

2009 discharge: EU general budget, European Parliament

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The Committee on Budgetary Control adopted the report by Ville ITÄLÄ (EPP, FI) recommending that the European Parliament give discharge to its President in respect of the implementation of its budget for the financial year 2009.

Overall findings: the committee recognises that the current financial situation requires that Parliament and all the other European Union institutions find the most cost effective ways of using financial and staff resources, including possible savings, as well as electronic tools and methods, to provide efficient services. In this context, Members deplore, like last year, the **significant amount of outstanding actions** in respect of the audit carried out by the Internal Auditor on the internal control framework. Although they welcome the fact that a good number of actions are under way, Members encourage all the institution's directorates-general to continue their efforts to improve their procedures in regard to management and control.

Noting that 2009 was the first year of implementation for the **Statute for Members of the European Parliament and for the Statute for Accredited Parliamentary Assistants**, Members observe a certain number of initial problems with the implementing measures for the Assistants' Statute. A series of measures have, however, been proposed which should enable certain problems to be resolved. This Statute has resulted in a significant increase in the workload registered by the administration which has required the redeployment, by the administration, of additional staff in order to deal with the increased amount of work.

As regards the **medium-and long-term property policy** (buildings strategy), Members call on the Secretary-General to start negotiations with the Belgian authorities with a view to reducing the additional percentage (33%) that the Parliament has to pay if it purchases 'State' owned property. Although they note improvements in Parliament's governance thanks to information and communication technologies (ITCs), they call for the introduction of much clearer procedures for procurement in this area.

Members highlight a number of main remaining challenges:

- **security:** Members strongly disapprove of the evident deficiencies in Parliament's security and call on the administration to re-deploy the responsible manager to new tasks. They find it astonishing that around 900 people work in Parliament's security services, most of them as external contract staff and also points to the steady increase in total security costs (some EUR 43 million in 2009). The request the overhaul of these services in order to increase their efficiency. The report states that the new security policy should aim to strike a balance which is cost effective between internal staff and external agents and between security concerns, on the one hand, and accessibility and openness, on the other hand, in order to enable Parliament to remain, as much as possible, an open and accessible institution. It stresses that more video surveillance is not a desirable way to proceed and stresses the need for a clear security strategy offering a smart, modern, state-of-the-art security service. Members deplore the lack of security in Parliament's vicinity and call for improved communication and cooperation with local police forces. would result in a more efficient use of resources;
- **externalisation:** Members note with great concern the high number (some 990) of external members of staff who are accommodated in Parliament's offices. They take the view that the need for such accommodation should be written into the original specifications and the services should

duly justify why they need to have external IT or buildings experts on site. Members deplore the overdependence on external (technical) expertise, especially in the IT and buildings sectors resulting from structural imbalances between internal and external resources and call for a cost-effective balance to be struck between in-house and external expertise in each area of parliamentary activity;

- **buildings policy:** Members stress the need to develop, in-house, the high-quality property expertise that is essential in order significantly to improve the planning and procurement of the future purchases and long-term leases of Parliament's buildings. They ask for an estimate of the loss incurred by the sale of the old Parliament building in Brussels to the Committee of the Regions, taking into account the price per square metre of the offices which are currently being purchased or leased. They also call for an in-depth analysis of the actual use of Parliament's buildings and of the need for rules applicable to all categories of users and to develop, as a matter of priority, a single, reliable database containing all relevant information about all the persons accommodated in Parliament's buildings. The report notes that a **second crèche in Brussels is a priority project**. It considers it preferable that the Parliament's buildings are located close to each other. However, this preference is in contradiction with the fact that there are three official places of work;
- **information and Communication Technologies (ICT) sector:** Members highlights, in relation to the IT applications' development process, the structural problem of a high-degree of reliance on external experts which poses serious legal and operational risks. They call for an action plan to seek to achieve an adequate mix of Parliament staff and external resources as well as an appropriate balance between internal application development and deliverables-based contracting. **Members are appalled by the huge data roaming costs reimbursed to staff members who neglect spiralling costs when in Strasbourg and elsewhere outside Brussels.** They urge IT management to create a control tool whereby extremely high costs are prevented by the detection of sharp increases in an early stage. Attention is drawn to the fact that, for Parliament, the increasing use of external companies for implementing IT projects, in addition to being financially detrimental, runs the risk that it will lose important parts of its know-how as well as its ability to manage and supervise projects delivered by external contractors. A decision to use external companies to be based on a cost-benefit analysis is called for.
- **exceptional negotiated procedures:** faced with the increase in the number and proportion of exceptional negotiated procedures registered between 2007 and 2008, Members reiterate their call to the Secretary-General and the Authorising Officers by delegation to take effective and efficient measures in order to reverse that trend.

Report on budgetary and financial management: Members note that, in 2009, Parliament received revenue amounting to EUR 141 250 059 (EUR 151 054 374 in 2008) which included EUR 27 576 932 in assigned revenue. They welcome the **Statement of assurance by the Secretary-General**. They also appreciate that, currently, each Director-General (Authorising Officers by delegation) prepares his or her own Annual Activity Report.

The committee notes, however, some weaknesses in reporting regarding the minimum Internal Control Standards in the annual activity reports and proposes, in order to improve reporting, to review those standards and to establish an integrated internal reporting system. Members reiterate their request that the Secretary-General inform the Committee on Budgetary Control of the precise measures, including the deadlines for implementation, that he has taken or will take in order to reinforce Parliament's internal control system.

In order to increase transparency within Parliament, Members suggest that the mission statements, the work programme and the organigramme of Parliament's administrative entities, including units and services, should be made available on Parliament's internal website. Members also call for an **Annual report on contracts awarded**. The report stresses that the value of procurement contracts amounts approximately to a third of Parliament's overall budget and that public procurement is the area most vulnerable to mismanagement. It therefore repeats its request to regularly evaluate the procurement

systems and in particular to perform internal controls on the contracts awarded in negotiated and restricted procedures.

Annual Report of the Court of Auditors for 2009: on the whole, Members welcome the fact that the Court of Auditors found the payments as a whole to be free from material error. However, they note certain shortcomings in regard to:

- engagement of temporary and contractual agents
- allowances for staff
- organisation and functioning of political groups.

As regards the management of Parliament's administration, Members make remarks DG by DG. The key observations relate to:

- problems in the internal management of the Visitors' Centre (long delay in the opening of the Centre and poor planning and problems in regard to procurement procedures);
- delays in taking decisions regarding the House of European History and on the total cost of this initiative;
- the management of visitor groups' costs;
- the exorbitant cost of WebTV;
- the management and relevance of certain prizes awarded by Parliament (e.g. Lux Prize).

Missions to the three places of work: once again, Members stress the need to further rationalise the missions between the three working places, justifying and monitoring them better in order to avoid unnecessary missions and costs.

Given the lack of available human resources in some languages and by the fact that new supplies of interpreters and translators may be put at risk by lack of university curricula in some Member States, Members propose that for certain meetings, interpretation services are only provided in the six most commonly used languages (FR, DE, EN, PL, ES, IT). Members stress that real savings could be achieved if Parliament only had one workplace in the same location as the other Union institutions (in fact, the estimated annual cost arising from the geographical dispersion of Parliament has been estimated at around EUR 160 million, accounting for about 9% of Parliament's total budget). A decision to limit the Parliament's places of work would not only save EUR 160 million but would also reduce Parliament's carbon footprint. Members invite Parliament's President and those Members who negotiate the Union's budget to propose, on Parliament's behalf, to the European Council that they make it possible for the Union to make these savings.

Lastly, Members make a certain number of recommendations with a view to:

- Further limiting Parliament's Voluntary Pension Fund's actuarial deficit (which went from some EUR 120 million in 2008 to EUR 84.5 million in 2009) thanks to the improvements in the markets;
- Greening the Parliament by means of a series of initiatives to reduce certain expenditures and by reducing Parliament's carbon footprint.