

# EUROPEAN PARLIAMENT

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14 January 2004

## **REPORT**

on the action taken by the Commission on the observations contained in the resolution accompanying the decision giving discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year  
(COM(2003) 651 - C5-0536/2003 - 2003/2200(DEC))

Committee on Budgetary Control

Rapporteur: Paulo Casaca



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## PROCEDURAL PAGE

At its sitting of 8 April 2003 Parliament adopted the decision giving discharge to the Commission in respect of the implementation of the general budget of the European Communities for the 2001 financial year, and the resolution containing the observations which form part of that decision.

By letter of 30 October 2003, the Commission forwarded to Parliament, pursuant to Article 147 of the Financial Regulation, its follow-up report on the European Parliament 2001 discharge resolution for the Commission (COM(2003) 651 - 2003/2200(DEC)).

At the sitting of 12 January 2004, the President announced that he had referred this report to the Committee on Budgetary Control, as committee responsible and to all other committees interested for their opinion (C5-0536/2003).

At its meeting of 17 November 2003 the Committee on Budgetary Control confirmed the appointment of Paulo Casaca as rapporteur.

It considered the Commission report and the draft report at its meetings of 1 December 2003, 15 December 2003 and 13 January 2004.

At the last meeting it adopted the motion for a resolution by 13 votes to 5, with 0 abstentions.

The following were present for the vote: Diemut R. Theato, chairman; Herbert Bösch, 1st vice-chairman; Paulo Casaca, 2nd vice-chairman and rapporteur; Freddy Blak, 3rd vice-chairman; María Antonia Avilés Perea, Juan José Bayona de Perogordo, Den Dover (for Gabriele Stauner), Helmut Kuhne, Brigitte Langenhagen, John Joseph McCartin (for Generoso Andria), Erik Meijer (for Michel-Ange Scarbonchi), Eluned Morgan, Jan Mulder (for Antonio Di Pietro), Heide Rühle (for Bart Staes), Ole Sørensen, Ursula Stenzel (for Christopher Heaton-Harris), Rijk van Dam, Michiel van Hulten.

The report was tabled on 14 January 2004.

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the action taken by the Commission on the observations contained in the resolution accompanying the decision giving discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year (COM(2003) 651 - C5-0536/2003 - 2003/2200(DEC))**

*The European Parliament,*

- having regard to its resolution of 8 April 2003 containing the comments accompanying the decision concerning discharge in respect of the implementation of the general budget of the European Union for the 2001 financial year (Commission)<sup>1</sup>,
  - having regard to the Commission's report on the follow-up to 2001 discharges (COM(2003) 651 - C5-0536/2003),
  - having regard to Article 276 of the EC Treaty,
  - having regard to Article 147 of the Financial Regulation,
  - having regard to Annex V, Article 6, of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0004/2004),
- A. whereas the Commission's Internal Audit Service has presented a report to the European Parliament examining around 400 Eurostat contracts and grants for 1999-2002; whereas this report takes into consideration eleven final reports and six draft reports of the Eurostat-IAC; whereas the DG Budget produced a report that showed non-respect of the financial rules in force in the period to 1999; whereas further to this, the IAS report and that of DG Budget, the Commission has created a task force which has also drafted a report,

### ***General remarks***

1. Asks the Court of Auditors to evaluate in its annual reports the progress made by the Commission towards a positive declaration of assurance;
2. Requests from the Commission, in time for the 2002 Commission's discharge, a league table showing the progress made with implementation and how the directorates-general are applying the 24 internal control standards in relation to the requirements applicable to their work;
3. Considers the annual activity reports of directorates-general and services to be an important tool, with the help of which better management and control can be achieved; is consequently of the opinion that the summary report must give a faithful picture of the situation, particularly with regard to reservations and declarations; demands that the Internal Audit Service be involved in drawing up the summary report on an equal footing with the Secretariat and the Directorate-General for Budgets;

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<sup>1</sup> OJ L 148, 16.6.2003, p. 21.

4. Notes that, according to the Commission, the financial data for 2002 have been reconciled between the two sub-systems of SINCOM 2;
5. Notes that an external audit of the treasury system by the Court of Auditors could not be concluded before the end of 2003; insists, however, upon the European Parliament being informed of the outcome of this audit in time for the 2002 Commission discharge;
6. Welcomes the fact that the Commission has launched a pilot project relating to programmes conducted by the Directorate-General for Employment, during which grant beneficiaries will be informed of payments they are to receive as soon as the request for payment has been made by the authorising officer;
7. Notes, with great concern, that the Commission failed to produce a detailed action plan - or indeed show any sign that it is willing to change its procedures in any way - to include in the budget interest accrued on Community advance payments or the 20% of recoveries collected under Council Regulation (EEC) No 595/91<sup>1</sup>, despite the fact that these modifications were explicitly asked for in paragraph 43 of its above-mentioned resolution on the 2001 Commission discharge and should have been presented on 9 July 2003;
8. Recalls that, under the present Financial Regulation, recoveries of Community funds are Community funds themselves and, therefore, recoveries pursuant to Regulation (EEC) No 595/91 form part of Community revenue and should be treated accordingly; calls on the Commission, for the sake of clarification, to initiate the necessary procedures to rephrase Regulation (EEC) No 595/91 in line with the terms used in the Financial Regulation and, in the meantime, to respect the provisions of the Financial Regulation in its entirety;
9. Considers that the entry of negative and positive amounts in the same budget line is contrary to basic transparency requirements under the present Financial Regulation; calls therefore on the Commission to enter the amounts of recoveries handed to the Member States under separate budget lines from recoveries to the Community budget;
10. Reminds the Commission that the fact that invoices for funds due from the Datashop network were not double-checked by the Publication Office which acted on the instructions of Eurostat, together with the prevailing secrecy culture, facilitated the creation of a 'financial-envelope-system' in Eurostat;
11. Requests an audit by the Internal Audit Service of the legality and regularity of funds recovered, retained, classified as 'overpayments credited to the relevant programme' or used for 'legal proceedings' pursuant to Regulation (EEC) No 595/91;
12. Recalls the urgency the Parliament attaches to the presentation of accurate figures for debtors in the context of the annual financial statements;

#### ***Externalisation and Reform of the Commission***

13. Notes that the Commission has drawn up an administrative guide drawing officials attention to their obligations and to the need to ensure separation between private and public interests;
14. Notes that weightings (correction coefficient) will not be applied to pension rights accumulated after the entry into force of the new Staff Regulations;

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<sup>1</sup> OJ L 67, 14.3.1991, p. 11.

## *Eurostat*

15. Notes that the Financial Regulation has constantly been violated at Eurostat since 1999, that the management of Eurostat neither responded to the reports of the internal audit units by taking decisive action nor informed those in positions of responsibility within Eurostat unambiguously about abuses which had occurred, and that whilst no Commissioner has so far accepted political responsibility for the abuses at Eurostat, we nonetheless recognise that Commissioners admitted mistakes and made efforts to develop an action plan to avoid future recurrences of this kind of intolerable situation;
16. Notes that the Commission's aspiration to create 'the best administration in the world' has not yet by any means been achieved;
17. Notes furthermore that no new rules are required in order to prevent any recurrence of the abuses which have occurred; considers rather that existing rules should be applied so that management and the Commissioners responsible can exercise their administrative and political responsibilities better;
18. Reiterates its call in Paragraphs 19 and 20 of its resolution of 4 December 2003<sup>1</sup> on the evaluation of OLAF's activities for the Commission to submit legislative proposals without delay aimed at remedying the weak points in the new Financial Regulation which can already be seen and which presently increase the risk of fraud; calls in particular in this connection for the rules to be amended so that firms can be excluded from the award of contracts if they refuse to disclose their ownership; calls also for the Financial Regulation to provide for more effective controls of the Directors-General in their capacity as authorising officers, in order to prevent misuse of power; suggests in this connection that the Commission's accountant should verify the information supplied to him/her by the authorising officers, at least by carrying out spot-checks; also suggests that the 'internal audit capacities' in the Directorates-General should no longer answer to the Directors-General but to the internal auditor and considers that the posts of accountant and internal auditor should be filled after an open invitation to tender;
19. Regrets that the Commission did not by the end of 2003 submit any legislative proposals for amending the Financial Regulation and its implementing provisions as called for in Paragraph 21 of the above-mentioned resolution of the European Parliament on the evaluation of OLAF's activities; expects the Commission now to do so before the end of February 2004;
20. Congratulates the Commission's Internal Audit Service as well as Eurostat's Internal Audit Capability on the quality and thoroughness of their work; finds, however, the extremely long delays, the resistance and the hesitation of the Commission in transmitting these vital reports to Parliament unacceptable; calls on the Commission to consider the full publication of these documents, or at least anonymised versions;
21. Stresses that these reports fully confirm the political importance accorded in both its resolution of 13 March 2003 on the protection of the Communities' financial interests and the fight against fraud<sup>2</sup> and its above-mentioned discharge resolution to the outstanding questions regarding the management of Eurostat;

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<sup>1</sup> P5\_TA(2003) 0551.

<sup>2</sup> P5\_TA(2003)0099.

22. Recalls that the discharge given on 8 April 2003 in respect of the 2001 financial year was granted only because Parliament had not been made aware of important information relating to the Eurostat affair; recalls furthermore that this particularly applied to the audit reports drawn up concerning Eurostat, which Parliament had already called for in Paragraph 27 of its above-mentioned resolution of 13 March 2003;
23. Notes that, despite assertions to the contrary, there are still strong grounds for suspecting that the Members of the Commission may have had access to the alarming information contained in the audit reports on Eurostat;
24. Draws the following four main overall conclusions from the reports:
- The existence of whistle-blowers was crucial and instrumental for the purpose of rendering the conclusions of the professional audit services operational; those concerned must accordingly be completely rehabilitated by the Commission and must also be compensated for the material and non-material damage caused to them;
  - The existence of a professional and independent body of auditors both at departmental level and at the general level was of crucial importance in unveiling and starting to correct long-established erroneous management and financial practices; it is fundamental to strengthen and support the development of the internal audit model put forward as part of the Commission's reform;
  - There is an urgent need to combat the culture of secrecy, complexity and lack of clarity in information flows within the Commission and between the Commission and outside bodies such as the European Parliament or OLAF; such a culture was responsible for the fact that initial audit reports with urgent, top priority and clear and direct messages, like the Eurostat-IAC report of September 1999 on the Datashops' 'financial envelopes' system, remained unnoticed, unknown and not acted upon for almost four years, at tremendous cost to the European institutions;
  - Substantial progress still needs to be made as regards clarification of responsibilities; the action taken by the Commission at the beginning of July, at the prompting of the EP, in response to undeniable evidence of serious mismanagement and irregularities, constitutes more the exception than the rule; stresses that individual Commissioners are politically responsible for wrongdoings by the departments for which they are responsible and are accountable to the European Parliament for the actions of the latter; will take these considerations into account in its decision on the discharge in respect of 2002;

*Internal Audit Service (IAS) recommendations*

25. Insists that, following the Internal Audit Service's analysis of around 400 contracts between Eurostat and third parties, the IAS recommendations be put into practice immediately; calls in particular for:
- the tasks of management, verification/supervision/monitoring and internal auditing to be kept separate at all times;
  - in connection with verification/supervision/monitoring, the directors responsible for resources to keep open a channel for communication with the Commission's Accounting Officer and to send a copy of their reports to him as well;
  - the summary report to include all the key aspects of the various annual activity

reports/statements of assurance;

- the auditing teams working within the directorates-general in close cooperation with the Internal Audit Service (IAS) to keep a channel of communication open and to send all their reports to that department as well;
  - the role and functioning of the Audit Progress Committee to be reviewed in the light of recent events;
  - whistle-blowers to be able to turn to a body outside their institution (such as a law firm), so as to ensure that their anonymity remains intact;
26. Is critical of the fact that investigations by OLAF into two cases relating to Eurostat have been pending since October 2000 but have still not been concluded;
27. Expects the Commission, on the basis of the European Parliament above-mentioned resolution on the evaluation of OLAF's activities, to revise the OLAF Regulation as called for in Paragraph 14;
28. Rejects the draft memorandum of understanding in which a code of practice for the exchange of information between OLAF and the Commission is set out, because it infringes upon the Regulation currently in force and, therefore, on OLAF's remit; believes that the provisions governing the forwarding of information should perhaps be reviewed in the context of a revised regulation; insists that the notification of OLAF should be enshrined in the Statute pursuant to Article 2 of the standard decision; insists that the head of OLAF should determine the content of the information, taking as criteria the protection of the rights of the person concerned, the need for an effective and efficient investigation to be carried out, and the need for the EU institutions to be protected against any financial loss in future; calls on the Commission and OLAF to check whether it would be worthwhile to create the post of a legal officer; considers that each EU institution should lay down rules governing the way in which it deals with information received from OLAF, ensuring that it respects these criteria;

*President Prodi's Eurostat action plan*

29. Draws the following conclusions from President Prodi's Eurostat action plan:
- Regrets the absence of proposals for structural change in the relations between Commissioners and Directors-General, and considers it vital to clarify the leading role of Commissioners as well as their political responsibility; calls on the Commission to present concrete proposals on this issue by 15 February 2004 at the latest so that they may be assessed within the context of the discharge 2002 exercise;
  - It is true that the most serious wrongdoings occurred before 1999, however the provisions of the Financial Regulation were also infringed after 1999; furthermore, the Commission could have reacted earlier, had it paid more attention to the proceedings of the European Parliament;
  - The Commission basically does not need new rules to improve information and communication in the institution, but should apply the existing ones (i.e. the Code of Conduct of 1999, the Charter for Authorising Officers of December 2000 and the recommendations stemming from the summary report on the Directors-General annual activity reports for 2002);
  - The Commission must cooperate closely with the European Parliament on the

OLAF reform;

*The Commission's information and communication systems*

30. Wishes to emphasise that the Commission is just one example of flawed information and communication structures; in particular big and complex organisations need clear and transparent structures, a culture of open communication and an effective system of checks and balances;
31. Considers that, despite the Commission's efforts to improve relations between Commissioners and departments (in particular by means of the code of practice governing relations between Commissioners and departments), the Eurostat affair has made it clear that there was inadequate transparency and communication between Eurostat's management and the Commission's cross-sector departments and between Eurostat and the Commissioner responsible;
32. Considers that the tasks of verifying and validating budgetary implementing acts should be taken on by various players and that authorising officers should not take on verification tasks other than in special cases;
33. Considers it insufficient that Directors-General should inform only their Commissioner 'at least twice a year' of the work undertaken by their internal-audit staff, the targets achieved and the remedial action planned or launched, and that contacts on this subject should be more frequent;
34. Calls for the annual activity reports drawn up by the Directors-General to reflect their responsibilities as authorising officers, as provided for by the Financial Regulation; calls for the summary report to include all the key aspects of the various annual activity reports/statements of assurance;
35. Demands that the Commission follow up on the recommendations of its Internal Audit Service (IAS) and establish a system of reporting lines between the designated control and audit functions within each DG and their counterparts (i.e. the IAS) having the same responsibilities for the Commission as a whole; notes that such reporting lines are a necessary complement to the existing normal operational reporting lines;
36. Demands that the Commission empower the IAS to coordinate its work programme with that of the control and audit functions within the individual DGs and provide the means for the Accounting Officer to validate the accounting systems and the systems supplying or justifying accounting information;
37. Maintains, with reference to the channels used for disseminating requests from Commissioners and the replies issued by departments, that such replies (when relating to topics deemed sensitive) should always be forwarded by the Director-General to the relevant Commissioner himself and not just to his head of office;
38. Agrees with the Commission that the role of the body specialising in financial irregularities should be reviewed and that the possibility for authorising officers by delegation to be able to refer matters to that body as well should be considered;
39. Welcomes the Commission Decision of 4 April 2002 on the reporting of serious fraud and the fact that officials are able to report their concerns outside their institution, in particular to the Presidents of the Commission, Council, Parliament and Court of Auditors, or to the Ombudsman, provided that certain conditions are met;
40. Insists that whistle-blowers must not suffer either personally or professionally and

expresses its concern at the fact that the current draft reform of the Staff Regulations does not adequately lay down the rights and obligations of officials and other employees in this area; expresses its deep concern for the relative harshness with which whistle-blowers have been treated in the past in comparison with the leniency used towards officials investigated for serious wrongdoings;

41. Stresses that the Commission Secretary-General should be required to directly inform the Commissioner responsible for the DG concerned of any internal investigations of which he may be aware through OLAF, even if the information provided is concise; the Commissioner must undertake not to disclose outside the College of Commissioners any confidential information, which might be entrusted to him or her;
42. Finds the fact that sending files or complaints to OLAF has become the standard procedure to excuse the general 'no-action-and-no-information' attitude particularly distressing; in this context it is essential that clear channels of communication between OLAF and the institutions in which alleged wrongdoing takes place be established; the institutions concerned must take preventive action wherever necessary to protect the Community's financial interests unless a request has been made by OLAF or national judicial authorities for the European institutions to refrain from taking such action in order to avoid compromising ongoing investigations: is of the opinion that a review of the OLAF Regulation is therefore required; urges OLAF also to arrange for close consultation with those who provide OLAF with evidence of irregularities or fraud; considers that, after an acknowledgement of receipt, such 'whistle-blowers' must be informed at fixed intervals of the progress of the investigation, and that at all events whistle-blowers must not be left in the dark as to the use being made of their information; urges that extra staff with accountancy expertise also be recruited to OLAF, in such a way as to attain a good mix of chartered accountants, forensic accountants and EDP auditors;
43. Considers that responsibility must go hand in hand with management and political powers; consequently, the Commission and Commissioners, as well as senior civil servants with management responsibilities, must be armed with inspection tools that match their respective responsibilities;
44. Considers, as the case of OPOCE proves, that it is particularly difficult to identify clear political responsibility in interinstitutional bodies; calls therefore on the Institutions to re-examine the legal provisions governing existing interinstitutional bodies without however calling into question the principle of interinstitutional cooperation, which allows significant savings to be made in the European budget; calls therefore on the European institutions to alter the legal bases for interinstitutional bodies in such a way as to permit a clear allocation of administrative and political responsibilities;
45. Takes note of the actions taken so far to remedy the situation in this Commission department; welcomes in particular
  - the thorough revision of all existing contracts with and subsidies to outside bodies and the cancellation of all automatic contract renewals;
  - the complete revision of existing relations between Eurostat and national statistical offices, including subventions that were not properly analysed over several years;
  - the drastic reduction in the number of publications;
  - the internalisation policy, meaning that statistical work will again be executed in-

house, as recommended by the IAC-Eurostat reports and demanded in Parliament's above-mentioned 2001 discharge resolution;

46. Requests, however, that a follow-up report be drawn up during the present Commission's term of office, analysing whether previous IAS and IAC-Eurostat recommendations were complied with;
47. Finds it unacceptable for the Commission to refuse to investigate the real ownership of companies applying for contracts and grants from the Commission, especially when there are strong suspicions that Commission officials are their true owners;
48. Calls on the Commission to review the effectiveness of its 'Early Warning System' (Blak list) in the face of its complete failure to prevent companies accused of serious wrongdoing from obtaining new contracts and grants;

*Accounting system*

49. Is extremely alarmed by the systematic and widespread inconsistencies detected between the general central accounts and the decentralised internal accounting and information system of Eurostat in the 1999 to 2002 financial operations under scrutiny, involving several departments of the Commission;
50. Considers unacceptable any reform of the accounting system that will allow Commission departments to provide erroneous and inconsistent information to the system without possible automatic checks on the coherence of the data; calls on the Commission to urgently review its decisions on accounting modernisation in the light of the audit reports;

*Financial envelopes*

51. Deplores the former practice of Eurostat and OPOCE of creating financial envelopes; calls on the Commission to act swiftly and investigate the possibility of other Commission departments having been engaged in similar practices and to take appropriate action to uncover the truth about the real extent of the system and the final use of the funds in these financial envelopes;
52. Stresses that, under the Financial Regulation in use at the time, OPOCE was responsible for the financial control and follow-up of the budgets for which it was the authorising officer by sub-delegation ; this was not the case with Datashops, for whose budget Eurostat retained full control;
53. Recalls that under the present Financial Regulation, the interinstitutional nature of OPOCE does not relieve the Commission of its responsibilities as authorising officer for the budget implemented under its responsibility; calls on the institutions to review the present interinstitutional statute of OPOCE in the light of the present situation;
54. Deplores the destruction of crucial files relating to the '2% promotion' financial envelopes in OPOCE, which nonetheless served as the basis for the Court of Auditors' conclusions in its 1996 report; insists on the necessity to uncover the ultimate destination of these funds;
55. Calls on all the private institutions that were involved in 'financial envelopes systems' with the Commission, through Eurostat or OPOCE, to fully cooperate with the European investigation bodies in finding out the truth, and calls on the Commission to act in the event of non-cooperation; calls on the Commission and OLAF to inform the EP of progress in and the results of the current investigation into the Publications

Office;

56. Calls on the Commission to fully apply the Financial Regulation in this affair, particularly Articles 59 and 60 thereof, and to draw the necessary conclusions under Article 66;

#### *Contracts and grants*

57. Considers that the appalling situation with regard to control, transparency, legality and regularity criteria prevailing when contracts were drawn up, sub-delegated or unofficially sub-delegated by Eurostat in the years from 1999 to 2002 fully vindicates the European Parliament's concerns about the Commission's outsourcing practices<sup>1</sup>;
58. Calls on the Commission to make sure that this situation does not occur in any department in future;
59. Considers that the dismantling of the so-called 'Technical Assistance Offices' has in many cases been more nominal than real, and that this issue remains to be resolved, which will require new and bold action from the Commission;
60. Expresses its concern in relation to outsourcing by Commission departments responsible for external actions especially to DG-Aidco; regrets that DG-Aidco has signed contracts for substantial amounts with one of the companies at the centre of the Eurostat scandal outside the normal tendering procedures; stresses that the contracts were concluded by direct agreement despite repeated criticism from the Court of Auditors; regrets that an internal audit report from Eurostat which detected fraud and irregularities involving sums of more than € 3 million did not prevent DG-Aidco from signing a contract with the company in question; concludes that the 'Early Warning Data Base' does not work in practice; asks the IAS to give priority to an analysis of the legality and regularity of contracts concluded and subsidies granted by this department;

#### ***Common Agricultural Policy***

61. Asks the Commission to take the necessary action to bring to the attention of the farmers potentially affected the 'guidelines issued in May 2003 in respect of on-the-spot controls as well as a document of the Joint Research Centre (JRC) on specific tolerances for different type of measuring equipment' ;
62. Regrets in view of the obvious risks for the financial interests of the Community posed by the existence of sugar export refunds for countries from where imports of sugar are duty- free, that the Commission takes action only where evidence of 'carousel' schemes is provided, instead of abolishing export refunds to every country where there is an arrangement for duty-free imports;
63. Recalls the Court of Auditors' and its own criticisms regarding the lack of audit trails for and the complexity and lack of transparency of the operations necessary for export refunds or surplus disposal mechanisms, since recent events have proved this criticism to be fully justified; calls on the Commission to present plans to change the present system of export refunds and surplus disposals in agriculture as soon as possible;
64. Reaffirms its criticism of the Commission's obstinate refusal to make public the list of payments to commercial undertakings - in the form of, for example, export refunds and

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<sup>1</sup>See the above-mentioned 2001 discharge resolution, paragraphs 44-60, and in particular paragraph 57.

surplus disposal measures under CAP mechanisms - and calls on the Commission to take all necessary steps, including proposing legislative changes, to facilitate this disclosure as soon as possible;

65. Considers it unacceptable for the Commission to abstain from any action against criminal adulteration of butter and other dairy products made in large quantities by industrial undertakings and criminal organisations, in stark contrast to the rigour with which farmers are often prosecuted by the Commission for minor and formal faults;
66. Urges the Commission to use in the most rigorous way against industrial criminal fraudsters all the existing administrative mechanisms that penalise excess milk production;
67. Urges the Commission to bring civil actions for damages against all industrial criminal fraudsters responsible for the adulteration of food products regulated by the Common Agricultural Policy;
68. Urges the Commission to take legislative action and any other measures deemed necessary to prevent the adulteration of food products financed by the CAP; in particular, reminds the Commission that analytical technology enabling olive oil to be distinguished from common adulterations already exists on the market;
69. Instructs its President to forward this resolution to the Commission, the Council and the Court of Auditors.

## EXPLANATORY STATEMENT

The Commission sent its report on the follow-up to the 2001 discharge<sup>1</sup> to the European Parliament at the beginning of November. The Commission replies cover the general budget the European Development Fund, the European Coal and Steel Community, agencies and also the Council's recommendation.

The rapporteur has decided to concentrate on the three most pressing political issues: the accounting system, Eurostat, and the Common Agricultural Policy. He did so to avoid overlaps with the 2002 Commission discharge, on which the work has already started. As a consequence, the Commission follow-up report will also serve as a reference document for the 2002 Commission discharge.

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<sup>1</sup> COM(03) 651.