2006 discharge: EC general budget, European Ombudsman

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PURPOSE: to present the final annual accounts of the European Communities for the financial year 2006 – Other institutions: Section VIII-A – European Ombudsman.

CONTENT: this document sets out the amount of expenditure and the financial statement of the European Ombudsman for 2006 and presents an analysis of its financial management.

Summary in figures: the figures mentioned hereafter are taken from the provisional annual accounts for the financial year 2006 relating to the Ombudsman. These amounts may be subject to amendments after consolidation.

- **Appropriations authorised for the financial year 2006**: EUR 7 682 538;
- **Committed appropriations**: EUR 7 084 239.81 (92.21% of the budget being utilised);
- **Paid appropriations**: EUR 6 365 069.79;
- **Appropriations carried over from 2006 to 2007**: EUR 405 185.73;
- **Appropriations carried over from 2005 to 2006**: EUR 623 748.57 (a utilisation rate of 95.65% for appropriations).

Main axes of 2006 expenditure: the 2006 budget for the Ombudsman is the first to have been voted and implemented using the new budgetary structure. The aim of this new structure was to increase transparency and to facilitate a better control by the budgetary authority, due to a better supervision of similar expenses which, in the structure used up until now, were allocated under many titles or headings.

On the budgetary front, 2006 saw one single transfer of appropriations (a “mop up” transfer) in order to enable 2 minor changes made necessary due to the move from the financial regime of the previous Ombudsman (temporary scheme of allowances) to a pension regime. Therefore, it was necessary to adjust and reinforce the available appropriations (+EUR 3 000) in order to provide for the pension of the previous Ombudsman. This transfer also aimed to partially cover (+ EUR 75 000) the translating costs of decisions of the Ombudsman in 2006.

The budgetary year also was noted for:

1. **theOmbudsman’s workload**: in 2006, the Ombudsman received 3 830 complaints (compared to 3 920 in 2005 and 3 688 in 2004), which shows that the level of complaints has stabilised following the mountain of complaints in 2004 (+53% compared to 2003). This evolution had repercussions both for the magistrates in charge of enquiries and for the Secretariat responsible for handling complaints. Further recruitment and increased productivity enabled the significant increase in the number of complaints during previous years to be dealt with;
2. **the new cooperation agreement with the EP**: as specified in previous Ombudsman discharge reports, some administrative services are shared with the European Parliament. This cooperation was formalised by an agreement in 1995. However, since 2004, the Ombudsman has assumed a sizeable proportion of both its financial and administrative management. The cooperation agreement was therefore adapted to reflect this reality, identifying the areas where cooperation could be most profitable, and helping to avoid duplication. A new agreement was, therefore, signed in 2006 taking this new situation into account;

3. **the consolidation of the new "Finance" department of the Ombudsman**: in accordance with its new Institution status, the Ombudsman's "Administration and Finance" department which oversees its budget management was overhauled. In line with the new Financial Regulation, the Ombudsman now benefits from an *ad hoc* supervisory and monitoring team for its public markets. In 2006, further effort was devoted to the making the Ombudsman's administrative sector more autonomous, regarding its personnel. This effort resulted in particular attention being given to the documentation of internal financial procedures and to the internal management of personnel. The year was also characterised by the conclusion of the recruitment procedure for the Secretary General of the Ombudsman (appointed in July 2006);
4. **seminar for the Ombudsman's personnel – "retreat"**: a retreat was organised for the Ombudsman's personnel in order to discuss the many organisational changes. This retreat was an opportunity to complete both a self-evaluation exercise and a risk assessment of the independent operation of the Ombudsman as an Institution.

Overall, the report indicates that 2006 was very efficient from a budgetary perspective: new challenges in terms of responsibility and independence regarding the European Parliament's services were successfully overcome, and the objectives identified in the annual programme of activities were achieved. Furthermore, no major dysfunction was noted by the internal or external control bodies.

Other salient issues of the Ombudsman's budget implementation can be summarised as follows:

Title 1 (*Expenditure relating to persons working with the Institution*) : this budgetary title is characterised by:

- lower growth of expenditure of outside services: utilisation rate was only 75% of the appropriations entered in the budget;
- other expenses related to personnel: only 51.85% of this budgetary chapter was used.

Title II (*Buildings, equipment and operating expenditure*): this budgetary title was characterised by a net lower growth of expenditure for equipment and buildings (67.6% of appropriations committed and 17.33% paid, causing a carryover of appropriations to 2007 of a value of EUR 28 860).

Title III: (*Specific mission costs of the Institution*) : this title was markedly strengthened compared to previous years, with a planned budget of some EUR 789 000 of which 77% was spent: it was needed to cover expenses of meetings and conferences, expertise and information (archiving complaints and disseminating documents), studies and other subsidies (only half the budget used) and for expenses relating to the functions of the Ombudsman (inherent expenses specific to the obligations of the Ombudsman, such as relations with international organisations of Ombudsmen and other expenses which are directly related to the achievement of the Ombudsman's tasks – these very specific expenses were limited to EUR 1 500 of the planned EUR 4 000).