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REPORT

on Draft supplementary and amending budget No 1/2002 of the European Union
for the financial year 2002
(xxxxxx-2002 - C5-xxxx/2002 - 2002/2040(BUD))

Section I - European Parliament

Section II - Council

Section III - Commission

Committee on Budgets

Rapporteurs: Kathalijne Maria Buitenweg
Carlos Costa Neves

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PROCEDURAL PAGE

For the budgetary procedure for the financial year 2002, the Committee on Budgets appointed Kathalijne Maria Buitenweg (Other Sections) and Carlos Costa Neves (Section III - Commission) rapporteurs at its meeting of 4 December 2000.

At the sitting of 28 February 2002, Parliament adopted supplementary estimates of revenue and expenditure of the European Parliament for the financial year 2002 (2002/2039BUD) - A5-0056/2002).

On 22 February 2002 the Commission presented Preliminary draft supplementary and amending budget No 1/2002 of the European Union for the financial year 2002 (Section I - Parliament, Section II - Council and Section III - Commission) and forwarded it to Parliament (SEC(2002) 227).

On xxxxx 2002 the Council will establish Draft supplementary and amending budget No 1/2002 of the European Union for the financial year 2002 and will forward it to Parliament by letter of (xxxx/2001).

At the sitting of xxxx 2002 the President of Parliament will announce that he had referred Draft supplementary and amending budget No 1/2002 to the Committee on Budgets as the committee responsible (C5-xxxx/2001 - 2002/xxxx(BUD)).

The Committee on Budgets considered Draft supplementary and amending budget No 1/2002 and the draft report at its meeting of 25/26 February 2002.

At this meeting it adopted the motion for a resolution unanimously awaiting adoption by the Council.

The following were present for the vote: Terence Wynn, chairman; Reimer Böge, Anne Elisabet Jensen and Francesco Turchi, vice-chairmen; Ioannis Averoff, Jean-Louis Bourlanges (for James E.M. Elles pursuant to Rule 153(2)), Herbert Bösch (for Joan Colom i Naval), Carlos Costa Neves, Gérard M.J. Deprez (for Markus Ferber), Den Dover, Göran Färm, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, Jutta D. Haug, Maria Esther Herranz Garcia (for Edward H.C. McMillan-Scott pursuant to Rule 153(2)), Ian Stewart Hudghton, Constanze Angela Krehl, John Joseph McCartin, Juan Andrés Naranjo Escobar, Guido Podestà, Per Stenmarck, Rijk van Dam (for Michel Raymond), Lousewies van der Laan (for Jan Mulder), Kyösti Tapio Virrankoski and Ralf Walter.

The opinions of the Committee on Budgetary Control and the Committee on Constitutional Affairs are attached.

The report was tabled on 25 February 2002.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

MOTION FOR A RESOLUTION

European Parliament resolution on Draft supplementary and amending budget No 1/2002 of the European Union for the financial year 2002 (Section I - European Parliament, Section II - Council and Section III - Commission) (xxxxx-2002 - C5-xxxx/2002 – 2002/2040(BUD))

The European Parliament,

- having regard to Article 272 of the EC Treaty, Article 78 of the ECSC Treaty and Article 177 of the Euratom Treaty,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities, as last amended by Regulation (EC, ECSC, Euratom) No 762/2001¹, and particularly Article 15,
 - having regard to the general budget of the European Union for the financial year 2002, as finally adopted on 13 December 2001²,
 - having regard to the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure³,
 - having regard to its resolution of xxxxx on the supplementary estimates of revenue and expenditure of the European Parliament for the financial year 2002⁴,
 - having regard to Preliminary draft supplementary and amending budget No 1/2002 of the European Union for the financial year 2002, which the Commission presented on 22 February 2002 (SEC(2002) 227),
 - having regard to Draft supplementary and amending budget No 1/2002, which the Council established on xxx 2002 (xxxxx/2002 – C5-xxxxx/2002),
 - having regard to the Interinstitutional Agreement of xxxx on the financing of the Convention on the future of the European Union,
 - having regard to Rule 92 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgets and the opinions of the Committee on Budgetary Control and the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy (A5-0057/2002),
- A. whereas a decision was taken by the European Council in Laeken to call a convention on the Future of Europe,

¹ OJ L 111, 20.4.2001, p.1.

² OJ L 29, 31.1.2002.

³ OJ C 172, 18.6.1999, p.1.

⁴ Texts Adopted, Item x.

- B. whereas the Convention's aim is of general interest for the future of the European Union,
- C. whereas all institutions involved in the Convention should participate in its financing with due regard for the principles of budgetary transparency and institutional balance,
1. Is pleased that, following on from its resolution of 29 November 2001¹ and the Laeken European Council conclusions, the Member States have taken the decision to set up a fund to finance the Convention on the Future of the European Union for the duration of its mandate as laid down at Laeken;
 2. Accepts the breakdown for sharing the financing of the Convention between Parliament, the Council and the Commission and the specific financial rules as proposed in the decision referred to, which is subject to the Interinstitutional Agreement;
 3. Stresses that those rules, though they take account of the special nature of the expenditure to be covered, stipulate that all acts of budgetary significance, such as establishment of the budget, transfers and discharge, must be agreed to by Parliament;
 4. Points out that the parliamentary assent procedure laid down for the granting of discharge presupposes that the Court of Auditors has all the information it needs at its disposal to carry out its task of assisting Parliament in discharging its responsibilities;
 5. Points up the exceptional and ad hoc nature of this agreement and stresses that budgetary procedures, in particular on discharge, will have to comply with ordinary law, should the Convention's remit be extended beyond the period originally projected, and that this agreement may in no way be used as a precedent for arranging the financing of any body or institution to be set up in the future that is to be funded from the Community budget;
 6. Accepts the Council's Draft supplementary and amending budget No 1/2002 of xxxx 2002 without amendment;
 7. Approves the Interinstitutional Agreement attached to this resolution;
 8. Instructs its President to forward this resolution to the Council and Commission.

¹ Texts Adopted, Item 19.

INTERINSTITUTIONAL AGREEMENT
ON THE FINANCING
OF THE CONVENTION ON THE FUTURE OF THE EUROPEAN UNION

THE EUROPEAN PARLIAMENT, THE COUNCIL OF THE EUROPEAN UNION AND THE
COMMISSION OF THE EUROPEAN COMMUNITIES,

Whereas:

- (1) The European Council, meeting at Laeken on 14 and 15 December 2001, decided to convene a Convention on the future of the European Union (hereinafter referred to as the "Convention").
- (2) The Representatives of the Governments of the Member States, meeting within the Council, adopted a Decision on, establishing a Fund to finance the Convention (hereinafter referred to as "the Fund") and laying down the financial rules for its management.
- (3) In accordance with the aforementioned Decision of, the role of the Fund is to collect the revenue and manage the expenditure of the Convention other than that relating to the infrastructure needed for its operation.
- (4) The amount of expenditure of the Fund is estimated at EUR 4 000 000 (four million) for the period 28 February to 31 December 2002.
- (5) The Convention pursues an aim of general interest for the future of the European Union.
- (6) The European Parliament, the Council and the Commission are to bear the cost of expenditure linked to the infrastructure necessary for the operation of the Convention.
- (7) In addition, the European Parliament, the Council and the Commission intend to contribute to the financing of the Convention,

HAVE AGREED AS FOLLOWS:

1. The purpose of this Agreement is to arrange for the contribution to be made by the European Parliament, the Council and the Commission to the first budgetary year of the Convention, which shall begin on the date of entry into force of the Decision of of the Representatives of the Governments of the Member States, meeting within the Council, and end on 31 December 2002.
2. The European Parliament, the Council and the Commission shall contribute to the financing of the Convention from the following sections of the general budget of the European Union:
 - Section I – Parliament,
 - Section II – Council, and
 - Section III – Commission – "Part A".
3. In addition to the expenditure linked to the infrastructure necessary for the operation of the Convention, the European Parliament, the Council and the Commission shall, for the first budgetary year, contribute to the funding of the Convention as follows:
 - European Parliament: EUR 1 000 000 (one million),
 - Council: EUR 400 000 (four hundred thousand),
 - Commission: EUR 2 600 000 (two million six hundred thousand).
4. Any additional contribution charged to the general budget of the European Union may be decided only by common agreement between the three institutions parties to this Agreement.

5. The contributions of the European Parliament, the Council and the Commission shall be paid into the budget of the Fund provided for in Article 3 of the Decision of by transfer to the bank account provided for in Article 4 of that Decision.
6. The three signatory institutions shall record their agreement on the financial rules for the Fund's management as laid down by the Decision of
7. The representatives of the European Parliament, of the Presidency of the Council and of the Commission on the Praesidium of the Convention shall be periodically informed of the situation with respect to implementation of expenditure by the Convention Secretariat. They shall report to their respective institutions on this subject, in particular before a discharge is given in respect of implementation of the budget in accordance with the procedure laid down in Article 20 of the Decision of
8. This Agreement and the relevant provisions of the Decision of shall be implemented by each institution in accordance with its internal rules and procedures.
9. This Agreement shall enter into force on the day of its signature.

Subject to agreement between the three institutions on the amount of their respective financial contributions, this Agreement shall be extended for the second financial year, namely from 1 January 2003 until the Convention's proceedings end.

Done at

For the European Parliament
The President

For the Council
The President

For the Commission
The President

STATEMENT ANNEXED
TO THE INTERINSTITUTIONAL AGREEMENT

The European Parliament and the Council hereby state that the Commission will not have to account for the use made of its contribution to the Fund.

**DECISION OF THE REPRESENTATIVES OF THE GOVERNMENTS OF THE
MEMBER STATES MEETING WITHIN THE COUNCIL**

of

**setting up a Fund for the financing of the Convention on the future of the European Union
and laying down the financial rules for its management**

THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES
MEETING WITHIN THE COUNCIL,

Having regard to Point III of the Laeken Declaration on the future of the European Union set out in the Annex to the conclusions of the Presidency of the European Council meeting in Laeken on 14 and 15 December 2001 on the decision to convene a Convention on the future of the European Union (hereinafter referred to as "the Convention"),

Having regard to the Decision of of the Chairman of the Convention to appoint a Secretary-General of that Convention,

Whereas:

- (1) Pursuant to the Laeken Declaration on the future of the European Union, the Convention has a Praesidium assisted by a Secretariat provided by the General Secretariat of the Council.
- (2) A Fund should be set up to finance the Convention.

- (3) Financial rules should also be laid down to specify in particular the detailed arrangements for implementing the budget intended to cover the expenditure arising out of the holding of the Convention other than that relating to the infrastructure needed for its operation, and the procedure for presenting and auditing the accounts.
- (4) On, the European Parliament, the Council and the European Commission concluded an Interinstitutional Agreement concerning the financing of the Convention on the future of the European Union,

HAVE DECIDED AS FOLLOWS:

CHAPTER I

Creation of the Fund

Article 1

1. A Fund is hereby set up for the financing of the Convention (hereinafter referred to as "the Fund").
2. In each Member State, the Fund shall have the most extensive legal capacity accorded to legal persons under its national laws. It may receive gifts, conclude contracts and be a party to legal proceedings. To that end, it shall be represented by the Secretary-General of the Convention.
3. The Governments of the Member States shall, with reference to Article 3 of the Protocol on the Privileges and Immunities of the European Communities of 8 April 1965, whenever possible take the appropriate measures to remit or refund the amount of indirect taxes or sales taxes included in the price of movable property or charges for the provision of services, where the Fund makes, for its official use, substantial purchases the price of which includes taxes of this kind. These provisions shall not be applied, however, so as to have the effect of distorting competition within the Communities.

Article 2

The role of the Fund shall be to collect the revenue and manage the expenditure of the Convention other than that relating to the infrastructure needed for its operation.

Article 3

1. For the purposes of applying this Decision, the budget of the Fund (hereinafter referred to as "the budget") shall be the act adopted by the Representatives of the Governments of the Member States, meeting within the Council, which sets out forecasts of, and authorises in advance, for each financial year, the revenue and expenditure of the Fund.

2. The budget shall be adopted on the proposal of the Secretary-General of the Convention and with the agreement of the European Parliament, the Council and the Commission.

Article 4

A special bank account shall be opened in the name of the Fund. The Secretary-General of the Convention shall be authorised to use this bank account in accordance with Article 16 in order to meet his obligations under this Decision.

Article 5

The revenue and expenditure shown in the budget shall be in balance.

CHAPTER II

Financial rules

Article 6

This Chapter lays down the detailed rules for establishing and implementing the budget.

Article 7

1. The budget shall be subdivided into Titles and Chapters.
2. Appropriations entered in the budget may not be used for purposes other than those specified therein.

Article 8

Budget appropriations shall be used in accordance with the principles of sound financial management, in particular those of economy and cost-effectiveness.

Article 9

1. No revenue shall be collected and no expenditure effected unless credited to, or charged against, an Article in the budget.
2. No expenditure may be committed or authorised in excess of the authorised appropriations.

Article 10

1. All revenue and expenditure shall be entered in full in the budget and in the accounts without any adjustment against each other. Total revenue shall cover total expenditure.
2. The first financial year shall run from the day of entry into force of this Decision until 31 December 2002. The second financial year shall run from 1 January 2003 until the Convention's proceedings end.
3. The expenditure of a financial year shall be entered in the accounts for that year on the basis of expenditure for which the financial controller received authorisation no later than 31 December and for which the corresponding payments were made by the accounting officer before the following 15 January.

4. Without prejudice to Article 11, the allotted appropriations may be used solely to cover expenditure properly entered into and paid under the financial year for which they were granted, and to cover the debts relating to the preceding financial year for which no appropriation was carried forward.

Article 11

1. Appropriations not committed at the end of the first financial year and appropriations in respect of payments still outstanding by virtue of commitments duly entered into before the end of the first financial year shall be carried over automatically to the second financial year.

2. For the purpose of implementing the budget, the utilisation of appropriations carried forward shall be shown separately, for each budget Article, in the accounts for the current financial year.

CHAPTER III

Implementation of the budget and accountancy

Article 12

The budget shall be implemented in accordance with the principle that the authorising officer and the accounting officer are different individuals. The duties of authorising officer, accounting officer and financial controller shall be mutually incompatible.

Article 13

1. The task of authorising officer for revenue and expenditure shall be carried out by the Secretary-General of the Convention. The authorising officer shall implement the budget within the limits of the appropriations allotted. He may delegate his powers to a member of the Secretariat of the Convention designated by him.
2. The authorising officer may decide to make transfers between Chapters within each Title.
3. The authorising officer may, with the agreement of the Representatives of the Governments of the Member States meeting within the Council, decide on transfers between Titles. He shall communicate his intention to make such transfers to the European Parliament, the Council and the Commission before he does so. The institutions shall take a position as soon as possible, and if one of them refuses the principle of a transfer within three weeks of the date of the communication, that transfer may not take place.

Article 14

Internal financial control of the Fund shall be carried out by the Financial Controller of the General Secretariat of the Council, subject to the explicit consent of the Appointing Authority.

Article 15

The receipt of revenue and the disbursement of expenditure shall be carried out by an accounting officer from Directorate-General A at the General Secretariat of the Council, subject to the explicit consent of the Appointing Authority.

Article 16

Payments shall be effected through the bank account opened in accordance with Article 4. Bank transfer orders executed pursuant to this Decision shall require the joint signature of the accounting officer and of the assistant to the Secretary-General of the Convention.

Article 17

The accounts shall be kept by the double-entry method. They shall show all revenue and expenditure.

CHAPTER IV

Presenting and auditing the accounts

Article 18

1. The Secretary-General of the Convention shall, within two months of the end of the budget implementation period, draw up a revenue and expenditure account and a balance sheet.
2. The revenue and expenditure account shall cover all revenue and expenditure transactions relating to the preceding financial year. It shall be submitted in the same form and following the same subdivisions as the budget.
3. An appropriation transfer statement shall be attached to the account.
4. The balance sheet shall show the budget assets and liabilities as at the end of the preceding financial year.

Article 19

The Court of Auditors of the European Communities shall carry out the audit in such a way as to ensure that all Fund revenue has been received and all Fund expenditure incurred in a regular manner in accordance with the financial rules laid down in Chapter II of this Decision.

Article 20

The revenue and expenditure account, balance sheet and report by the Court of Auditors, accompanied where appropriate by the comments of the Secretary-General of the Convention, shall be submitted within four months of the end of the financial year to the Representatives of the Governments of the Member States, meeting within the Council, and forwarded to the European Parliament, the Council, the Commission and the Praesidium of the Convention. The Representatives of the Governments of the Member States meeting within the Council, with the assent of the European Parliament, the Council and the Commission, shall give a discharge to the Secretary-General of the Convention in respect of the implementation of the budget.

Article 21

Once the Convention's proceedings are concluded and the accounts for the second financial year have been closed, the budget assets shall be paid into the general budget of the European Union and shared out between sections in proportion to each Institution's contribution to the Fund.

Article 22

The Secretary-General of the Convention shall report monthly to the Praesidium of the Convention and to the Member States on the revenue and expenditure of the Fund. The report shall be forwarded to the European Parliament, the Council and the Commission.

CHAPTER V

Travel expenses of the members of the Convention

Article 23

Acting on a proposal from the Secretary-General of the Convention and on the basis of existing practices at the Council, the Praesidium shall adopt a Decision specifying the conditions and practical arrangements for the reimbursement of the travel expenses of the members of the Convention, insofar as these expenses are to be charged to the budget.

CHAPTER VI

Entry into force and publication

Article 24

1. This Decision shall enter into force on the day of its adoption. It shall apply until 31 December 2002.

2. When the Interinstitutional Agreement concerning the financing of the Convention on the future of the European Union is extended in accordance with paragraph 9 of that Agreement, this Decision will be extended with effect from 1 January 2003 until the end of the Convention's proceedings by a decision of the Representatives of the Governments of the Member States.

Article 25

This Decision shall be published in the Official Journal of the European Communities.

Done at Brussels,

The President

EXPLANATORY STATEMENT

The Convention on the Future of the European Union, created by the Laeken European Council, has no precedent. It is not provided for in the Treaties. Its composition and task are *sui generis*. It defines its own methods and its own work programme.

The task which is to carry out will inevitably entail costs, essentially of two sorts: expenses incurred by the members of the Convention and operating and infrastructure costs. This expenditure cannot be financed exclusively from the administrative budgets of the institutions. The Convention must therefore have its own budget to cover the rest of its expenditure.

The general secretariat of Council made an estimate which amounts € 10.5 Mio for 10 months (March-December 2002). Of that total, € 6.5 Mio would be covered by the participants either from the three institutions: Parliament, Commission and Council or from the national governments and Parliaments, including from the candidate countries. The balance of € 4.0 Mio will constitute the Convention's own budget and will be financed by contributions from the three institutions according to the following breakdown (see detailed provisional budget in annex):

(Mio €)	
Council	0.4
EP	1.0
Commission	2.6
TOTAL	4.0

The Council (COREPER) proposed a *sui generis* legal and budgetary framework consisting in the creation of a Fund and specific financial rules to give short term flexibility to the Convention and an Interinstitutional Agreement which organises the financial contribution of the three institutions to the Fund. The transfer of the funding to the Fund would be formalised by SAB 1/2002.

The Parliament has stressed its strong support to provide the Convention with the appropriate operational means since it considers that the Convention has a general and common aim and therefore all institutions involved should participate in its financing.

Parliament welcomes the fact that Council has accepted arrangements that allow the necessary budgetary transparency and respect the institutional balance established by the Treaty.

Furthermore the three institutions have agreed on an accelerated procedure which allowed the SAB 1/2002 to be adopted by Parliament on the same day of the opening of the Convention (28 February 2002).

CONVENTION - FINANCIAL STATEMENT - 2002 (10 months)

	CONVENTION	COUNCIL GENERALSECR ETARIAT	EP	COMMISSION	MEMBER STATES	CANDIDATE COUNTRIES	TOTAL
1. Travel - Bureau - Other members	67 500	-	67 500 94 500	-	168 750 249 750	243 000	303 750 587 250
2. Accommodation and subsistence allowances - Bureau - Other members	271 250	-	67 500 63 000	-	168 750 166 500	162 000	507 500 391 500
3. Remuneration of Secretariat members who are not Institution staff	375 000	-	-	-	-	-	375 000
4. Bureau missions	95 000	31 250	25 000	10 000	5 000	-	166 250
5. Entertainment expenses	150 000	-	-	-	-	-	150 000
6. Staff	-	1 010 000	230 000	230 000	-	-	1 470 000
7. Premises p.m. Meeting rooms	-	600 000	p.m.	-	p.m.	-	600 000
8. Interpretation	-	-	372 000	425 000	-	-	797 000
9. Translation	1 721 250	344 250	688 500	688 500	-	-	3 442 500
10. Brochures / publications	400 000	-	-	-	-	-	400 000
11. Studies / hearings / forum	350 000	-	-	??	-	-	350 000
12. Infrastructure, miscellaneous	200 000	300 000	100 000	-	p.m.	-	600 000
<i>Reserve</i>	<i>370 000</i>						<i>370 000</i>
	4 000 000	2 285 500	1 708 000	1 353 500	758 750	405 000	10 510 750

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

Brussels, 21 February 2002

Mr Terence WYNN
Chairman of the Committee on Budgets
Rue Wiertz
B-1047 Brussels

Dear Mr Wynn,

At its meeting of 19, 20 and 21 February 2002 the Committee on Budgetary Control examined the outcome of the budget trialogue held on 18 February with a view to solving the question of financing the Convention on the Future of Europe, whose proceedings are to commence on 28 February.

The Committee on Budgetary Control wants the proceedings of the Convention to be a success. This is an extraordinary event of decisive significance for the future of the Union. Its exceptional nature calls for the scope of its remit, its duration and the procedure governing the Convention to be clearly delimited. Accordingly, the Committee on Budgetary Control shares the concern voiced by both the Bureau and the Conference of Presidents that the necessary measures should be taken to ensure that the Convention is set up with maximum transparency while safeguarding interinstitutional balance.

In this committee's opinion however, the texts on which agreement was reached at the budget trialogue plainly suggest that this is a *sui generis* procedure. The texts raise a host of questions concerning both the discharge procedure and the financial rules and the provisions governing budget implementation and accounting.

This committee takes the view that an answer must be found to these questions before it can deliver an opinion for the Committee on Budgets on draft SAB1/2002, for financing the Convention, which the Commission is about to submit. It would have been preferable for the Committee on Budgetary Control to have detailed opinions from Parliament's specialised departments, such as the Legal Service and Financial Control, and from the Court of Auditors in order to have clarification as to the implications of the texts emerging from the trialogue.

This committee would have liked to be able to adopt a position both on safeguarding Parliament's oversight prerogatives and on the effectiveness of the procedures envisaged. In particular, it takes the view that, as regards the discharge procedure for the Convention's budget, it is essential to clarify the term 'assent' in Article 20 of the draft Decision of the Representatives of the Governments of the Member States setting up the fund for the financing of the Convention. The fact is that questions of terminology, tackled in a rush during negotiations, may cause confusion and even complicate matters in due course when it comes to implementation. Accordingly, the committee takes the view that the discharge procedure under the draft decision referred to above can in no way be regarded as satisfactory.

In addition, misgivings have been voiced as to the extremely urgent circumstances in which the procedure to adopt the SAB and the accompanying interinstitutional agreement is supposedly taking place. It would be going too far to credit the theory that the success of the Convention would be compromised if the SAB on its financing were not adopted by 28 February. To ensure that Parliament adopts the SAB and the draft IIA on 28 February, the Committee on Budgets would in fact have to adopt its report at its meeting on 25 and 26 February and the Committee on Budgetary Control would have to adopt an opinion on this today.

However, the members of the Committee on Budgetary Control take the view that it would have been preferable for Parliament to rule on this question at the March session without having to do so as a matter of urgency. The intervening period would have allowed the above questions to be clarified.

In the committee's opinion, in addition, the link between the discharge procedure and the financial rules for the Convention as advocated in the draft decision, on the one hand, and, on the other, the Treaty rules applied to the general budget will have to be examined. By the same token, the committee accordingly calls for Parliament to have access to all documents it deems necessary for the granting of discharge which are received by the institutions concerned and the Court of Auditors, which is to assist Parliament and the Council in exercising oversight over budget implementation.

For all these reasons the Committee on Budgetary Control, though it can appreciate that a majority may emerge within Parliament in favour of Parliament taking a decision on such a short timescale, nonetheless thinks that it is unable, on the basis of the information at its disposal and in so short a time, to deliver an opinion on SAB 1/2002 and on the accompanying IIA.

It calls for the vote on the IIA to be accompanied by a Parliament resolution in order to point up the exceptional and ad hoc nature of the IIA and make it clear that it can under no circumstances constitute a precedent for the future.

It reserves the right to adopt a position on the question of discharge as soon as everything necessary has been done.

Having regard to the exceptional circumstances involved, I would ask you to annex this letter, unanimously¹ adopted by the Committee on Budgetary Control, to the report by the Committee on Budgets.

Yours sincerely,

Diemut R. THEATO

¹ The following were present for the vote : Diemut R. Theato, chairman; Herbert Bösch, vice-chairman; María Antonia Avilés Perea, Jean-Louis Bourlanges, Christopher Heaton-Harris, Helmut Kuhne, Brigitte Langenhagen, Jan Mulder, Heide Rühle, Esko Olavi Seppänen, Ole Sorensen, Michiel van Hulten and Kyösti Tapio Virrankoski.

OPINION OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

Mr Terence WYNN
Chairman of the Committee on Budgets
European Parliament
Rue Wiertz
B-1047 Brussels

Dear Mr Wynn,

At its meeting of 20 and 21 February 2002 the Committee on Constitutional Affairs noted with satisfaction the draft interinstitutional agreement between Parliament, the Council and the Commission on the financing of the Convention on the Future of Europe which provides for a fund to be set up, to be financed by the three institutions, to enable the Convention to have the resources it needs to carry out its remit, and the draft decision of the Member States laying down the financial rules on the management of that fund.

However, the Committee on Constitutional Affairs would draw the attention of the Committee on Budgets to the fact that Article 20 of the draft decision, which confers on the representatives of the Member States the power to grant discharge to the Secretary-General of the Convention for implementation of the budget, departs from the provisions of the Treaty, in particular Article 276. Article 20 ends up having Parliament supplanted by the Member States in the exercise of its discharge power with regard to a limited, but significant fraction of the Community budget.

It is true that the adverse impact of this will be very limited in practice, since discharge cannot be granted until the three institutions have given their assent, which will enable Parliament to block the granting of discharge by the Member States where it does not agree with that discharge.

At all events, the Committee on Constitutional Affairs considers that adoption of the interinstitutional agreement ought to be accompanied by a vote on a Parliament resolution spelling out the exceptional and ad hoc nature of the agreement and stressing that the discharge procedure it establishes may apply only to Convention expenditure for 2002 and 2003, and cannot in any way remain in force if the mandate of the Convention is extended or be regarded as a precedent for the future that is applicable to any body or institution to be set up, whatever its status may be, and funded from the Community budget.

Having regard to the exceptional circumstances, I would ask you to annex this letter to the report by the Committee on Budgets.

Yours sincerely,

Jo LEINEN
(First Vice-Chairman)