2006 discharge: EC general budget, Committee of the Regions

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PURPOSE: to present the final annual accounts of the European Communities for the financial year 2006 – Other institutions: section VII – Committee of the Regions.

CONTENT: this document sets out the amount of expenditure and the financial statement of the Committee of the Regions (CoR) for 2006 and presents an analysis of its financial management.

The appropriations available for the CoR budget for the financial year 2006 amounted to **EUR 63.363 million**. Appropriations committed amounted to EUR 61.97 million – 97.8% of the budget – and appropriations paid amounted to 85.5%.

Main axes of 2006 expenditure: the year was mainly characterised by the organisation of the fourth European Week of Regions and Cities (9-12 October 2006 with some 5 000 participants). On 6 May 2006, the CoR also contributed to organising EU Open Days and welcomed some 4 500 visitors. Moreover, the CoR Bureau organised five ordinary meetings and two extraordinary sessions in Innsbruck (Austria) and Turku (Finland).

In terms of financial management, 2006 also marked a turning point with the presentation, for the first time, of an activity report that takes account of the financial implementation of actions undertaken, in accordance with the Control Standards, as required by the Financial Regulation.

The other main axes of CoR expenditure can be summarised as follows:

- **Consultative work**: the majority of the CoR's work, as in the past, involved assisting the other institutions in their analysis of pending legislation. 2006 cannot, however, be considered a typical year, to the extent that the CoR's Commissions only really worked for 8 of the 12 months, as a result of the CoR's renewal. Two main units/commissions carry out this consultative work: UNIT 1 which focuses on the organisation and coordination of work with local authorities (22 opinions; 18 meetings; 3 working groups; 4 external conferences) and UNIT 2 which focuses on European governance, justice and home affairs, development cooperation and the EU's external policy (19 opinions; 17 meetings; 6 external seminars; 7 meetings of working groups and local election observation missions). Lastly, UNIT 3 focuses on policy analysis, studies and inter-institutional legislative planning;
- **Activity in addition to consultative work**: in addition to consultative work, the CoR carries out communication work and acts as an intermediary with the press. In 2006, most of the CoR's activities involved raising its profile and increasing its political impact, strengthening links with regional representatives, organising events (such as "Meeting Place on Europe's Regions and Cities"), publishing documents for the general public, improving its intranet and external website, etc. In 2006, the most noteworthy actions, other than organising the EU Open Days on 6 May, include the organisation of public conferences and the opening of the headquarters to some 10 000 visitors (mostly officials and students).

Other notable points regarding the budgetary implementation of the CoR can be summarised as follows:

Title I (staff expenditure): **EUR 44.285 million**, 98.93% of which was committed and 91.56% paid. The Institution's budget was on the whole respected, but large differences were noted in the implementation of certain areas of the budget, such as:

- **travel expenses**: in 2006, the item for travel expenses required a transfer of appropriations to the amount of EUR 80 000, and almost all the appropriations made available for this item (including the transfer of appropriations) were used (98% of the amount available); the transfer of appropriations was necessary due to insufficient appropriations to meet needs and to take account of the different indexations of basic amounts (not indexed since 2004);
- **entertainment and representation expenses**: only 39% of expenses were actually paid (whereas 99% of appropriations provided for had been committed): these are mostly expenses of national delegations which recorded a (large) payment deficit;
- **inter-institutional cooperation**: in decline, with a payment rate of 28% (compared to commitments in the order of 98%). The most striking payment deficit was in the interpretation and translation services. With regard to interpretation, under-implementation is related to the reduction in the number of interpreters at meetings and the fact that distance interpretation was not used. As for translation, the costs decreased considerably compared to 2005 and were limited to EUR 71 000, of which 71.4% was used. In general, these amounts are used to tackle situations where there is an overload of work and they constitute a reserve capacity. Moreover, demand was very low for the first three quarters of the year following the renewal of the CoR and the limits on the size of documents to be translated. As this information was not known from the beginning, the rate of under-utilisation can be easily explained.

Title II (administrative expenditure): **EUR 19.1 million**, of which 95% was committed and 71% paid. This budgetary item was mostly characterised by a reduction in travel expenses and meeting expenses (particularly for candidate country observers – Bulgaria and Romania – and for speakers). The quite low rate of implementation can be explained by the fact that these observers and certain external speakers made use of low cost tickets. In this context, note that the **CoR authorities have put several applications for refunds on hold due to a lack of supporting documentation** (for travel costs, costs of studies or costs related to speakers' meetings).

With regard to buildings policy, 2006 was mainly characterised by the purchase of furnishings to finalise the move to new buildings (Remorqueur and Van Maerlant). A large proportion of the furnishings was delivered in 2007 (but ordered in 2006).

Once again, note a net under-implementation of costs of hiring vehicles (official cars).

Transfer of appropriations: lastly, the document notes several transfers of appropriations between budget items or articles, including: (i) a transfer of appropriations to finance the CoR's contribution to the funding of the Council crèche (which may also be used by children of CoR officials); (ii) a transfer to finance contractual agents; (iii) a transfer to finance the additional costs related to allowances for permanent or temporary staff; (iv) a transfer of appropriations ("mopping up") in order to prepare in advance for the costs involved in fitting-out the Remorqueur building (EUR 1.2 million).