II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DIRECTIVE

of 27 June 1977

on scrutiny by Member States of transactions forming part of the system of financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund

(77/435/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 43 and 100 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (1),

Having regard to the opinion of the Economic and Social Committee (2),

Whereas, under Article 8 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy (3), as last amended by Regulation (EEC) No 2788/72 (4), Member States take the measures necessary to satisfy themselves that transactions financed by the European Agricultural Guidance and Guarantee Fund (EAGGF) are actually carried out and are executed correctly, to prevent and deal with irregularities and to recover sums lost as a result of irregularities or negligence ;

Whereas scrutiny of the commercial documents of undertakings receiving or making payments can be a very effective means of surveillance of transactions forming part of the system of financing by the Guarantee Section of the EAGGF and should therefore be applied throughout the Community ; whereas this scrutiny supplements other inspections already carried out by the Member States, particularly the direct inspection of transactions while they are being carried out and the scrutiny of book records of stock provided for in certain cases ; whereas, furthermore, national provisions relating to scrutiny which are more extensive than those provided for in this Directive are not affected by this Directive ;

Whereas the documents used as a basis for such scrutiny should be determined in such a way as to enable the activities in question of the undertakings to be fully scrutinized ;

Whereas it is for Member States to determine the frequency and scope of such scrutiny, particularly in the light of the nature of the transactions carried out under their responsibility and of the breakdown of the undertakings receiving or making payments according to their financial importance in the system of financing by the Guarantee Section of the EAGGF ;

Whereas, furthermore, it is necessary to provide for a minimum number of inspections of commercial documents ; whereas this number must be determined by a method which precludes substantial differences between the Member States by virtue of differences in the structure of their expenditure under the Guarantee

(1) OJ No C 133, 6. 6. 1977, p. 8.
(2) OJ No C 56, 7. 3. 1977, p. 80.
(3) OJ No L 94, 28. 4. 1970, p. 13.
(4) OJ No L 295, 30. 12. 1972, p. 1.