2010 discharge: EU general budget, Committee of the Regions

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PURPOSE: to present the report of the Court of Auditors on the implementation of the budget for the financial year 2010 (Section VII – Committee of the Regions).

CONTENT: this is the Court's 34th Annual Report on the implementation of the EU budget. It covers the 2010 financial year.

Pursuant to the provisions of the Treaty on the Functioning of the European Union (TFEU) the Court has audited: (a) the annual accounts of the European Union which comprise the consolidated financial statements and the consolidated reports on implementation of the budget for the financial year ended 31 December 2010; and (b) the legality and regularity of the transactions underlying those accounts.

The central part of the annual report is the Court's statement of assurance (the 'DAS') on the reliability of the annual accounts of the EU and on the legality and regularity of transactions (referred to in the report as 'regularity of transactions'). The statement of assurance itself begins the report; the material which follows reports mainly on the audit work underlying the statement of assurance.

This particular audit concerns the budget implementation of the Committee of the Regions.

Based on its audit testing, the ECA concludes that the payments for the policy group Administrative and other expenditure were on the whole free from material error. **The estimated error rate was 0.4%.**

The Court found that supervisory and control systems for administrative and other expenditure were effective in ensuring the regularity of payments. However, the ECA found a number of errors and weaknesses in the implementation of procurement procedures by the EU institutions and bodies, and in one institution repeated under-utilisation of certain budget lines resulting in significant budget transfers to finance building projects. Recruitment decisions were also not always appropriately documented. These weaknesses were not material for the policy group as a whole, but were significant in the context of the individual institution or body concerned and need to be addressed by their administrations.

For 2010, the ECA recommends the EU institutions and bodies should ensure that:

- appropriate documentation is established to justify recruitment decisions and that eligibility criteria set out in vacancy notices are respected; and
- authorising officers establish appropriate checks and benefit of better guidance in order to improve the design, coordination and performance of procurement procedures.

The Court makes a certain number of particular observations as regards each EU institution or body of the European Union and which do not call into question the overall positive assessments set out above because they do not affect significantly administrative expenses as a whole.

In the particular case of the Committee of the Regions, the Court notes the following issues:

- **employment of permanent staff**: the vacancy notice for the recruitment of one official stipulated as an eligibility criterion that candidates external to the Committee be officials or be on an European Personnel Selection Office (EPSO) successful candidates' reserve list for a competition of the

appropriate grade for the recruitment of officials. The selected candidate was recruited on the basis of an inter-institutional transfer. At that point, he had not formally been appointed as a probationary official in his Institution of origin and his personal file did not include evidence that this transfer was formally endorsed at the appropriate hierarchical level in the Institution of origin.

- **procurement**: the audit found that, in two negotiated procedures out of four concluded under the provisions of Article 129 of the Implementing Rules, which allows the use of the negotiated procedure for contracts with a value less than or equal to EUR 60 000, the authorising officers did not draw up a formal estimate of the contract value in order to justify the use of the negotiated procedure.