

# 2006 discharge: EC general budget, Court of Justice

2007/2040(DEC) - 15/11/2007

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

**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 Court of Justice:** the audit of the Court of Justice did not result in any significant observations for 2006. The only comments made by the Court concern the monitoring of observations from previous reports. The Court of Auditors indicates that, for the last two years (2004 and 2005), the head of the internal audit department was responsible for ex ante verification of the operations of the authorising officers (see [DEC/2006/2073](#)). At the time (2005), the Court estimated that similar involvement in the implementation of financial operations was incompatible with the complete independence that internal auditors should have when carrying out their functions. In 2006, the head of the internal audit department was still responsible for ex ante verification of the operations of the authorising officers. However, like last year, the Court believes that the monitoring and control system put in place should be reorganised so as to ensure complete independence of the internal audit department.

**Court of Justice replies:** the only observation made by the Court of Auditors refers to internal audit. On this point, the Court of Justice highlights that, in response to the comment previously made by the Court of Auditors in its annual reports, the administrative organisation of the verification and audit system was modified. Two administrative units were created, with no hierarchical or functional links between them: one internal audit unit, led by the internal auditor, and one unit responsible for verification operations. This new organisation shall be operational as of 1 October 2007, when the internal auditor and head of the verification unit, recently nominated by the administrative committee of the Court of Justice, shall commence their duties.