the quality of the relevant national supervisory and control systems, ***since it forms a vital element in achieving an EU integrated internal control framework*** and ***as such*** would be an important factor in obtaining a positive DAS;

Or. en

Amendment by Paulo Casaca

Amendment 22

Paragraph 20

***deleted***

Or. en

Amendment by Salvador Garriga Polledo

Amendment 23

Paragraph 20

20. Points out that States, not regions, are members of the EU, and therefore does not consider it acceptable for a Member State to reject national declarations on the grounds of its territorial organisation, given that funding is granted centrally, even if it is administered on a decentralised basis, and that if a Member State is unable to shoulder its responsibility ***in line with the agreements established, firstly by the interinstitutional agreement on budgetary discipline and sound financial management of 17 May 2006 and subsequently in the Financial Regulation following its most recent modification***, the Commission will have to consider the possibility of suspending the disbursement of funds;

Or. es



Amendment by Chris Davies

Amendment 24

Paragraph 20

20. Points out that States, not regions, are members of the EU, and therefore does not consider it acceptable for a Member State to reject national declarations on the grounds of its territorial organisation, given that funding is granted centrally, even if it is administered on a decentralised basis, and that if a Member States is unable to shoulder its responsibility, ***or find a way of meeting the obligation while respecting decentralised structures***, the Commission will have to consider the possibility of suspending the disbursement of funds;

Or. en

Amendment by Jean-Pierre Audy

Amendment 25

Paragraph 20

20. Points out that States, not regions, are members of the EU, and therefore does not consider it acceptable for a Member State to reject national declarations on the grounds of its territorial organisation, given that funding is granted centrally, even if it is administered on a decentralised basis ***(deletion)***;

Or. fr

Amendment by Paulo Casaca

Amendment 26

Paragraph 21

***deleted***

Or. en

Amendment by Jan Mulder

Amendment 27

Paragraph 22

22. Warmly welcomes the initiative taken by the Netherlands, whose ***(deletion)***

**government** approved the adoption of a national declaration on the management of Community funding, based on sub-declarations covering the various spending areas, will be signed **on behalf of the Dutch government** by the finance minister as the final authority;

Or. en

Amendment by Jan Mulder

Amendment 28

Paragraph 23

23. Welcomes furthermore the decision taken by the United Kingdom **and Sweden** to take steps with a view to introducing national declaration on the management of Community funding, with **in case of the United Kingdom** provision being made for the declaration to be signed by a senior official with due authority in the relevant area; **Points out further that the Danish national audit body is to give an audit opinion on the management of community funding under shared management;**

Or. en

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 29

Paragraph 24

24. **Considers it unacceptable that**, despite these initiatives in favour of national declarations **which could take the form of comprising several declarations within a national framework, rather than one alone, in order to acknowledge the federal and decentralised political systems in existence in some Member States**, most Member States are resisting their introduction;

Or. en

Amendment by Jan Mulder

Amendment 30

Paragraph 25

25. Calls nonetheless on the Commission to submit to the Council a proposal for a national (management) declaration covering all Community funds under shared management, based on sub-declarations by the various national bodies responsible for the management of expenditure; **Is of the opinion that a common approach towards the implementation and construction of national declarations, done according to the same principles, and**

*if possible ensuring the participation of national audit bodies, is necessary to assure that the national declaration is of value to the Commission and the Court of Auditors;*

Or. en

Amendment by Bart Staes, Paul van Buitenen

Amendment 31

Paragraph 25

25. Calls nonetheless on the Commission to submit *before the end of 2007* to the Council a proposal for a national management declaration covering all Community funds under shared management, based on sub-declarations by the various national bodies responsible for the management of expenditure;

Or. en

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 32

Paragraph 26

26. Calls on the *Council* to *reopen the* debate on the matter *urgently*;

Or. en

Amendment by Bart Staes, Paul van Buitenen

Amendment 33

Paragraph 27

27. *Calls on* the national parliaments (particularly the national committees responsible for oversight of public finances and the committees of the Conference of Community and European Affairs Committees of Parliaments of the European Union (COSAC)) to discuss the introduction of national declarations *and to inform the house of the outcome of this discussion*;

Or. en

Amendment by Jean-Pierre Audy

Amendment 34

Paragraph 29

Takes the view that the audit authorities referred to in paragraph 44 of the IIA must shoulder this new responsibility for the local use of EU funds, ***which could facilitate a positive DAS being obtained;***

Or. fr

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 35

Paragraph 36 a (new)

***36a. Insists that payments should be fully or partly suspended in the case where Member States are not complying with basic requirements, as in the case of Greece until the IACS system is fully functioning in Greece;***

Or. en

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 36

Paragraph 36 b (new)

***36b. Considers it detrimental for the image of the EU if individual Member States can apply different control standards;***

Or. en

Amendment by Salvador Garriga Polledo

Amendment 37

Paragraph 38

***38. Stresses that, given the multiannual character of expenditure in the Community programmes, it is only at the end of a multiannual cycle that the Commission can proceed to the application of those 'clearance-of-accounts procedures' (deletion), whose aim is the a posteriori rectification of the errors detected; further emphasises the need to undertake financial corrections as soon as uncorrected irregularities are detected by the Member States, without waiting for the end of the multiannual cycle;***

Amendment by Ingeborg Gräßle

Amendment 38

Paragraph 38

38. Stresses that, given the multiannual character of expenditure in the Community programmes, it is only at the end of a multiannual cycle that the Commission can proceed to the application of those 'clearance-of-accounts procedures or financial correction mechanisms', whose aim is the a posteriori rectification of the errors detected, ***if comprehensive and clearly comprehensible documentation on programme implementation is available;***

Or. de

Amendment by Ingeborg Gräßle

Amendment 39

Paragraph 39

39. Notes with concern ***(deletion*** that the Court is extremely critical of the financial corrections applied by the Commission, which do not 'ensure the prevention and timely identification and correction of errors', do not take sufficient account of the deficiencies identified in the underlying operations, that is, at the level of the final beneficiary, and do not 'encourage Member States to take action to prevent irregularities or to improve their management and control systems' (paragraphs 1.64 and 6.35 of the Court of Auditors' annual report);

Or. de

Amendment by Salvador Garriga Polledo

Amendment 40

Paragraph 41

41. Notes that the final corrective measures, where they are not charged directly to the operations at the level of the final beneficiary, have the effect in practice - as the Court points out - of transferring the costs of illegal and irregular operations from the Community budget to the national taxpayers as a whole, rather than to the final beneficiary who is responsible for the error (paragraph 1.65 of the Court of Auditors' annual report); ***notes that those corrections therefore have only a limited preventive and deterrent effect on the beneficiaries and managers;***

Amendment by Jan Mulder

Amendment 41

Paragraph 43

43. Concludes that the Commission, for its part and in the light of the Court's severe criticisms, needs to take all appropriate action in order to ***prevent errors and irregularities in occurring in the first place and regrets that the Commission apparently put more emphasis on final financial correction mechanisms which, as the Court notes, have serious weaknesses and "cannot be regarded as mechanisms to ensure the prevention and timely identification and correction of errors" (paragraph 1.64 - Annual Report of the European Court of Auditors);***

Or. en

Amendment by Herbert Bösch and Salvador Garriga Polledo

Amendment 42

Paragraph 44

***deleted***

Or. de

Amendment by Ingeborg Gräßle

Amendment 43

Paragraph 44

44. Regrets the ***Commission's criticism of*** the Court of Auditors concerning the financial correction measures applied by the Commission in 2005, as manifested notably during the presentation of the Court's annual report to the Committee on Budgetary Control on 23 October 2006, ***since citizens' confidence in the ability of the European Institutions to function is based inter alia on the guaranteed independence of the Court of Auditors as an external audit body;***

Or. de

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 44

Paragraph 44

44. *Deeply* regrets *the criticism by the Commission of* the Court of Auditors concerning the financial correction measures applied by the Commission in 2005, as manifested notably during the presentation of the Court's annual report to the Committee on Budgetary Control on 23 October 2006; *considers that the confidence of the citizens in the functioning of the European Institutions is inter alia based on the guaranteed independence of the ECA as external Auditor;*

Or. en

Amendment by Jan Mulder

Amendment 45

Paragraph 48

48. Welcomes the first half-yearly *scoreboard* submitted by the Commission on 19 July 2006 (SEC(2006)1001) on the implementation of the above Action Plan, pursuant to Parliament's request in its resolution on the discharge for 2004; *Feels sorry that the second half-yearly scoreboard did not reach the Parliament on time to be taken into consideration for the discharge procedure of 2005;*

Or. en

Amendment by Ingeborg Gräßle

Amendment 46

Paragraph 51

51. Recalls, furthermore, that the ECOFIN Council of 8 November 2005, as mentioned above, laid major stress on the need to implement an integrated internal control system, and stated: 'The Council believes, in line with the Court's opinion 2/2004, that it should reach an understanding with the European Parliament regarding the risks to be tolerated in the underlying transactions, having regard to the costs and benefits of controls for the different policy areas and the value of the expenditure concerned'; *expects the Council to act on its own decision promptly;*

Or. de

Amendment by Paulo Casaca

Amendment 47

Paragraph 53 a (new)

**53a. *Stresses, in this context, the importance of the opinion 2/2004 of the European Court of Auditors regarding the Single Audit Model, namely on the need to insure the coincidence between the authority level that legislates, finances and benefits from controls (point 24) on proportionality between costs and benefits of controls (point 25) and transparency on controls (point 26);***

Or. en

Amendment by Paulo Casaca

Amendment 48

Paragraph 55 a (new)

**55a. *Invites the Commission to fully disclose to the public the methods it uses for the determination of the rates of error, and encourages the Commission to pursue an interinstitutional dialogue on the audit methodology;***

Or. en

Amendment by Paulo Casaca

Amendment 49

Paragraph 55 b (new)

**55b. *Considers it essential for the Commission to have a credible roadmap to achieve a positive statement of assurance, and that this roadmap has to rely on agreed methodologies and concepts;***

Or. en

Amendment by Jan Mulder

Amendment 50

Paragraph 57

**57. *Believes that the cost-benefit ratio existing between the resources dedicated to control activities and the results obtained by the controls should be a key element to be taken into account by the Court of Auditors when it delivers its statement of assurance; notes, as a general principle, that high control cost not should be considered as a***



***reason for tolerating a high degree of errors and irregularities but as a reason for simplifying or abandoning the policy in question;***

Or. en

Amendment by Ingeborg Gräßle

Amendment 51

Paragraph 57 a (new)

***57a. Notes that, as a result of the principle of efficient and effective use of appropriations, there must be effective recovery; takes the view that improved recovery would provide proof of the effectiveness of EU penalties and further boost the European Institutions' credibility;***

Or. de

Amendment by Ingeborg Gräßle

Amendment 52

Paragraph 57 b (new)

***57b. Notes that effective recovery can only take place via the Member States' enforcement agencies; calls therefore, in connection with recovery, for Member States' costs for their enforcement agencies to be taken into account;***

Or. de

Amendment by Ingeborg Gräßle

Amendment 53

Paragraph 57 c (new)

***57c. Is convinced that an improvement in the recovery rate can be achieved by revealing the identities of debtors who have been found guilty by the courts can no longer appeal, but are unwilling to make payment;***

Or. de

Amendment by Ingeborg Gräßle

Amendment 54

Paragraph 58

58. Stresses that the ***differing information content of services'*** annual activity reports ***is a hindrance to this procedure;*** is concerned at the Court's statement that some of those reports still do not include sufficient evidence for its statement of assurance (paragraphs 2.15, 2.18 and 2.19 of the annual report for 2005);

Or. de

Amendment by Jan Mulder

Amendment 55

Paragraph 59

59. Asks the Commission to ensure that its annual activity reports and statements go into much greater detail - ***where possible on the level of the individual member states*** - in the evaluation of the existing systems, the shortcomings detected by them and their financial impact;

Or. en

Amendment by Ingeborg Gräßle

Amendment 56

Paragraph 62

62. ***Notes the criticism that Commissioners are not fully involved;*** asks the Commission to determine what actions are needed to ensure the full involvement of the Commissioners, as called for by the internal auditor, while at the same time clarifying the relationship between the Directors-General and the Commissioners, ***also taking into account Commissioners' appropriate degree of financial responsibility,*** and to supply full information on the matter to Parliament;

Or. de

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 57

Paragraph 62 a (new)

- 62a. Regrets the difference in quality of the presentation by Commissioners in its***

*Budgetary Control Committee and expresses the hope that this does not reflect the importance given by the individual Commissioners to sound financial management in their area of competence; Insists that apart from some exceptions Commissioners will have to be better prepared for hearings concerning the 2006 discharge procedure;*

Or. en

Amendment by Ingeborg Gräßle

Amendment 58

Paragraph 63

63. *Warmly* welcomes the Commission's European Transparency Initiative, as mentioned above, which proposes launching 'a debate with the other European institutions on the rules and standards on professional ethics of public office holders in the European institutions'; *calls for the debate to be launched quickly so that any necessary measures become effective at the start of Parliament's new term in June 2009 and the new Commission's term in November 2009;*

Or. de

Amendment by Ingeborg Gräßle

Amendment 59

Paragraph 64

64. Supports the idea of such a debate, and calls on the Commission to fill the gap that now exists and to ensure that the Commissioners' *binding* code of conduct incorporates the necessary ethical rules and the principal guidelines to be observed by Commissioners *in the conduct of their office, in particular* when appointing collaborators, especially to their 'cabinets';

Or. de

Amendment by Dan Jørgensen

Amendment 60

Heading (new) (after paragraph 64)

*Transparency*

Or. en

Amendment by Bart Staes, Paul van Buitenen

Amendment 61  
Paragraph 64 a (new)

**64a. *Calls on the Commission to pay due attention to and propose solutions in the frame work of the Transparency initiative to the fact that a substantial number of former and actual high ranking members of staff in sensitive positions have left the Commission, sometimes on unpaid leave, to join lobbyists and law firms for example representing clients who are either under investigation by DG competition or appeal to fines imposed on them;***

Or. en

Amendment by Dan Jørgensen

Amendment 62  
Paragraph 64 b (new)

**64b. *Welcomes the Commission's transparency initiative and expects it to lead to practical action and legislative initiatives which in turn result in transparency in the use and management of EU funds;***

Or. da

Amendment by Dan Jørgensen

Amendment 63  
Paragraph 64 c (new)

**64c. *Expects the European Parliament - including the Committee on Budgetary Control - to be involved in further deliberations for drawing up the specific legislative initiatives;***

Or. da

Amendment by Dan Jørgensen

Amendment 64  
Paragraph 64 d (new)

**64d. *Strongly urges the Commission to do its utmost to encourage the Member States to***

***allow the public access to information concerning projects and recipients of all EU funds which are subject to joint management;***

Or. da

Amendment by Dan Jørgensen

Amendment 65  
Paragraph 64 e (new)

***64e. Expects a simple and transparent system to be set up to access all this information via a central and easily accessible website;***

Or. da

Amendment by Dan Jørgensen

Amendment 66  
Paragraph 64 f (new)

***64f. Welcomes the Commission's initiatives to ensure that the funds paid out under the Community's agricultural support schemes will now be made public;***

Or. da

Amendment by Dan Jørgensen

Amendment 67  
Paragraph 64 g (new)

***64g. Expects the Commission as swiftly as possible to instruct the Member States to standardise the information concerning agricultural funding placed on the Internet, so that it can be compared across the board between countries;***

Or. da

Amendment by Dan Jørgensen

Amendment 68  
Paragraph 64 h (new)

***64h. Welcomes the fact that the Commission has recognised the need to allow access to***

*information about the various forms of expert groups which the Commission uses in its work;*

Or. da

Amendment by Dan Jørgensen

Amendment 69

Paragraph 64 i (new)

**64i. *Strongly urges the Commission to complete the process of achieving greater transparency by creating easy access to information on who is represented in these groups and what their tasks are;***

Or. da

Amendment by Dan Jørgensen

Amendment 70

Paragraph 64 j (new)

**64j. *Calls on the Commission to publish the names of those people who take part in these groups, and the names of the special advisers which the individual Commissioners and/or Directorates-General and/or 'cabinets' have engaged;***

Or. da

Amendment by Herbert Bösch

Amendment 71

Paragraph 69

**69. Notes, in addition, that, according to the Court, since 2005 new rules *on the allocation of Financial Intermediation Services Indirectly Measured* have been in force, *adopted as long ago as 2002, which, according to Eurostat, will lead to a significant* increase in GNI; regrets the fact that the Commission has so far not submitted a proposal to the Council to apply those modifications when calculating the own resources (paragraphs 4.20 *and* 4.21);**

Or. de

Amendment by Herbert Bösch

Amendment 72

Paragraph 69 a (new)

**69a. *Disapproves of the fact that, in the case of Financial Intermediation Services Indirectly Measured, the Commission evidently takes a different approach from that taken to including illegal activities in GNI (paragraph 4.19), which are included in the calculation of own resources although uniform application by the Member States is not ensured and the Commission has therefore notified reservations making it possible to adjust the figures retrospectively;***

Or. de

Amendment by Herbert Bösch

Amendment 73

Paragraph 69 b (new)

**69b. *Assumes that allocated Financial Intermediation Services Indirectly Measured will automatically be included in the own resource decision, for GNI own resource purposes, since, in its proposal for a Council decision on the system of the European Communities' own resources (COM(2006) 99 final of 8 March 2006), the Commission entered no limiting reservation in that respect;***

Or. de

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 74

Paragraph 71

**71. *Highly welcomes* the Court's acknowledgement that, suitably applied, the Integrated Administration and Control System (IACS) constitutes an effective monitoring system for reducing the risk of error or of irregular expenditure;**

Or. en

Amendment by Jean-Pierre Audy

Amendment 75

Paragraph 73

73. (does not affect English version)

Or. fr

Amendment by Rodi Kratsa-Tsagaropoulou

Amendment 76

Paragraph 74

74. Regrets the fact that the Court continues to detect problems in the implementation of the IACS in Greece, fully supports ***the jointly adopted*** action plan which the Commission has requested from the Greek authorities, ***who are swiftly implementing a credible administration and control system*** (involving specific deadlines and objectives designed to correct errors), and also supports the Commission's intention (as stated to its relevant committee) to ensure that current legislation on the suspension of payments is strictly enforced if the Greek Government does not remedy the existing problems within the time-limits set; ***notes that the competent Greek authorities had already in early 2006 made qualitative improvements in and upgraded the control system used for granting aid under the common agricultural policy;***

Or. el

Amendment by Bart Staes, Paul van Buitenen

Amendment 77

Paragraph 74

74. Regrets the fact that the Court continues to detect problems in the implementation of the IACS in Greece, ***takes note of*** the action plan which the Commission has requested from the Greek authorities (involving specific deadlines and objectives designed to correct errors), and ***(deletion)*** the Commission's intention (as stated to its relevant committee) to ensure that current legislation on the suspension of payments ***will be*** strictly enforced if the Greek Government does not remedy the existing problems (5 words deleted); ***calls for the time being on the Commission until IACS is fully implemented and proven to function adequately to suspend for 2007 60% of the payments to Greece;***

Or. en



Amendment by Jan Mulder

Amendment 78

Paragraph 74 a (new)

**74a. Notes that under the current system corrections are too often paid by the taxpayers and not by the final beneficiary who committed the error; takes the view that corrections therefore only have a limited preventive and dissuasive effect on beneficiaries and managers;**

Or. en

Amendment by Bart Staes, Paul van Buitenen

Amendment 79

Paragraph 75

75. Notes the current problems with the implementation of the IACS in the new Member States audited by the Court (countries in which systems are still unreliable) and calls upon the Commission **and those Member-States** to do all **they** can to remedy the weaknesses detected;

Or. en

Amendment by Bart Staes, Paul van Buitenen

Amendment 80

Paragraph 76

76. Also notes the serious shortcomings reported by the Court in the checks relating to rural development, in export refunds and especially in the olive-oil sector in Spain, Greece and Italy, and calls upon the Commission to carry out before **the end of 2007** more stringent checks in those areas **and to inform Parliament before the 2006 discharge procedure on the outcome of these checks;**

Or. en

Amendment by Rodi Kratsa-Tsagaropoulou

Amendment 81

Paragraph 76

76. Also notes the serious shortcomings reported by the Court in the checks relating to rural development, in export refunds and especially in the olive-oil sector in Spain,

Greece and Italy, and calls upon the Commission to carry out more stringent checks in those areas; ***notes that the options concerning the implementation of the recent reform of the olive oil sector, in conjunction with the full development and operation of the agricultural information systems available to the producer Member States, minimise any risk of irregularities in respect of aid provided under the common organisation of the market;***

Or. el

Amendment by Bart Staes, Paul van Buitenen

Amendment 82

Paragraph 78

78. Is particularly pleased at the fact that, in connection with the European Transparency Initiative and pursuant to the new rules governing the Structural Funds for the 2007-2013 period, the Member States will be required to provide information concerning the beneficiaries of Community funding and the Commission will be required to make such information public, ***calls on the Commission that all this information and information on beneficiaries from all other Union's policies is published in such a way that it is easily accessible, also for the wider public and that information from different Member-States can be compared;***

Or. en

Amendment by Jean-Pierre Audy

Amendment 83

Paragraph 79

79. Notes and welcomes the fact that, pursuant to the above-mentioned new rules governing the Structural Funds for the 2007-2013 period, the Commission will not reimburse expenditure unless it has previously received a written declaration from an independent body certifying that national administration and control systems exist ***in conformity with the Community rules***<sup>1</sup>;

Or. fr

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<sup>1</sup> Council Regulation (EC) No 1083/2006, Article 71 (OJ L 210, 31.07.2006)

Amendment by Antonio De Blasio

Amendment 84

Paragraph 79 a (new)

**79a. Stresses that the "high level of transparency" must be complemented with participation, accountability, effectiveness and coherence as these are the principles of the European good governance<sup>1</sup> which should apply to all levels of government with the principle of rule of law;**

Or. en

Amendment by Antonio De Blasio

Amendment 85

Paragraph 79 b (new)

**79b. Notes that the Convention on the Protection of the European Communities' financial interest defines the terms "fraud", "passive and active corruption" and "other illegal activities harmful to the Communities' financial interests" clearly calls upon the Member States to combat all the above mentioned activities whether politically, economically or socially motivated;**

Or. en

Amendment by Ingeborg Gräßle

Amendment 86

Paragraph 87

87. Regrets the fact that, according to the Court, there are still within the field of direct management by the Commission the same problems as in earlier years (errors in expenditure reimbursed, complexity of applicable rules and lack of an effective penalty system), and calls upon the Commission to ***continue its efforts to simplify and further clarify the rules for shared-cost programmes, in particular as regards time recording commensurate with documentation effort (Court of Auditors' annual report for 2005, paragraph 7.29), to do its utmost, in a suitable dialogue with recipients of financial assistance, to clarify the rules, manuals and forms applicable and to ensure that the existing penalty system is effectively and appropriately applied whenever necessary (where appropriate by proposing the changes necessary in order to make the system more effective), and, in addition, to improve the scope and quality of and follow-up to national agencies' systems audits through improved information and mutual exchanges (Court of Auditors' annual report for 2005,***

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<sup>1</sup> The European Transparency Initiative is based on the White Paper on European Governance, COM(2001)0428.

***paragraph 7.29, and Parliament amendment to Article 35a (new) of the reformed Financial Regulation implementing rules (PE 382.446v01); calls on the Commission to explain to the budgetary authority, in a catalogue of specific measures, how the Commission intends in its current term of office to obtain an unconditional statement of assurance in the area of direct management;***

Or. de

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 87

Paragraph 89

89. Notes with concern that, despite its high cost, the audit-certificate system has ***in 2005 not yet*** provided the hoped-for guarantees, since the Court has detected erroneous statements relating to staff costs and general expenditure, in respect of which 'clean' audit certificates have been issued; ***Notes however that the quality of the audit certificate has improved after the requirements for these certificates have been published; Invites the Commission to further develop suitable criteria for audit certificates in order to improve their usefulness;***

Or. en

Amendment by Ingeborg Gräßle

Amendment 88

Paragraph 91

91. Calls upon the Commission ***to fulfil the requirement of the FP7 rules for participation to introduce a flat-rate payment procedure, inter alia, and to inform its appropriate Committee in the framework of the midterm review.***

Or. en

Amendment by Eluned Morgan

Amendment 89

Paragraph 91

91. Calls upon the Commission to take an urgent concerning the blanket introduction of a flat-rate payment procedure ***(deletion);***

Or. en

Amendment by Umberto Guidoni

Amendment 90  
Paragraph 93a (new)

**93a. Expects the Commission to execute the budget on the basis of the decisions of the budgetary authority, i.e. Parliament and the Council;**

Or. it

Amendment by Ingeborg Gräßle

Amendment 91  
Paragraph 96

96. Notes with concern that, according to the Court, the risk analyses carried out by EuropeAid did not take into account the risks represented by the various types of implementing body (NGO, international organisation, government institution, etc.) and the financing methods used (subsidy, budget support, trust fund, etc.); ***calls on the Commission to establish greater clarity, through more discriminating reporting, as to the effectiveness of individual assistance instruments; proposes with regard to the issue of aid for developing countries that the introduction of a system of stages be looked into, the aim being that at the first stage, by assisting individual projects, the basic preconditions for granting budget aid, i.e. a form of democratic budgetary control plus independent auditing structures, are also established;***

Or. de

Amendment by Salvador Garriga Polledo

Amendment 92  
Paragraph 97

97. Regrets in particular the fact that, since EuropeAid's checks did not ***adequately*** cover operations by implementing bodies, the contribution made by those checks to the overall assurance of the legality and regularity of the underlying operations is limited (paragraph 8.12 of the Annual Report);

Or. es

Amendment by Herbert Bösch

Amendment 93

Paragraph 100 a (new)

***100a. Notes the information from the Commission (answer to Written Question E-4481/06) that, in connection with the fraud and bribery affair concerning the Lesotho Highlands Water Project (LHWP), three firms which received EU assistance have been fined by the Lesotho High Court: Schneider Electric SA (France), Impregilo Spa (Italy) and Lahmeyer International GmbH (Germany);***

Or. de

Amendment by Herbert Bösch

Amendment 94

Paragraph 100 b (new)

***100b. Points out that, pursuant to Article 93(1)(e) of the Financial Regulation and the associated implementing rules, firms that have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other activity detrimental to the Communities' financial interests must be excluded from the award of contracts for a minimum of one and a maximum of four years;***

Or. de

Amendment by Herbert Bösch

Amendment 95

Paragraph 100 c (new)

***100c. Criticises the fact that, in the case of the Lesotho Highlands Water Project, the Commission has evidently not taken any decisions pursuant to Article 93(1)(e) of the Financial Regulation, though two of the three court judgments were handed down three years ago;***

Or. de

Amendment by Herbert Bösch

Amendment 96

Paragraph 100 d (new)

***100d. Expects the Commission now to take and announce the appropriate decisions by June 2007 at the latest and to submit a comprehensive report on the affair to Parliament, together with the European Investment Bank (which is also involved), in September 2007 at the latest which also makes it clear what efforts have been made to recover monies;***

Or. de

Amendment by Bart Staes, Paul van Buitenen

Amendment 97

Paragraph 103 a (new)

***103a. Calls on the Commission to inform parliament before the end of 2007 which progress was made by the new Member- States in particular in Romania and Bulgaria in the introduction of anti corruption legislation , regrets that proposed anti- corruption legislation by the Romanian government in casu the minister of Justice has been blocked by the Romanian Parliament; Fully supports the government in its efforts to get this legislation approved and introduced;***

Or. en

Amendment by Ashley Mote

Amendment 98

Paragraph 103 b (new)

***103b. alarmed by reports in the press, a ruling by the Civil Service Tribune in case F-17/05, Parliamentary Questions regarding psychiatric sick leave and Special Report 3/2003 of the Court of Auditors on invalidity pension schemes; of the opinion that when European institutions convince members of staff to accept the terms of invalidity after one year of absence this is in fact a way for these institutions to get rid of difficult people;***

Or. en

Amendment by Paulo Casaca

Amendment 99

Paragraph 103 c (new)

**103c. Expresses however its concern for the growing cost of invalidity pensions and considers the use of mandatory invalidity pensions based on psychological disorders to resolve any conflicting relationship with the Commission's personnel unacceptable;**

Or. en

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 100

Paragraph 103 d (new) (under subheading Agencies)

**103d. Considers that the ever growing number of Agencies does not always reflect the real needs of the Union and its citizens; invites the Commission therefore to present a cost-benefit study before the setting up of any new Agency and calls on the Court of Auditors to give its opinion on the cost-benefit study before Parliament takes its decision;**

Or. en

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 101

Paragraph 103 e (new) (under subheading Agencies)

**103e. Invites the Commission to present every five years a study on the added value of every existing Agency; invites all relevant institutions in the case of a negative evaluation of the added value of an Agency to take the necessary steps by reformulating the mandate of that Agency or by closing it;**

Or. en

Amendment by Ingeborg Gräßle

Amendment 102

Paragraph 105

105. Notes that, in its 2005 Annual Report, the IAS issues a reservation concerning the fact that it has too few staff to be able to satisfy the requirement laid down in the Financial



Regulation to the effect that the agencies should be audited annually; ***calls on the Internal Auditor to explain to the budgetary authority as soon as possible what additional staff are required for this;***

Or. de

Amendment by Jean-Pierre Audy

Amendment 103

Paragraph 108a (new)

***108a. Calls on the Commission to consider the idea of organising an audit for each of the EU agencies with a view to examining their operations, with a view notably to human resource management, the budget and whether or not the tasks required of them have been performed;***

Or. fr

Amendment by Jean-Pierre Audy

Amendment 104

Paragraph 108b (new)

***108b. Suggests, with a view to acquiring a global perspective on the financial records of the agencies and their evolution, that consideration be given to the presentation of consolidated accounts by the agencies within a consolidation sub-perimeter;***

Or. fr

Amendment by Dan Jørgensen, Paulo Casaca

Amendment 105

Paragraph 109 a (new)

***109a. Invites the Court of Auditors to create an additional chapter in its Annual Report, devoted to Agencies in order to have a much clearer picture of the use of EU funds by Agencies;***

Or. en

Amendment by Ingeborg Gräßle

Amendment 106

Paragraph 110

110. Notes the Court's favourable report concerning the European Schools' annual accounts; observes, however, that it is pointed out in that report that the Schools' internal control system does not follow the principle of the separation of functions between authorising officers and accounting officers and that authorising tasks are performed by delegation by two heads of unit in respect of all budget headings and with no financial ceiling ; hopes that the new Financial Regulation for the European Schools (which has been in force since 1 January 2007) will remedy the weaknesses to which the Court has drawn attention; ***hopes that, in future, the Commission will shoulder its responsibility for a sustainable schools policy to a greater extent, commensurate with its share of funding of the European Schools and not with its formal voting significance on the highest decision-taking bodies, and work towards a long-term and, for stakeholders, reliable policy guaranteeing planning certainty; calls, in the medium term, for voting significance to be brought into line with funding share;***

Or. de

Amendment by Herbert Bösch

Amendment 107

Amend title between paragraphs 110 and 111:

***Questions in connection with the Community's buildings***

Or. de

Amendment by Herbert Bösch

Amendment 108

Paragraph 111 a (new)

- 111a. Will also return to other questions in connection with the Berlaymont Building as soon as the European Court of Auditors' special report on buildings policy, notice of which has been given, is available;***

Or. de

Amendment by Herbert Bösch

Amendment 109

Paragraph 111 b (new)

**111b. Notes the Commission reports of 21 February 2007 about a lifts and escalators cartel, the members of which have been fined more than € 990 m; expects a report from the Commission by September 2007 which shows the extent to which Community Institutions, too, have fallen victim to that cartel, in connection with their various building projects, and what steps have been taken to assert claims for damages;**

Or. de

Amendment by Antonio De Blasio

Amendment 110

Paragraph 128

128. Stresses that, despite the positive results in many areas, the overall impact of the TACIS programme has not always been efficient and sustainable as was intended; **notes that the nature of the irregularities identified by the Court was mainly mismanagement in the programming process by the Commission;**

Or. en

Amendment by Antonio De Blasio

Amendment 111

Paragraph 129

129. Calls on the Commission to engage the Russian Government in further dialogue to identify the national needs and direction accurately and to seek to define and identify priorities and objectives to reach by the actions taken; **the Commission should keep in mind the principle of "value for money" therefore it urges the Commission to monitor and evaluate the programme more prudently and closely than before;**

Or. en

Amendment by Salvador Garriga Polledo

Amendment 112

Paragraph 134

134. Urges the Commission to ***clarify the role of DG ECHO and DG Environment (via the Civil Protection Mechanism) in response to humanitarian needs, with a view to ensuring coherent action;***

Or. es

Amendment by Christofer Fjellner

Amendment 113

Paragraph 139

***Deleted***

Or. sv

Amendment by Antonio De Blasio

Amendment 114

Paragraph 140 a (new)

- 140a. Regrets the fact that the Commission overestimated the Bulgarian and Romanian authorities' administrative capability and the countries' absorption capacities, which led to unrealistic objectives lacking sustainability;***

Or. en

Amendment by Antonio De Blasio

Amendment 115

Paragraph 141

141. ***Rejects the practice of the Commission in which*** the requirement for certain projects financed under the Phare programme was not proven in advance ***and thus the principles of legality and regularity were offended;***

Or. en

Amendment by Antonio De Blasio

Amendment 116

Paragraph 142 a (new)

**142a. Notes that although certain steps have been taken in order to solve the problem of insufficient administrative capability and errors in the opportunity of the rule of contractual law, and to ensure that co-financing requirements are complied with, for the efforts still need to be made;**

Or. en

Amendment by Antonio De Blasio

Amendment 117

Paragraph 143

143. Calls on the Commission to pay particular attention to establishing in Romania and Bulgaria administrative structures and information systems capable of managing **and controlling** EU funds and to supervise the reorganisation of the departments responsible for investing those funds;

Or. en

Amendment by Antonio De Blasio

Amendment 118

Paragraph 145

145. Calls on the Commission **and OLAF** to **report annually until 2013 on** the ability of the Romanian and Bulgarian administrations carrying out sound financial management of Community funding **and about the status of ongoing EU projects;**

Or. en

Amendment by Antonio De Blasio

Amendment 119

Paragraph 158 a (new)

**158a. Welcomes the fact that the discussion of this special report took place at the same time as the first introductory presentation of the Commission's proposal for reform of the fruit and vegetable sector to take effect from 2008;**

Or. en

Amendment by Christofer Fjellner

Amendment 120

Paragraph 159

159. Reiterates its commitment to Community support for the fruit and vegetables sector in the EU ***(deletion)***;

Or. sv

Amendment by Antonio De Blasio

Amendment 121

Paragraph 159 a (new)

- 159a. Stresses that producer organizations are the cornerstone of the CMO for fruit and vegetable products, therefore supports the Commission which encourages and supports growers to form producer organizations;***

Or. en

Amendment by Antonio De Blasio

Amendment 122

Paragraph 162

162. Notes ***(deletion)*** the foreseen evaluation study in 2009 ***but reminds the Commission that following the 2008 reforms it would be more useful to prepare the evaluation study in 2011;*** and calls for the Commission to set up an appropriate monitoring and control mechanism for the fruit and vegetable sector to ensure compliance with the principles of sound financial management;

Or. en

Amendment by Antonio De Blasio

Amendment 123

Paragraph 164

164. Agrees with the Court that the current system needs close reviewing in order to

improve its efficiency and effectiveness; calls therefore on the Commission and the Member States to closely monitor and increase the efficiency and effectiveness of the system of producers' operational programmes and to study the success factors of the more promising results and draw conclusions on that basis for better implementation at Member State level, especially in the *less organized* regions;

Or. en

Amendment by Antonio De Blasio

Amendment 124

Paragraph 165 a (new)

***165a. Asks the Commission to align the aid scheme's procedures and rules with those of the Rural Development Funds in order to clarify when they can complement each other and when they exclude each other;***

Or. en

Amendment by Salvador Garriga Polledo

Amendment 125

Paragraph 175

***Deleted***

Or. es

Amendment by Jan Mulder

Amendment 126

Recital B a (new)

***Ba. whereas improvement of the financial management in the Union must be supported and given momentum by a close monitoring of progress in the Commission and in the Member States,***

Or. en

Amendment by Jean-Pierre Audy

Amendment 127

Recital D

- D. whereas Member States' assumption of control responsibilities in connection with the production of financial information ***and the requirement, in particular and in implementation of Article 44 of the interinstitutional agreement, concerning summaries of the audits and declarations available***, should make a substantial contribution towards improving management of the Community budget and obtaining a positive DAS,

Or. fr

Amendment by Jan Mulder

Amendment 128

Recital D

- D. whereas Member States' assumption of control responsibilities in connection with the production of financial information and mandatory sign-offs at central level in relation to that information should make a substantial contribution towards improving management of the Community budget, ***ensuring the completion of an EU integrated internal control framework and*** obtaining a positive DAS,

Or. en

Amendment by Jean-Pierre Audy

Amendment 129

Recital F

- F. whereas the overriding principle sought by Parliament is that, in accordance with the EC Treaty, both the Commission's final responsibility for management of the Community budget and the Member States' ***powers to manage*** the funds made available to them should be fully shouldered,

Or. fr



Amendment by Ashley Mote

Amendment 130

Recital H a (new)

***Ha. whereas in 2007 the Council has already twice showed to have no suggestions on working towards national declarations of assurance;***

Or. en

Amendment by Jean-Pierre Audy

Amendment 131

Recital I

***I. whereas effective internal controls are an essential part of the principle of sound financial management pursuant to the Financial Regulation as amended by Regulation (EC, Euratom) No 1995/2006,***

Or. fr

Amendment by Jan Mulder

Amendment 132

Recital J

***J. whereas in paragraph 2.10 of its annual report for 2005, in connection with the establishment of an integrated internal control framework, the Court of Auditors stresses that 'one of the most important objectives approved by the Commission is represented by the proportionality and cost-effectiveness of controls', stating that in this context, the process of simplification (e.g. greater use of flat-rate and lump-sum payments, simplified rules on procurement and grants) and the use of audit certificates and assurance declarations from third parties responsible for budget implementation tasks could play a significant role,***

Or. en

Amendment by Jan Mulder

Amendment 133

Recital L

***L. whereas the work of its Committee on Budgetary Control in general and the discharge***

procedure in particular form part of a process seeking to: (1) establish full accountability from the Commission as a whole, ***individual Commissioners***, as well as from all other relevant actors, for financial management in the EU, in accordance with the Treaty; (2) implement an annual procedure that will facilitate this and enable Parliament to remain in direct contact with the key stakeholders in charge of such management; and (3) improve financial management in the EU in the light of the Court of Auditors' audit results and thereby create a more solid basis for decision-taking,

Or. en

Amendment by Paulo Casaca

Amendment 134  
Recital M a (new)

***Ma. whereas Special Report No 3/2003 on the invalidity pensions scheme of the European Institutions observed that expenditure on invalidity pensions for the European Institutions increased threefold from 1985-2000 (table 2); that approximately half the medical causes of invalidity are due to psychological disorders (point 14) and that in some of these cases, there may be a conflicting relationship with the institution (point 60),***

Or. en

Amendment by Paulo Casaca

Amendment 135  
Recital M b (new)

***Mb. whereas by ruling of the European First Instance Court (F 17/05), the Commission decision of 22 September 2004 to prolong invalidity was annulled,***

Or. en