

2009 discharge: EU general budget, European Parliament

2010/2143(DEC) - 09/09/2010

PURPOSE: to present the report of the Court of Auditors on the implementation of the budget for the financial year 2009 (other institutions - European Parliament).

CONTENT: the Court of Auditors published its 33rd annual report on the implementation of the general budget of the European Union, covering the financial year 2009.

Pursuant to the Treaty on the Functioning of the European Union (TFEU), the Court of Auditors provides the European Parliament and the Council with a Statement of Assurance concerning the reliability of the accounts and the legality and regularity of the underlying transactions ('the DAS').

For the first time, the Court is forwarding its annual report to national parliaments at the same time as to the European Parliament and the Council, as provided for under Protocol No 1 to the Treaty of Lisbon.

This audit concerns, in particular, the budget implementation of the European Parliament.

Based on its audit work, the Court concludes that the payments for the year ended 31 December 2009 for administrative expenditure of the institutions were free from material error. 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.

Although the legality and regularity of the transactions underlying the accounts have been confirmed by the Court of Auditors, it does however draw attention to a number of findings which should be taken into consideration by the institutions concerned. It recalls that the main risks in the administrative and other expenditure policy group are non-compliance with the provisions on procurement, the implementation of contracts, recruitment procedures and the calculation of salaries and allowances.

Based on its audit work, the Court states that in the area of the payment of social allowances, the Court recommended to the Institutions and bodies concerned that they request their staff to deliver at appropriate intervals documents confirming their personal situation and that they implement a system for the timely monitoring of these documents.

The specific observations that follow and which are presented by Institution or body of the European Union are based on the Court's audit. These findings do not call into question the positive assessments as they are not material to administrative expenditure as a whole but are significant in the context of the individual Institution concerned.

In the specific case of the European Parliament's audit, the Court notes the following:

- **engagement of temporary and contractual agents:** the examination of the procedures for the engagement of other agents of the Institutions (temporary and contract staff) established that, in five cases out of 20, documents evidencing compliance with the rules related to the fulfilment of military or other obligations had not been provided;
- **payment of social allowances to staff members:** the audit found that, in 16 cases out of 30, information available to the Parliament's services, in order to ensure that allowances provided for by the Staff Regulations are paid to staff in compliance with relevant community regulations and

national legislation, was not up-to-date. This situation leads to the risk of making incorrect or undue payments if the circumstances of the individual have changed. According to the Court, staff should be requested to deliver at appropriate intervals documents confirming their personal situation. In addition, the Parliament should implement a system for the timely monitoring and control of these documents;

- **organisation and functioning of political groups:** Article 12.9 of the Parliament's Internal Rules for the implementation of the budget, adopted on 27 April 2005, provides that the Internal Auditor's area of competence does not include the appropriations from Parliament's budget managed by political groups. The specific rules on the use of these appropriations require that each political group establishes its own internal financial rules and implements an internal control system. The internal audit function is not mentioned. Only the rules of one out of seven political groups provide for the appointment of an internal auditor. According to the Court, **the functional independence of political groups does not justify that regulatory provisions on the internal audit function are not applied as regards the use of funds by political groups.**

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. It refers to the issue of the multiplication factor applicable to salaries (2008 Court of Auditors Report). The Court states that the Parliament does not apply the provisions of the Staff Regulations concerning the multiplication factor in the same way as the other institutions. This resulted in the granting of a financial advantage to their staff, which the other institutions do not grant, and in higher expenses. Parliament shall continue to apply their current practice while waiting for the Court of Justice's final rulings in cases brought forward in this respect by staff of the Institutions.

On reimbursement of accommodation costs incurred on mission (2004 and 2007 Reports), the Courts states that accommodation costs incurred on mission are reimbursed up to a maximum fixed for each country, on production of supporting documents. Contrary to this rule, the Parliament provided in its internal rules for the payment of a flat-rate sum of 60 % of the maximum allowable amount, to staff who do not produce any evidence of having incurred accommodation costs. The Parliament continues to pay accommodation costs on a lump-sum basis for claims relating to overnight stays in Luxembourg, Strasbourg and Brussels. Updated rules do not comply with the Staff Regulations. The Parliament should ensure that accommodation costs incurred on mission are reimbursed in compliance with the Staff Regulations.

On the issue of allowances for assistance to Members of the European Parliament (Reports 2006 and 2008), 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. The Court notes that the clearance of the parliamentary assistance expenses for the 2004 - 2007 financial years has been fully completed. In relation to the 2008 financial year, the Parliament's administration has obtained over 98 % of statements of expenditure and amounts invoiced. In relation to the 2009 financial year, the Parliament's administration is currently processing statements received during the past months. The Court insists that the Parliament's administration should perform checks on original invoices that support statements of expenditure.

Lastly, as regards the additional pension scheme for Members of the European Parliament (Reports 2006 and 2008), the Court states that a new actuarial study should be performed in order to assess the impact of the decisions made by the Bureau concerning the measures applicable to the members of the scheme. It also calls on the Parliament to clarify its role in the management and supervision of the Fund's assets. According to an actuarial study provided by the Parliament, the Fund would incur an actuarial deficit of EUR 84.5 million as at 31 December 2009. The Parliament should obtain from the Fund the establishment of an investment strategy based on the guidelines set by the Parliament.