# 2008 discharge: EU general budget, European Parliament

2009/2069(DEC) - 23/03/2010

The Committee on Budgetary Control adopted the report by Bart STAES (Greens/ALE, BE) recommending that the European Parliament give discharge to its President in respect of the implementation of its budget for the financial year 2008. The committee notes the figures on the basis of which Parliament's accounts for the financial year 2008 were closed amounted to **EUR 1 782 229 891.** Total payments as regards 2008 credits, including automatic and non-automatic carryovers to 2009 of those credits, correspond to 94% of total appropriations for 2008. Members also note that the EU's budget for 2008 totalled EUR 129 150 million in commitment appropriations, of which Parliament's budget accounted for EUR 1 453 million. This figure represents just over 1% of the Union's budget and amounts to 19.48 % of the EUR 7 284 million set aside for the administrative expenditure of the EU institutions as a whole.

Members go on to make the following observations :

**Risk management and corporate governance in Parliament**: key elements of good corporate governance include transparency and openness, responsibility and accountability of the persons entrusted with corporate governance in an organisation. The committee defines “accountability” as the acknowledgement and assumption of responsibility for actions, decisions and policies as well as the **obligation to report**, explain and be answerable for resulting consequences. Noting that Parliament is a complex organisation in which the boundary between political and administrative decisions is not always clear due to the multilayered character of its governance structure, Members believe that more sophisticated internal control and risk management systems will improve accountability and protect the political leadership and the administrative managers from financial and non-financial risks. They invite the competent services, therefore, to reinforce the minimum internal control standards and to remain in line with developments in risk management and corporate governance. The committee recalls that the financial resources of Parliament comprise taxpayers' money and that any institution using public funds has an obligation to explain how those funds have been used.

**Reputational risks**: the report stresses that some reputational risks are much more dangerous than financial risks. It welcomes the creation of the post of risk manager and asks him to advise as soon as possible on the concept for a risk approach and strategy to be taken in the future. Members recall that the role and function of a specific risk manager should be to assist Authorising Officers in their managing of risks by advice and coordination.

**Workload and new needs**: Members also stress that the entry into force of the Lisbon Treaty has increased Parliament's powers and its workload. The working conditions in all places of work should adequately reflect the increased need for labour and material. The committee draws attention to the payments of Strasbourg renovations borne by Parliament and is of the opinion that those payments should not be borne by the taxpayer but by Strasbourg City Council. Lastly, it stresses that there is very little added value of Parl-TV because of the small number of its viewers, and it is of the opinion that Parl-TV's financing and the whole project should be reviewed.

As regards the financial management of the Parliament and the discharge procedure, Members make the following observations:

**Public procurement**: the report notes that of a total of 358 contracts awarded in 2008, 140, with a value of EUR 485.2 million, were based on open or restricted procedures, and 218, with a value of EUR 197 million, were based on negotiated procedures. There was a large increase in 2008 in the number of exceptional negotiated procedures, and Members take the view that the increase clearly obliges the authorising officers to take measures to reverse the trend. They would like information on measures taken by 1 September 2010.

**Annual reports**: noting that not all Annual Activity Reports complied with the Financial Regulation, Members expect all Directors-General to adhere to the rules on Annual Activity Reports. They also invite the Secretary-General to inform the discharge authority of the precise measures – and deadlines for implementation - he has taken or will take in order to reinforce the internal control system.

**Annual Report of the Court of Auditors**: Members make the following observations on the Court of Auditors report for 2008 :

- **reimbursement of accommodation costs incurred on mission**: they note that, since the financial year 2004, the Court of Auditors has invited Parliament to ensure that accommodation costs incurred on mission are reimbursed in compliance with the Staff Regulations. They acknowledge the efforts made by DG Personnel to simplify and rationalise the management of missions; and expect that Parliament's principal decision-makers in this area take the necessary measures to ensure that Parliament's internal rules and procedures as regards missions fully and consistently comply with the principle of sound financial management;

- **allowances for assistance to Members**: the committee calls on Parliament's administration to look at how far use might be made of new video-conferencing technologies as a way of reducing the cost of missions. It further notes that the new system which commenced on 14 July 2009 is expected to ensure proper compliance with the relevant rules and principles and to provide the best guarantee of transparency, legality and sound financial management of the parliamentary assistance allowance;

- **additional pension scheme for Members**: the report recalls the remarks of the Court of Auditors on the need to establish clear rules to define the liabilities and responsibilities of Parliament and of the members of the fund in the event of a deficit. It calls on the Secretary General to put forward a proposal by 31 December 2010 to resolve this, while respecting the decision by the Plenary that no additional tax money will be used to cover the deficit. To recall, on 31 December 2008, the fund incurred an actuarial deficit of EUR 121 844 000.

**Reports and audits**: the report welcomes the fact that the Parliament's Internal Audit Service has given priority to monitoring and advising upon the implementation of the new decentralised systems of internal control introduced by the Financial Regulation. However, they question the number of uncompleted actions showing an overall completion rate over a relatively long time period. They stress that the 88 uncompleted actions indicate the persistence of residual risks in some specific areas and recommends strongly that appropriate measures be taken swiftly to implement the outstanding recommendations as soon as possible. Members believe that a review of Parliament's internal audit office should be conducted with a view to strengthening that service and thereby further improving financial scrutiny, and all the instruments should be provided that guarantee the fulfilment of the tasks of the Committee on Budgetary Control. They demand that Parliament receives - at the latest by 30 September 2010 - a complete explanation and exact answers why the new Visitors' Center is still not opened. Member consider that the LUX Prize to be inappropriate and does not consider that Parliament's budget should be used for film competitions. They emphasise, moreover, that Members of the European Parliament should not be considered as best suited to assessing and awarding cultural prizes.

**Closure of the accounts - without debate?: European Political Parties**: although Members fully support the creation of political parties and European political foundations and their activities, Members consider it necessary to ensure maximum transparency and financial control of political parties at European level funded from the general budget of the European Union. They highlight discrepancies as regards some Foundation's internal control systems. They believe that full transparency as regards the financial management of the parties and foundations and their achievement of planned results is of utmost importance to the citizens of the Union. The report takes the view that the information presented to the discharge authority does not convincingly demonstrate that management and internal control systems operate effectively and that the information and documentation submitted by the parties and the foundations are not sufficient in order to comply with the justified expectations of citizens and taxpayers concerning transparency.

**Buildings policy**: Members repeat their call for Parliament to adopt a long-term strategy for property and buildings. They stress in particular that any such property and buildings strategy must also take into account the rising costs of maintaining buildings purchased and the necessity over the medium term of renovating them. The property and buildings strategy must ensure the sustainability of Parliament's budget and account must also be taken of the requirements created by the entry into force of the Lisbon Treaty. With regard to information offices, calls on Parliament and the Commission to agree a buildings policy for the medium and long term which plans well ahead and in particular sets out clearly the procedures for purchasing property, the role of the respective institutions and repayment periods.

**Eco-Management and Audit Scheme (EMAS)**: noting that the International Organisation for Standardisation has awarded Parliament an ISO certificate for its environmental management systems for its three main working places, Members invite the Secretary-General to take measures aiming at creating - at all levels - a greater understanding of the need to avoid unnecessary waste in general and in particular as regards the number of paper dossiers produced. They suggest, therefore, that the use of Parliament's existing digital equipment be improved. As a general rule, they expect all decision-making bodies to give a high priority to environmental requirements in all decisions concerning, inter alia, buildings (including insulation, geothermic, bio fuels and photovoltaic panels), transport and office supplies. They recommend that Parliament - similarly to the practice in some Member States - participate in reimbursing staff expenses on public transport between their home and place of work against accepting losing access to Parliament's garages because such a system would reduce the number of cars driving into Brussels every morning and the corresponding carbon dioxide emissions. As regards transport in particular, Members note that every car purchased by Parliament in 2009 had CO2 emissions that exceeded the average of those from new cars placed on the Union market in that year. They invite the competent authorities to renew, by 31 December 2010, the whole of Parliament's own fleet of sedan cars for protocol and representational purposes with cars with CO2 emissions that do not exceed the Union average for the latest year in which Commission figures are available, to reserve the use of those cars to the President, political group Chairs and high-profile visitors. Further, they request that Parliament set up its own bicycle service during plenary sessions in Strasbourg with sufficient bicycles available.