

## AMENDMENT FORM

**Suggestion for amendment of Article 39: (Title VII Union's Finances, part II of the Treaty)**

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### **Article 39: The budgetary and financial principles**

The article should be rewritten as follows:

### **Article 39: The budgetary and financial principles**

1. All items of revenue and expenditure of the Union shall be included in estimates to be drawn up for each financial year and shall be shown in the budget, in accordance with the provisions of Part II of the Constitution.
  
- 1 bis. **To ensure sustainable use of the resources of the Union and the respect of the principles of sound financial management, the budget shall be within the limits established in the multi-annual financial framework of the Union, in accordance with the provisions of Part II, article Y of the Constitution. The multi-annual financial framework shall lay down the annual ceilings for payments to be included in the budget within the limits of the Union's own resources.**
  
2. The revenue and expenditure shown in the budget shall be in balance.
  
- 3.. The expenditure shown in the budget shall be authorised for the annual budgetary period in accordance with the law referred to in Article B (*Part II, ex-279: Financial Regulation*).
  
4. The implementation of expenditure shown in the budget shall require the prior adoption of a binding legal act which provides a legal basis for Union action and for the implementation of the expenditure in accordance with the law referred to in Article B (*Part II,*

*ex-279: Financial Regulation*). This act must take the form of a European law, a European framework law, a European regulation or a European decision.

5. With a view to maintaining budgetary discipline, the Commission shall not make any proposal for a Union act, or alter its proposals, or adopt any implementing measure which is likely to have appreciable implications for the budget without providing the assurance that that proposal or that measure is capable of being financed within the limit of the Union's own resources and multi-annual financial framework.
  6. The Union's budget shall be implemented in accordance with the principle of sound financial management. Member States shall cooperate with the Union to ensure that the appropriations entered in the budget are used in accordance with the principles of sound financial management.
  - 6 bis. **The Commission shall bear general responsibility for the implementation of the budget. After the end of each financial year the Commission shall draw up the annual accounts of the Union which shall give true and fair view of the implementation of the budget and of the financial management and financial situation of the Union. The annual accounts shall be published and communicated to the Court of Auditors for audit and to the European Parliament and the Council.**
  - 6 ter. **The Court of Auditors shall examine the accounts and financial management of the Union and report the results of its examination to the European Parliament and the Council, which shall decide on a discharge to the Commission in respect of the implementation of the budget.**
  7. The Union and the Member States shall counter fraud and any other illegal activities affecting the financial interests of the Union in accordance with the provisions of Article Z (*Part II, ex-280 TEC*).
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## **Explanation**

The article 39 should state all the most important constitutional principles concerning the budget and implementation of the budget. It would be logical to refer to the system of multi-annual financial perspective (which we propose to rename "financial framework") and to its binding character in article 39 and the 40 could then establish the fundamental requirements concerning adoption of the framework and budget. A reference to that extent has been added as a new paragraph 1 bis.

The Commission should continue to bear the general responsibility for the implementation of Union's budget in order to prevent the creation of a dangerous "vacuum" in the EU system. Stating this responsibility in this context would be a more effective mechanism than including the same provision in Part II of the Treaty. This principle is expressed in the opening phrase of paragraph 6 bis.

The draft of the Convention secretariat does not yet contain any reference to the discharge procedure and auditing. Accounts, auditing and discharge are not only technical procedures but vital element in improving the Union's transparency and accountability towards European citizens. Therefore they deserve special attention and fundamental principles of accountability and audit should be laid down in part I of the Treaty.