2006 discharge: EC general budget, European Parliament

2007/2038(DEC) - 15/11/2007

PURPOSE: presentation of the report of the Court of Auditors on the implementation of the budget concerning the financial year 2006 (other institutions – European Parliament).

CONTENT: in its annual report for the financial year 2006, the Court focuses on the legality and regularity of the operating expenditure of the institutions. While, on the whole, the institutions put in place a satisfactory monitoring and control framework in 2006, the Court notes a certain number of weaknesses in terms of compliance with procurement procedures by the institutions (particularly a lack of competition between tenderers in the case of negotiated procedures).

For the rest, the Court notes that the incidence of error for the expenditure samples selected for scrutiny by the Court was not significant. However, the Court expects the identified weaknesses to be addressed in the future.

Monitoring and control systems of the institutions: the audit of areas showing a specific risk indicated that shortcomings affected the monitoring and control systems for allowance payments to members of certain institutions. As for the European Parliament, in particular, the Court considers that the Bureau (of the European Parliament) should have taken measures when the documents deemed essential to justify certain expenditure were not presented in a reasonable timeframe.

Specific comments on the European Parliament: the audit commented on the following points: evaluation of monitoring and control systems corresponding to: i) expenditure and allowances of MEPs; ii) negotiated procurement procedures.

- **Assistance allowances of MEPs**: since 1998 the Court has, on several occasions, pointed out weaknesses in the regulatory framework established by the Bureau for the payment of allowances for assistance to Members of the European Parliament (MEPs). In 2006 the expenditure for the MEPs assistance allowances amounted to around **EUR 132 million**. In 2004 the rules concerning the submission of supporting documentation by MEPs were amended so that MEPs were required to present by 1 November 2005 documentary evidence of the use of their allowance, for the period July 2004-June 2005. This deadline was subsequently extended several times and the supporting documents presented by the MEPs and regarded as adequate justifications by the responsible administrative department only cover 27.2 % (EUR 11.9 million) for 2004 (July-December) and 22.5 % (EUR 27.1 million) for 2005 (full year) of the relevant expenditure. At the same time, the deadline for submitting supporting documents relating to the year 2006 was extended to 30 April 2007. However, no measures had been taken by the Bureau to ensure that the obligation to supply adequate supporting documentation had been complied with. The Court notes, therefore, that the Bureau has not ensured that the rules requiring the submission of adequate supporting documentation have been implemented effectively. As the major part of the amounts paid for MEPs assistance allowance have not been subsequently justified by appropriate supporting documents of the expenses incurred on behalf of the MEPs, the Court considers that there is not sufficient documentation to demonstrate that the MEPs have actually employed or engaged the services of one or more assistants and that the duties or services mentioned in the contracts signed by the MEPs have really been carried out. The Court concludes, therefore, that the Bureau should take action in order to obtain the documents considered essential to prove that the expenditure was justified. Should these documents not be presented within reasonable time, appropriate measures, such as

suspension of payments and/or **issuing of recovery orders**, should be initiated for the sums not justified;

- **Procurement procedures of the European Parliament:** the audit identified numerous weaknesses in the operation of internal and management controls over the procurement procedures, in particular concerning planning, compliance with applicable regulations and rules, reliability of management information and sound financial management. A detailed action plan comprising 144 individual actions was drawn up by the European Parliament and some concrete measures have already been taken in 2006 by the Secretary General to clarify the situation, such as the establishment of an advisory body (the Procurement Forum) and the setting up of a central register of contracts.

Replies of the European Parliament: as regards the missing supporting documents for allowance expenditure of MEPs, the Parliament specifies that since 2004, Quaestors and the Bureau of the European Parliament had taken measures to simplify the technical documents to be submitted for the regularisation of MEPs' expenses.

Considering the widely differing situations in the Member States the Bureau finally decided not to impose a final deadline to comply with new obligations for submitting supporting documents. In 2006, a new set of rules, called the 'Codex' (rights and obligations of assistants and their Members) was imposed according to which the documentation had to be delivered before 30 April 2007. Consequently, a huge number of documents was received by the Parliament and is now under examination. In addition, the Parliament indicates that if MEPs do not satisfy the obligation of providing the necessary supporting documents after this date, personalised letters will be sent to them explaining that if they do not comply with the obligation of presenting the missing documents the Authorising Officer by Delegation can suspend payments and the Secretary General can decide to recover unduly paid sums.

Lastly, the Parliament notes that, as of now, before any reimbursement of MEPs' assistance costs, basic mandatory documents must be submitted by MEPs, such as application forms and contracts between the Member and the assistant(s), where this concerns service providers (approximately half the assistants) or a paying agent. Other documents such as proof of social security coverage must also be submitted within 3 months. The Parliament indicates, in this respect, that all MEPs now comply with these conditions.