

## General budget (1998 discharge)

A5-0190/2000

### I. European Parliament Decision giving discharge to the Commission in respect of implementation of the general budget of the European Union for the 1998 financial year (SEC(1999) 412 - C5-0006/1999 - 1999/2050(DEC))

*The European Parliament,*

- having regard to the revenue and expenditure account, the analysis of financial management and the balance sheet of the European Union for the financial year 1998 (SEC(1999) 412 - C5-0006/1999, SEC(1999) 413 - C5-0007/1999, SEC(1999) 415 - C5-0009/1999, SEC(1999) 1473 - C5-0204/1999),
  - having regard to the annual report concerning the 1998 financial year (C5-0266/1999) and the special reports of the Court of Auditors and the Institutions' replies <sup>1</sup>,
  - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0266/1999),
  - having regard to the Council recommendation of 13 March 2000 (C5-0154/2000),
  - having regard to its resolution of 13 April 2000 on the postponement of discharge to the Commission in respect of implementation of the general budget of the European Union for the financial year 1998<sup>2</sup> and the Commission's replies,
  - having regard to the ECSC Treaty and in particular Article 78g thereof,
  - having regard to the EC Treaty and in particular Article 276 thereof,
  - having regard to the EAEC Treaty and in particular Article 180b thereof,
  - having regard to Rule 93 of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0190/2000),
- A. whereas, pursuant to Article 274 of the EC Treaty, the Commission bears responsibility for implementing the budget in accordance with the principles of sound financial management,
- B. whereas the Commission must, in so doing, ensure the legality and regularity of revenue and expenditure,
- C. whereas, pursuant to Article 276 of the EC Treaty, Parliament is required to give a discharge to the Commission in respect of implementation of the budget and thereby assumes responsibility for ensuring that the Commission meets its Treaty obligations in full,

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<sup>1</sup> OJ C 349, 3.12.1999.

<sup>2</sup> Texts Adopted, Item 1.

- D. whereas Parliament is thus accountable to the citizens of the Union for ensuring that their money is spent as economically and efficiently as possible and that the institutions of the Union do everything in their power to secure maximum protection against fraud, corruption and organised crime and to reduce the number of errors in the implementation of the budget as far as possible,
- E. whereas Parliament has postponed discharge for the 1998 financial year in order to ensure that the Commission actually makes all the necessary efforts to improve the implementation of the budget as far as possible and that the Commission pursues a policy of zero tolerance in dealing with cases of fraud, corruption or mismanagement,
- F. whereas the Commission has satisfied most of the requirements set out in its above-mentioned resolution of 13 April 2000 on the postponement of the discharge:
- (a) The Commission is prepared to take action to cut drastically the errors in implementation of the budget.
  - (b) Against the background of the Flécharde case, the Commission has clarified its procedure for the forfeiture of claims and has announced that in revising the Financial Regulation it will propose a clear allocation of responsibilities for all areas of implementation of the budget, including the charging of costs.
  - (c) The Commission has agreed to answer further questions on the Flécharde case.
  - (d) The European Anti-Fraud Office (OLAF) has renewed its search for the minutes of the meeting of 7 January 1994 in the private office of the then Commission President relating to the Flécharde case.
  - (e) The Commission will issue new rules for the electronic registration, archiving and management of documents by the end of 2000.
  - (f) The Commission has stated its readiness to reopen disciplinary proceedings in connection with the Echo affair if new evidence comes to light.
  - (g) OLAF is examining whether the full dossier has been submitted to the competent judicial authorities in Belgium, France and Italy in the MED affair.
  - (h) The Commission is prepared to consider the opening of disciplinary proceedings in the light of the outcome of the investigations conducted by the national judicial authorities in the MED affair.
  - (i) The Commission has reported the findings of its investigation into visiting scientists' contracts for the 1998 financial year to Parliament, started disciplinary proceedings in connection with the case of a visiting scientist employed at the instigation of a former Commissioner and forwarded the relevant OLAF report to the Belgian judicial authorities.
  - (j) The Member of the Commission responsible for financial control has launched an administrative investigation in connection with the withheld warning of serious deficiencies at the Joint Research Centre (particularly with the handling of nuclear materials).

- (k) The Commission has submitted a report by the Financial Controller on the number of correcting communications and postponements/withholdings of approvals in 1998, including an analysis of the most frequent types of errors.
  - (l) The Commission has submitted a report on action taken with regard to Member States which have not yet implemented the integrated administration and control system for agricultural expenditure. Parliament in its above-mentioned resolution of 13 April 2000 called for the system to be fully implemented by April 2002 at the latest.
  - (m) The Commission has submitted a report on the measures that it has taken in response to the recommendations of Parliament's Committee of Inquiry into the Community Transit System.
  - (n) The Commission has submitted a report on the number and outcome of disciplinary proceedings carried out since 1998 in all cases in which the Community's financial interests are affected,
- G. whereas the Flécharde case cannot be considered closed until the problems it has revealed, and in particular the questions relating to the monitoring and control of export operations, the proportionality of penalties and the structure of administrative and judicial penalties, have been satisfactorily resolved,
- H. whereas the Commission and Parliament have concluded an interinstitutional agreement to address the fundamental principles set out in particular in paragraph 26 of its resolution of 19 January 2000 on the discharge for the 1997 financial year<sup>1</sup> on Parliament's access to information within the framework of Article 276 of the EC Treaty; deploring, however, that the Commission is not yet prepared to afford Parliament at least the same access to its documents as the Court of Auditors,
- I. whereas the Commission has also not said that it will introduce an independent external element in its disciplinary procedure but that it will do no more than ensure that the various institutions are represented on the disciplinary board in future,
- J. whereas the current practice of administrative investigations and disciplinary proceedings within the Commission should be evaluated by an independent external body, including a study of best practice within public administration,
- K. whereas the new director of OLAF has submitted a revealing list of cases of suspected fraud or corruption,
- L. whereas the Commission has brought forward a comprehensive package of proposals in the White Paper on administrative reform,
1. Gives the Commission discharge in respect of the implementation of the general budget of the European Union for the 1998 financial year;
  2. Records its comments in the attached resolution;

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<sup>1</sup> Texts Adopted, Item 2.

3. Instructs its President to forward this decision and the resolution containing its comments to the Commission, the Council, the Court of Justice, the Court of Auditors and the European Investment Bank and to have it published in the Official Journal of the European Communities (L series).

## **II. European Parliament Decision closing the accounts relating to the implementation of the general budget of the European Union for the 1998 financial year (SEC(1999) 412 – C5-0006/1999 – 1999/2050(DEC))**

### *The European Parliament,*

- having regard to the budget of the European Union for the 1998 financial year,
  - having regard to the consolidated revenue and expenditure account and balance sheet for the 1998 financial year<sup>1</sup>,
  - having regard to the annual report concerning the financial year 1998 (C5-0266/1999)<sup>2</sup> and the special reports of the Court of Auditors and the Institutions' replies,
  - having regard to the Statement of Assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty (C5-0266/1999)<sup>3</sup>,
  - having regard to the Council recommendation of 13 March 2000 (C5-0154/2000),
  - having regard to its resolution of 13 April 2000 on the postponement of discharge to the Commission in respect of implementation of the general budget of the European Union for the financial year 1998<sup>4</sup>,
  - having regard to the ECSC Treaty and in particular Article 78g thereof,
  - having regard to the EC Treaty and in particular Article 276 thereof,
  - having regard to the EAEC Treaty and in particular Article 180b thereof,
  - having regard to Rule 93 of and Annex V to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A5-0190/2000),
- A. whereas pursuant to Article 275 of the EC Treaty responsibility for drawing up the revenue and expenditure account lies with the Commission,
1. Notes that the estimated revenue for the 1998 financial year and the resources finally approved for payments amounted to:

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<sup>1</sup> OJ C 350, 3.12.1999, p. 1.

<sup>2</sup> OJ C 349, 3.12.1999.

<sup>3</sup> OJ C 349, 3.12.1999, pp. 168-169.

<sup>4</sup> Texts Adopted, Item 1.

*ECU m*

(a) Revenue	83 652.2
(b) Appropriations for payments	83 833.7

2. Notes the following amounts relating to commitments:

(a) Appropriations available	91 257.2
(b) Commitments entered into	88 340.1

3. Notes the following consolidated revenue and expenditure account for the 1998 financial year drawn up by the Commission:

(a) Revenue	84 529.688
(b) Expenditure	81 637.410

Outturn for the financial year	2 892.278
Appropriations carried over from previous year which lapsed	139.888
Exchange differences	-9.069

(c) Balance for the 1998 financial year	3 023.097
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This balance reflects the accounting situation only and does not include expenditure actually incurred during the financial year.

4. Notes the following consolidated balance sheet drawn up by the Commission:

### ASSETS

(ECU)

		31.12.1998
I.	Initial costs	0.00
II.	Intangible fixed assets	5 845 764.72
III.	Tangible fixed assets	3 310 191 517.32
IV.	Investments	1 759 379 676.18
V.	Long-term assets	5 220 957 624.15
VI.	Stocks	115 403 333.57
VII.	Short-term assets	3 398 243 672.09
VIII.	Cash investments	28 133 056.11
IX.	Disposable assets	10 369 743 197.83
X.	Transitional accounts	297 899 722.12

	<b>TOTAL</b>	24 505 797 564.09
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## LIABILITIES

(ECU)

		31.12.1998
I.	Own capital	9 739 965 069.34
II.	Provisions for risks and liabilities	1 281 955 805.29
III.	Long-term liabilities	5 445 277 097.45
IV.	Short-term liabilities	7 588 124 501.33
V.	Transitional accounts	450 475 090.68
	<b>TOTAL</b>	24 505 797 564.09

5. Recalls that, according to the statements made by the Court of Auditors in the context of its above-mentioned Statement of Assurance, the figures presented in the consolidated revenue and expenditure account are marred by a number of errors and weaknesses:
- (a) the understatement of fixed assets, essentially buildings, by around ECU 540 m ,
  - (b) a net overstatement of debtors in the region of ECU 1000 m principally resulting from the overstatement of sums likely to be recovered for unpaid customs duties and agricultural levies,
  - (c) an understatement of cash and debtors amounting to at least ECU 600 m because some amounts held on bank accounts, or paid as advances to third parties which act as agents for the Commission, have been omitted from the balance sheet,
  - (d) the inaccurate and inadequate presentation of information on advances and payments on account at 31 December 1998,
  - (e) the overstatement of commitments still to be settled by some ECU 660 m ,
  - (f) the omission of certain commitments (ECU 352.7 m) and potential liabilities (at least ECU 2 794 m);
6. Approves the closure of the accounts for the implementation of the general budget for the financial year 1998;
7. Instructs its President to forward this decision to the Commission, the Council, the Court of Justice, the Court of Auditors and the European Investment Bank and to have it published in the Official Journal of the European Communities (L series).

**III. European Parliament resolution containing the comments which form an integral part of the decision giving discharge to the Commission for the implementation of the general budget of the European Union for the 1998 financial year (SEC(1999) 412 – C5-0006/1999 – 1999/2050(DEC))**

*The European Parliament,*

- having regard to Article 276 of the EC Treaty,
  - having regard to Article 89(7) of the Financial Regulation, pursuant to which each Community institution is required to take all appropriate steps to act on the comments appearing in the decisions giving discharge,
  - whereas pursuant to paragraph 8 of the same article the institutions are also required to report, at the request of the European Parliament, on the measures taken in the light of these comments and particularly on the instructions given to those of their departments which are responsible for the implementation of the budget,
  - having regard to the annual report concerning the financial year 1998 (C5-0266/1999)<sup>1</sup> and the special reports of the Court of Auditors and the Institutions' replies,
  - having regard to the Council recommendation of 13 March 2000 (C5-0154/2000),
  - having regard to the report of the Committee on Budgetary Control (A5-0190/2000),
- A. whereas Commission President Prodi took office with the ambition of transforming the European Commission into an efficient and transparent public service conscious of its responsibilities and, in the process, of combating mismanagement, fraud and corruption at all levels,
- B. whereas although the new Commission may not be directly responsible for these cases, it is responsible for the extent to which it succeeds in drawing the requisite conclusions,
- C. whereas the European Parliament has stressed the need for zero tolerance in cases of fraud and other irregularities which cause damage to the financial interests of the Union, while at the same time underlining the need for objective, transparent disciplinary proceedings conducted in accordance with the rules of due process and respect for the rights of the defence,
- D. whereas the discharge postponed on 13 April 2000 can therefore now be granted although Parliament expects the Commission to take further measures, which are outlined below,

***Statement of Assurance***

1. Points out that in 1998 for the fifth consecutive time the Court of Auditors declined to provide an assurance that the transactions underlying the payments for the financial year were, taken as a whole, legal and regular<sup>2</sup>;
2. Points out that against this background the Council failed for the first time to make its recommendation unanimously;
3. Points out that the figures provided by the Court of Auditors do not indicate a positive trend, that the number of substantive errors is still high and that the expenditure managed

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<sup>1</sup> OJ C 349, 3.12.1999.

<sup>2</sup> OJ C 349, 3.12.1999, pp. 168-169.

directly by the Commission is no less affected than Community expenditure effected by the Member States;

4. Concludes that the SEM 2000 reform of financial management introduced in 1995 by the then Commission has so far failed to produce any tangible results whatsoever in 1998; notes, with a view to future discharge procedures, that in the Court of Auditors' estimation the potential benefits are unlikely to be felt until after the end of the current programme planning period in 2000;
5. Warns of the risk that the current reform could suffer a similar fate and confirms the call made in its resolution of 13 April 2000<sup>1</sup> on the postponement of the 1998 discharge for the Commission to arrive at a positive statement of assurance for the 2003 financial year at the latest;
6. Underlines the need to set verifiable intermediate objectives for this process; calls on the Commission to formulate such objectives by the end of the year;

### ***Own resources***

7. Calls on the Commission to initiate a policy to assess the extent of conformity of national VAT legislation and to submit an initial report shortly, limited if necessary to a sectoral investigation;
8. Calls on the Commission to submit to Parliament and the Council a report analysing the Member States' VAT revenue since the transitional VAT system was set up, with evaluations and details of the type of the various frauds which have been detected;

### ***Common agricultural policy***

9. Calls on the Commission to ensure that the principle of budgetary universality is respected, in such a way that the sums recovered by the Commission in respect of Member State expenditure are entered as revenue in the Community budget, and that corrections made by Member States concerning an earlier declaration no longer give rise to any offsetings against expenditure for the month concerned;
10. Calls on the Commission to propose suitable amendments to the Financial Regulation and the regulation concerned, to ensure respect for the principle of annuality and allow expenditure to be entered in the accounts for the financial year to which it belongs;
11. Calls on the Commission, in the context of clearance of the EAGGF accounts, in future to continue to assess claims for repayments by Member States on the basis of proven loss to the Union budget and to carry out flat-rate financial corrections only in cases where no precise figure can be put on the loss;
12. Concludes in the specific case of export of butter to the former USSR that in 1994 the Commission's Directorate-General for Agriculture after initial in-house resistance from other Commission departments ultimately suggested to the Irish authorities that the penalty deposit be reduced from ECU 17.6 million to ECU 3 million although, according to the Court of Auditors, there was no specific statutory basis for doing so; furthermore concludes that the handling of this and similar cases by the Commission has been

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<sup>1</sup> Texts Adopted, Item 1.



contested by the Court of Auditors;

13. Welcomes the fact that OLAF has opened an investigation to determine why the minutes of the crucial meeting of 7 January 1994 in the private office of the then Commission President are apparently nowhere to be found; calls on OLAF to forward the report of its investigation to Parliament as soon as possible and also to report on whether the firm concerned has since been the subject of investigations by Commission departments or the competent national investigative authorities;
14. Makes clear that consideration of the case and the issue of possible consequences cannot be concluded until
  - the results of the OLAF investigation have been assessed and
  - it has been established that the Commission has forwarded to Parliament all available documents relating to the case;
15. Calls upon its Committee responsible to follow-up on the general issues brought up by this case, notably:
  - (a) the retroactive application of Community law
  - (b) the criteria that determine the proportionality of the reduction of financial corrections
  - (c) the circumstances under which a significant amount of debt (ECU 135 million) is waived annually by the Commission under Article 29 of the Financial Regulation
  - (d) the extent to which similar cases to the butter exports to the former USSR exist
  - (e) the question of who holds ultimate responsibility if individual judgments involve potential losses up to a set amount

and to report on its findings in the context of the 1999 discharge;

16. Expects the Commission to cooperate constructively in the clarification of these matters;

### ***Structural measures***

17. Considers that the responsibility for implementing the Structural Funds should more clearly delineate the role of the Commission (if necessary by amending the implementing regulations), and should give it power to impose penalties which would make it possible genuinely to mitigate any shortcomings;
18. Calls for monitoring of the Structural Funds to be more effective and for mid-term evaluation to be a genuine instrument of sound management;
19. Considers that the Commission must unambiguously clarify what expenditure is eligible for support, particularly with regard to the actual implementation of the Structural Funds as a whole in the Objective 1 and 2 regions for which they are intended under the regulations, and welcomes the development of new data sheets on eligibility;
20. Insists that it be kept informed by the Commission about the effectiveness of the controls by the Member States on the basis of Article 39(1) of Regulation (EC) No 1260/1999;
21. Insists it be informed about general problems in contacts with the Member States relating

to the application of Article 39(2) of that Regulation;

22. Considers that an improvement in the advance estimation of the payment appropriations which will be required could prevent the substantial differences between budget allocations and budget implementation in the case of structural measures; regards the persistent attempts by the Council to cut payment appropriations for the Structural Funds as causing unnecessary liquidity shortfalls, as well as problems in their application in regions suffering from both the highest rates of unemployment and the lowest levels of per capita income;
23. Deplores the persistently large number of irregularities identified by the Court of Auditors, particularly with regard to expenditure certificates; calls on the Member States, therefore, to bring their administrative systems into line with the requirements of the Structural Fund regulations in order to ensure efficient administration of structural measures in the new programme planning period, 2000-2006;
24. Observes with some surprise that even at the end of this programming period measures from before 1989 have still not been concluded, and calls on the Commission to close the 1989-1993 programming period more rapidly, making use of the option to cancel commitments automatically;
25. Notes that, despite having been called upon to do so in the past, the Commission still has not ensured that the payment appropriations of the European Social Fund are brought into line with actual needs;
26. Observes that it was not possible for the Commission to implement satisfactorily the allocation for integrated measures through multifund projects, entered in the context of the Community initiatives; now expects cooperation with other Community programmes at the directorates-general responsible to proceed more efficiently once each Community initiative is financed from a single fund;
27. Draws attention to the criticism by the Court of Auditors that the impact of Structural Fund measures on employment cannot be sufficiently ascertained, and calls on the Council and Commission to comply with Parliament's reiterated call for the adoption of appropriate indicators and improved evaluation;
28. Expects the Commission, in the negotiations on the programme planning period 2000-2006, to insist on a better thematic balance in national plans for European Social Fund measures;
29. Hopes that the Commission will adopt more effective measures to eliminate the errors in payments (eligible expenditure) identified by the Court of Auditors in its Annual Report;

### ***Internal policies***

30. Stresses that it is of great importance that key policy and financial management tasks are carried out by officials who are fully answerable to the institution for their work and that excessive reliance on external contractors is to be avoided;
31. Recognises that the budgetary authority will have to take full account of the human and financial resource requirements of, and the need for redeployment due to, new initiatives requested of the Commission, respecting the Treaty and interinstitutional limits agreed by

the institutions and the Member States in the agreement of 6 May 1999;

32. Calls upon the Commission to establish indicators that will enable programme effectiveness and efficiency to be assessed, taking into consideration the relative significance of administrative costs;
33. Draws the Commission's attention to the fact that Parliament's committees have begun to establish monitoring mechanisms and recalls its demand that they should be provided with the necessary information on a regular basis;

### ***Research***

34. Deplores the significant incidence of substantive errors in approximately one third of the payments where the Commission had paid too much, mostly due to ineligible costs having been claimed by the beneficiaries and, in addition, the formal errors which occurred in almost one fifth of the payments;
35. Deplores the errors and inaccuracies, including deliberate overcharging, in almost two thirds of the payments based upon cost declarations, due to misinterpretations, insufficient control by Commission services and the absence of contractually defined penalties in cases of overcharging;
36. Calls on the Commission rapidly to ensure the clarification and simplification of its standard contracts and give precise and unambiguous definitions of "eligible costs" in order to reduce the risk of overcharging;
37. Calls on the Commission to eliminate defects inherent in the system by revising the legislation and to improve the legality and regularity of payments by improving and intensifying its control of cost claims submitted by beneficiaries;
38. Asks the Court of Auditors for an in-depth examination of the legality and regularity of payments, in particular in the research area, which accounts for almost two thirds of the internal policy budget;
39. Believes that improved management and coordination across the participating directorates-general is essential to ensure the effectiveness of research programmes and that progress should be closely monitored with regular reporting to the committee responsible;
40. Requests from the Commission an in-depth assessment of the Performance Audit of the Joint Research Centre (JRC) of 28 April 1998 and a report on the lessons learnt;
41. Calls on the Commission, when submitting new legislative proposals, to pay closer attention to the following:
  - (a) transparency, simplicity and clarity;
  - (b) optimum opportunities for auditing;
  - (c) penalties for violations of the rules and deliberately inaccurate statements of costs to apply to all involved who have made errors in that connection;

### ***External aid***

42. Notes that the situation with regard to invitations to tender under the TACIS and PHARE programmes has not changed despite the comments by the Commission Financial Controller and the European Court of Auditors on the 1997 and 1998 financial years;
43. Notes that this situation presents a potential risk of harming the financial interests of the EU in the recipient countries and continues to be harmful to its image with these countries;
44. Repeats its calls to the Commission in its resolution of 4 May 1999<sup>1</sup> when the 1997 budget discharge was postponed, and now expects rigorous measures and a clear response from the Commission;
45. Once more calls on the European Court of Auditors to carry out an audit of the procedures for invitations to tender and on record-keeping in the context of the PHARE and TACIS programmes;
46. Points out that in the selection and supervision of the firm that was responsible for the transportation of humanitarian aid in connection with 'Echo Flight', there were serious omissions;
47. In the case of lessons to be learnt from the ECHO affair, notes that the Commission has stated its readiness to reopen disciplinary proceedings if new evidence comes to light, but is not satisfied that the Commission has not yet made a commitment to introduce an external element in its disciplinary procedure;

### ***Reform of disciplinary procedures***

48. Considers that the disciplinary cases raised by the 1998 discharge procedure reinforce its call, made in its resolution of 19 January 2000 on the second report of the Committee of Independent Experts<sup>2</sup> (paragraph 37) for the long-standing provisions in the Financial Regulation and the Staff Regulations concerning officials' financial liability for the damage their actions cause no longer to be left to internal Commission bodies, but that instead this task should be entrusted to a chamber for disciplinary procedures for budgetary irregularities in the Court of Auditors or the Court of Justice;

### ***Functioning of control systems***

49. Notes with concern that in 1998 the already small number of checks by Commission services in the area of the Structural Funds was significantly reduced;
50. Regards it as a sign of the weakness of the Commission's financial control that despite the high error rate found by the Court of Auditors in 1998, in not a single case did Financial Control withhold approval;
51. Reaffirms its call for the Commission, made in its above-mentioned resolution of 19 January 2000 (paragraphs 10 and 11(f)) to strengthen on a lasting basis the role of the financial controller in line with the Court of Auditors' recommendations through the following measures:

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<sup>1</sup> OJ C 279, 1.10.1999, p. 119.

<sup>2</sup> Texts Adopted, Item 3.

- (a) instead of across-the-board prior checks targeted prior checks carried out on the basis of risk analyses or at the request of the authorising officer concerned
- (b) financial control staff must not be subordinate to the directors-general monitored but independent financial control must be retained and decentralised in accordance with Article 24 of the Financial Regulation;

### ***Parliament's access to information***

- 52. Recalls that the Commission is required, pursuant to Article 276 of the EC Treaty, to submit any necessary information to Parliament at the latter's request in connection with the discharge procedure;
- 53. Reaffirms the fundamental principles set out in particular in paragraph 26 of its resolution of 19 January 2000<sup>1</sup> on the discharge for the 1997 financial year on Parliament's access to information;
- 54. Notes that the Commission and the European Parliament have concluded an interinstitutional agreement concerning Parliament's access to information; underlines its determination to follow closely the implementation of this agreement, in particular to ensure that the rights of individual Members will not be infringed;
- 55. Regrets that in the 1998 discharge procedure the Commission has refused to submit reports and minutes concerning administrative investigations that it submitted to the Court of Auditors;
- 56. Points out that Parliament, as the discharge authority, expects the Commission:
  - (a) to inform the competent judicial authorities fully of cases where there is a suspicion of fraud;
  - (b) to fulfil its obligation under Articles 73 and 74 of the Financial Regulation;and that Parliament must be granted access to the relevant documents in order to establish to its satisfaction that the Commission is fulfilling its obligations;
- 57. Recalls that the transmission of confidential information must comply with the provisions governing judicial and disciplinary proceedings;
- 58. Calls on the Commission therefore to reconsider its position and, as guardian of the treaties, to ensure that Parliament is able to comply fully with its supervisory obligations within the framework of the discharge procedure.

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<sup>1</sup> Texts Adopted, Item 2.