

# EUROPEAN PARLIAMENT

2004



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*Committee on the Internal Market and Consumer Protection*

PROVISIONAL  
2005/2090(DEC)

18.1.2006

## **DRAFT OPINION**

of the Committee on the Internal Market and Consumer Protection

for the Committee on Budgetary Control

on the discharge for implementation of the European Union general budget for  
the financial year 2004  
(SEC(2005)1158 - C6-0352/2005- 2005/2090(DEC))

Section III - Commission

Draftsman: Joseph Muscat

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## SUGGESTIONS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the steps that the Commission has taken to date to obviate the risk of errors in grant management, with the result that consumer actions are not singled out in the Court's observations; equally, welcomes the absence of critical observations on both internal market policy actions and customs policy;
2. Recognises the practical difficulty that the Commission faces in trying to reconcile demands that the administrative burden placed on grant applicants under the relevant programmes be as light as possible, with the obligation to ensure sound financial management consistent with the implementing rules for the Financial Regulation;
3. Stresses that proper implementation of annual calls for proposals for specific consumer protection projects needs to be ensured; calls on the Commission to consider how the programme structure could be adapted if past experience has shown that alternative beneficiaries could be better equipped to undertake the actions envisaged;
4. Emphasises the importance it attaches to effective follow-up of observations by the Court concerning internal audit capabilities and failures to meet accepted standards; calls on the Commission to inform Parliament about the release of withheld payments once the outstanding reports have been received.

## SHORT JUSTIFICATION

1. Under Article 276 of the Treaty, implementation of the Community budget is approved retrospectively by the Parliament - acting on a recommendation of the Council - through **the discharge procedure**. Thereby Parliament states formally and endorses politically that it is satisfied with the implementation of the budget by the Commission.
2. The basis for the discharge procedure is the annual report by the Court of Auditors, published in the November of the year following the budgetary year to which it refers. The observations in the Court's report arise from its audit of revenue and expenditure, following the submission of audited accounts by each of the European institutions. Each report contains a Statement of Assurance as to the reliability of the accounts and the legality and regularity of the transactions underlying the general budget. The annual report also takes into account the special reports on particular areas which the Court has adopted since the last discharge procedure; and comments on the adequacy of action taken in response to earlier reports.
3. The observations of previous years have been followed up by appropriate action and therefore can be seen as adequately controlled.
4. The main issue of observations were made in relation to the audit capabilities in the field of DG SANCO's activities. Under point 6.8, 6.17, 6.32 and 6.34 such observations can be found including the actions envisaged or taken by the Commission as presented by their replies.
5. It should be noted that DG SANCO could not fully live up to Internal Control Standards 22 and 18 but is aiming to rectify this situation soon. Furthermore in the absence of certain required reports in 6 cases payments to beneficiaries had to be withheld.
6. The observation under section 6.15 concerning the annual call for specific projects in the area of consumer protection (framework decision allotting 72 M € for the years 2004 to 2007 for financing Community actions in support of Consumer Policy) is left without a reply by the Commission. Therefore it is suggested to underline this point as provided for in suggestion number 3.
7. By and large, the draftsman believes that the Commission has given convincing answers to the points made by the Court. Therefore he believes that Parliament should:
  - welcome the Commission's action to exclude risks of errors in grant management as well as welcoming the absence of observations in relation to Internal Market and Customs policy actions
  - note the difficult task of the Commission in reconciling the need for adequately light procedures for applicants of grants and proper implementation of the Financial Regulation's requirements
  - stress the need to implement annual calls for proposals appropriately or eventually adapt the programme structure
  - set out the importance of efficient audit capabilities and therefore effective follow-up of respective observations.