

# 2006 discharge: EC general budget, Council

2007/2039(DEC) - 15/11/2007

**PURPOSE:** to present the Court of Auditor's report on the implementation of the 2006 budget (other institutions – Council).

**CONTENT:** in its annual report for the financial year 2006, the Court evaluates the legality and regularity of operational expenditure of the institutions. Although, on the whole, all the institutions put in place a satisfactory monitoring and control framework in 2006, the Court notes a certain number of weaknesses regarding the respect of public procurement procedures by the institutions (notably a lack of competition between tenderers in the case of negotiated procedures).

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

**Audit of the Council:** the examination of a sample of eight negotiated procurement procedures and contracts at the Council found that a contract for the provision of telecommunication services for meetings of the European Council concluded for a maximum duration of four years was prolonged for a further year. The extension of the contract (for an estimated cost of EUR 900 000) was incorrectly justified by the Council administration with reference to the Financial Regulation. The Court considers that an open tendering procedure should have been carried out before the expiry of the contract.

At the same time, the Court of Auditor's report covers the shortcomings highlighted by the 2005 report on the Council's expenditure (see [DEC/2006/2072](#)) in which the Court of Auditors assessed the shortcomings in the reimbursement of travel expenses of delegates of Council Members (the reimbursements are paid within the limit of a fixed allocation per Member State and not based on justifications). The Court notes that in 2006 the situation had barely changed in this regard.

**Replies of the Council:** the Council notes that the contract in question covers the availability of telecommunications infrastructure (telephone lines and ISDN-lines) to be used by journalists during EU summits (on average 3 times per year). Several months before the end of the contract the department of the authorising officer identified the need to open a procurement procedure to cover this requirement. However, at that particular time all administrative departments of the Secretariat had to concentrate their efforts on the projects related to the occupation of the new LEX-building (for 1 300 persons) in early 2007. It was therefore decided to extend the existing contract by nine months. The General Secretariat of the Council (GSC) is aware of the fact that it should have carried out a new tendering procedure before the expiry of the contract. Given the exceptional circumstances however, it saw no alternative but to extend the current contract, limiting the extension as much as possible. The GSC also launched a tendering procedure for the above mentioned requirement.

As regards the monitoring of the reimbursement of travel expenses of the Council (2005 Court of Auditor's report), the Council notes that its General Secretariat gradually introduced rigorous checks on the statements supplied by Member States. Where anomalies or errors come to light, Member States are being invited to make the necessary corrections and to resubmit their statements. Furthermore, the Council notes that the GSC is currently working to clarify eligibility rules.