2007 discharge: EU general budget, European Parliament

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PURPOSE: to present the report of the Court of Auditors on the implementation of the budget for the financial year 2007 (other institutions – European Parliament).

CONTENT: in its annual report for the financial year 2007, the Court focuses on the legality and regularity of the operating expenditure of the institutions. In 2007, the Court notes that all the institutions operated satisfactorily the supervisory and control systems required by the Financial Regulation and the transactions tested were free from material error of legality and regularity.

However, the Court draws attention to a number of findings which should be taken into consideration by the institutions concerned. In the specific case of the audit of the **European Parliament**, the Court takes note of the following issues:

Payments on carried over appropriations: on 20 December 2006 the Parliament signed a contract concerning the supply of high definition broadcast cameras for the D5 building in Brussels. It was stated in the contract that the final payment of 30% of the total price had to be made after the receipt and installation of the equipment. A final payment of EUR 1 486 598, which included the abovementioned 30% (EUR 637 111) took place on 19 December 2007. Although the equipment had been received, the document reporting the final acceptance of the goods, dated 17 December 2007, stated that the on-site installation would not occur before June 2008. The final payment (30%) should not have been made, because it was not yet required by the contract, the corresponding amount of appropriations carried over from 2006 should have been cancelled and, for any payment due in 2008, appropriations from the 2008 budget should have been used.

The European Parliament states that the installation of material was not performed because the building was not available. It also states that the final payment was made taking account of the following points: i) checks on the operation of each camera were deemed equivalent to their installation; ii) the contractual guarantee for 2 years from the date of final reception was extended by 6 months; iii) the supplier undertook to install the equipment as soon as the building became available.

Consequently, the authorising officer considered these points to be sufficient to enable the final payment to be made using the appropriations carried over from 2006.

Follow-up to observations from past annual reports: the audit gave rise to remarks on actions and decisions taken as a follow-up to observations from past Annual Reports concerning the reimbursement of accommodation costs incurred on mission (2004 and 2005 Annual Reports) and the allowances for assistance to Members of the European Parliament (2006 Annual report). On this issue, the Court considers that the Parliament should further enhance controls over the parliamentary assistance allowance, including random checks of invoices that the MEPs have in their possession and further develop the regulatory framework applied for the parliamentary assistance allowance, in order to address its weaknesses.

As regards the additional pension scheme for Members of the European Parliament 2006 Annual Report), the Court states that there should be clear rules established in the scheme to define the liabilities and responsibilities of the European Parliament and of the members of the scheme in case of a deficit.