2010 discharge: EU general budget, Section I - European Parliament

2011/2202(DEC) - 08/09/2011

PURPOSE: presentation of the report of the Court of Auditors on the implementation of the 2010 EU Budget (Section I – European Parliament.

CONTENT: the European Court of Auditors (ECA) published its 34th annual report on the implementation of the 2010 EU General Budget.

In accordance with the tasks and objectives assigned to it by the Treaty on the Functioning of the EU (TFEU), in the context of the discharge procedure, the Court of Auditors provides, both for the European Parliament and the Council, a statement of assurance ("DAS") on the reliability of the accounts, as well as the legality and regularity of transactions of each EU institution, body or agency, on the basis of an independent external audit.

This audit also dealt with the European Parliament's financial implementation.

On the basis of these audits, the Court considers that the payments in the policy group "Administrative and other expenditure" were free from material error. **The estimated rate of error is 0.4%.**

The ECA 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**. 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.

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 also makes a number of observations in regard to each EU institution or body and do not call into question the overall positive assessments given that they do not have a significant effect on the overall administrative expenditures undertaken.

In the specific case of the audit of the European Parliament, the ECA notes the following points:

- **visitors' groups**: the Rules governing the reception of groups of visitors, adopted on 16 December 2002, provide that groups of visitors can be granted subsidies for compensation for travel expenses. The amount is calculated on the basis of the number of visitors and the average return distance the group has to travel, valued at the standard cost of an individual trip by private car. It should not exceed the actual cost of travel. The procedures in place do not require groups to provide evidence of the actual travel costs incurred, resulting in a risk of overpayment as most groups use cheaper collective transport rather than individual means of transport;

- **employment of contract agents**: an examination of the procedures for recruiting contract staff established that, in four out of the five cases audited, documents evidencing the examination of applications, the performance of interviews and the decision made to select those staff were not on file. Best practice is to ensure that there is full documentation for internal control purposes;
- **procurement**: in five procurement procedures out of 20, the audit found errors and inconsistencies in the definition and application of award criteria and in the analysis of tender documentation. These cases also evidenced weaknesses in: the drafting of contractual conditions; the authorising officers' and the evaluation committees' performance of their respective roles; and the formal communication to the tenderers of the outcome of the procedure ;
- **organisation and functioning of political groups**: the Parliament's Internal Rules for the implementation of the budget managed by political groups, adopted by the Bureau on 30 June 2003, provide that the years in which European elections are held (as was the case in 2009) include two distinct budgetary and financial periods. Article 2.1.6 of these Internal Rules states that any unused appropriations exceeding 50 % of those received from the Parliament's budget for each period shall be paid back to the Parliament. This rule has not been applied and 2 355 955 euro should have been deducted from the appropriations paid to the political groups by the Parliament in 2010 ;
- **performance of the *ex-ante* verification**: Article 47 of the Implementing Rules of the Financial Regulation provides that every act implementing the budget must be subject to an *ex-ante* verification. In the case of payments made to groups of visitors, procurement procedures and payments made under the Parliament's Internal Rules for the implementation of the budget managed by political groups, the programme for performing ex-ante checks does not include checks tailored to the nature and risk profile of the operations examined. In the case of recruitment procedures, specific checks are applied but do not cover the selection phase. The effectiveness of the *ex-ante* verification is thus limited.

Follow-up on the observations in the ECA's 2009 annual report: **in regard to the payment of social allowances to staff members**, the Court indicated that 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. Parliament indicated in response that it had implemented measures to mitigate the risk: launching of a campaign to check eligibility for some allowances, which led to the recovery of more than 70 000 euro;

- implementation of an automated control tool ('electronic fiche') allowing an annual verification of the staff's personal and administrative data; and
- performance of checks on the establishment of individual entitlements during recruitment procedures or when staff change category.