

Proposal for a Council Regulation amending the Financial Regulation and separating the internal audit function from the *ex ante* financial control function (Article 24, paragraph 5, of the Financial Regulation)

(2000/C 311 E/23)

COM(2000) 341 *final* — 2000/0135(CNS)

(Submitted by the Commission on 31 May 2000)

THE COUNCIL OF THE EUROPEAN UNION,

HAS ADOPTED THIS REGULATION:

Having regard to the Treaty establishing the European Community, and in particular Article 279 thereof,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Article 78h thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 183 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Court of Auditors,

Whereas:

- (1) The accumulation of the internal audit function and the control *ex-ante* by the Financial Controller under Article 24, paragraph 5, second sentence of the Financial Regulation may give rise to a dispersal of the two functions without necessarily ensuring the right balance between the two.
- (2) Pending the adoption of the Financial Regulation, the internal audit function should be separated from the Financial Controller's other functions as soon as possible. The result of this would be that the Financial Controller will continue to fulfil his present functions, including *ex ante* control, but not that of internal audit, which will be performed by an Internal Auditor independent of the Financial Controller.
- (3) The Internal Auditor will enjoy the same benefits and prerogatives as those granted to the Financial Controller in Article 24 of the Financial Regulation,

Article 1

Paragraph 5 of Article 24 of the Financial Regulation shall be replaced by the following:

'Monitoring shall be carried out by that official by means of inspection of the files relating to expenditure and revenue and, if necessary, on the spot.'

Article 2

An Article 24a is added:

'Article 24a

The internal audit function of the institution shall be performed by an Internal Auditor who is independent of the Financial Controller. He shall be appointed in each institution in the same way as the Financial Controller and, in order to be able to exercise his duties, shall have access to the same information as the Financial Controller and, in order to maintain his independence, shall be subject to the same rules and specific measures as are applicable to the Financial Controller under paragraphs 8 and 9 of Article 24.

The internal audit shall include an evaluation of the effectiveness of the management and control systems and verification of the regularity of operations. These duties shall be exercised in accordance with the implementing rules provided for in Article 139.'

Article 3

This Regulation shall enter into force on the seventh day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.
