2008 discharge: EU general budget, European Parliament

2009/2069(DEC) - 05/05/2010 - Text adopted by Parliament, single reading

The European Parliament adopted by 535 votes to 73, with 29 abstentions, a decision granting discharge to its President in respect of the implementation of its budget for the financial year 2008.

In parallel, Parliament adopted by 548 votes to 45, with 38 abstentions a resolution containing a series of observations which are an integral part of the decision to grant discharge.

Parliament's final budget: Parliament notes that 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.

Parliament's financial management: Parliament notes, in an amendment adopted in plenary, that with the utmost satisfaction the discharge reports on Parliament's implementation of its budget over the last decade have played an important role and brought about very positive developments in Parliament's financial management such as the Members' statute, the assistants' statute as well as the EMAS process. It is determined to continue this encouraging development towards excellence in public financial management.

Corporate governance in Parliament: Parliament stresses that key elements of good corporate governance include transparency and openness, responsibility and accountability of the persons entrusted with corporate governance in an organisation. It 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 consider that due attention must be paid to the role of **management**. It takes the view that Directors-General, Directors and Heads of Unit should be selected on the basis of merit, taking into account equal opportunities and geographical balance, their experience and their management capabilities.

Parliament believes 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. It invites the competent services, therefore, to reinforce the minimum internal control standards and to remain in line with developments in risk management and corporate governance. It also 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 resolution 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.

Members as public persons: Parliament supports the right of taxpayers to scrutinise the use that Members, as public persons, make of their contribution, and invites Members to pay particular attention to the public interest in their use of European public funds. Having regard to the considerable reputational risks in this area of public politics, Parliament calls on both its Internal Auditor as well as the Court of Auditors to follow closely the functioning and efficiency of the new framework and to indicate any shortcomings and/or possibilities for improving public access to information on payments to Members, including expenditure for assistance.

Workload and new needs: Parliament stresses 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. In an amendment adopted in plenary, Parliament 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. In parallel, 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: Parliament 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. Plenary invites the Secretary-General to ensure that the special training courses on procurement are continued and are attended by all staff dealing with procurement, that procurement is recognised as a specialised function in Parliament's register of professional skills for internal staff only and that procurement is considered as a 'sensitive post' subject to appropriate rotation and/or additional control measures.

Annual reports: noting that not all Annual Activity Reports complied with the Financial Regulation, Parliament expects all Directors-General to adhere to the rules on Annual Activity Reports. It also invites 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: Parliament makes the following observations on the Court of Auditors report for 2008:

Allowances for assistance to Members: it 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 resolution 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 resolution 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, Parliament questions the number of uncompleted actions showing an overall completion rate over a relatively long time period. 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.

The European Parliament's prizes: Parliament considers Parliament's Prize for Journalism to be **inappropriate** as Parliament should not award prizes to journalists whose task is critically to examine the EU institutions and their work.

Closure of the accounts - without debate?: **European Political Parties**: although Parliament fully supports the creation of political parties and European political foundations and their activities, it considers it necessary to ensure maximum transparency and financial control of political parties at European level funded from the general budget of the European Union. The resolution highlight discrepancies as regards some Foundation’s internal control systems. Parliament believes 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 resolution 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, the resolution 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.

Reimbursement of the costs of visits by sponsored groups: Parliament asks that the costs of a sponsored group visit should always be reimbursed to the group leader by bank transfer and not in cash. It further asks for a study to be conducted by the Parliament to examine whether the flat rate system for the reimbursement of travel expenses borne by official visitor groups is adequate with regard to their different departure points and destinations for the visits or whether the system of reimbursement of real costs – subject to a ceiling – would be more suitable for that type of group.