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

2011/2202(DEC) - 10/04/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Bogusaw LIBERADZKI (S&D, PL) in which it calls on the European Parliament to grant discharge to its President in respect of the implementation of the European Parliament budget for the financial year 2010.

Members recall that the Secretary-General certified, on 16 June 2011, his reasonable assurance that Parliament's budget has been implemented in accordance with the principles of sound financial management and that the control framework put in place provides the necessary guarantees as to the legality and regularity of the underlying operations. However, some issues raised questions. This is why Members make a number of recommendations on the implementation of the Parliament’s budget that need to be taken into account when the discharge is granted:

Budget implementation challenges in 2010: Members point out that implementation of the budget in 2010 was challenging as that was the first full year of operations after the 2009 European elections and took place in the context of continuing financial problems in the Union. They observe that Parliament's budget (final appropriations totalling EUR 1 616 760 399,

compared to EUR 1 529 970 930 in 2009) was just under a fifth of Heading V (Administration expenditure) in the general budget of the European Union for 2010.

Members note that the **annual cost of Parliament’s seat in Strasbourg stood at precisely EUR 51.5 million in 2010**, these official figures are far lower than the estimates previously put forward, which ranged from EUR 169 million to EUR 203 million.

Furthermore, Members note:

- that the entry into force of the Lisbon Treaty increased Parliament's powers, activities and legislative workload;
- that the year saw consolidation and further modernisation of the administration, with a stronger focus on core activities, restructuring of services, better use of modern technologies and increased interinstitutional cooperation (also including the new Statute for Members and the Statute for Assistants) ;
- the adoption of a medium-term ICT Strategy (and in particular the Knowledge Management System - KMS - forming part of it) and a medium-term building policy, both of which have a substantial financial dimension.

Report on budgetary and financial management: noting that, in 2010, 96% of the final appropriations were committed, with a cancellation rate of 4%, Members note, however, the significant carry-overs into 2010 (EUR 190 million), resulting, to a large extent, from the particular nature of the 2009 election year. They call for improved planning of expenditure that will take this into account in the run up to future European elections.

Statement of assurance by the Secretary-General: Members welcome the positive Statement of assurance (DAS) by the Secretary-General and notes in particular the efforts made in public procurement procedures, notably in the framework of negotiated procedures which were subject to increased transparency.

They note that the Court of Auditors highlighted that:

- payments as a whole are free from material error;
- certain payements did not require evidence of actual travel costs and which included cash payments to group leaders, this presented a risk of overpayment and limited the possibility of applying internal controls to such payments;
- the recruitment of contract agents was lacking transparency;
- errors, inconsistencies and other weaknesses found in the procurement procedures of Parliament that it audited;
- carry-overs of unused appropriations by political groups was questioned.

Members welcome however the overall quality of the internal audit reports.

Management of EP services: Members observe with satisfaction that all Directors-General were able to give an unreserved statement of assurance in respect of the implementation of the budget by their services in 2010.

Focusing on each of the services concerned, Members highlight the following issues:

- **DG Presidency (DG PRES)**: they note a slight decrease in the budget devoted to security : thefts in closed offices, low security level in the parking premises of Parliament, Members call on the Bureau to take the appropriate actions to improve the situation and for improved training of security staff;
- **DG Internal Policies (DG IPOL) and External Policies (DG EXPO)**: Members call on its Bureau, in collaboration with all DGs concerned, to develop principles for a more economic and uniform cost structure for delegation visits, in particular taking account of their political importance and duration, and the optimum ratio of Members to staff;
- **DG Communication (DG COMM)**: Members call for more transparency in the Communication budget of the institution. As regards the visitors'centre (**Parlamentarium**) of which the cost increased significantly (+227 %) in contrast with the underspend in 2009, Members deplore the considerable delay and cost overrun of this project. Concerning the **House of European History**, Members insist that the total financial implications of the project be made available, especially in light of the complications raised by the subterranean Maalbeek River flowing under the building's foundations. They urge Parliament's administration to: report to Parliament on experience in general with the amended rules governing the size of official visitors' groups, and in particular on the effects of these rules on organisation and capacity utilisation; examine the failure of WebTV (EuroparlTV cannot be considered to be a success story in view of its very low number of direct individual users and in spite of the considerable financing that it received in 2010 (EUR 9 million); note that the costs relating to the LUX Prize in 2010 increased and do **not consider the prizes to be a core activity of Parliament**. They request that a cost-benefit analysis be carried out before any new prize initiatives are developed, so as to take the continuing deteriorating financial and economic situation in all Member States into account; note that the opening of the EP Liaison Office (EPLO) in Washington has incurred additional costs;
- **DG Personnel (DG PERS)**: Members state that the impact of the Council's decision of December 2009 to award an annual salary adjustment of only 1.85 %, instead of the 3.7 % indicated and proposed by the Commission, resulting in outstanding commitments (just under EUR 6 million. They point to the difficulties in recruiting officials or agents from certain Member States such as Germany, the UK, Austria or the Netherlands for which the proportion of staff in Parliament's Secretariat is significantly lower than the 'demographic weight' of the given country within the Union and observe the relatively high numbers of staff of holding the nationality of Belgium (13.6 %) or Luxemburg (2.3 %), as a result of the working places of Parliament. They reiterate the need to avoid unnecessary missions between the three working places and the costs they entail with more systematic and documentary justifications and better monitoring. They are further of the opinion

that, in general, **no committee meeting should take place in Strasbourg** with the exception of those committees of which the agenda is directly linked to the reports or discussions on that week's part session's agenda. Members ask the Secretary-General specifically to review the posts based outside of Brussels, particularly for those staff members who undertake repeated missions to Brussels, to ascertain if they need to be relocated;

- **DG Infrastructures and Logistics (DG INLO)**: Members approve of the medium- and long-term property policy (buildings strategy) adopted by the Bureau and its main parameters:
- purchase rather than rent in line with the recommendations of the Court of Auditors; (ii) early payment of costs linked to property policy; (iii) geographic concentration of buildings in the three workplaces; (iv) special emphasis on building maintenance and renovation; (v) integration of Parliament as much as possible into the urban environment. They also note that building maintenance, upkeep, operation and cleaning rose for all three workplaces. They observe that allowing direct financing of buildings in the revised Financial Regulation would have a positive effect as **it would enable Parliament to use loans without calling in third parties**, thus reducing costs and increasing transparency at the same time;
- **DG Translation (DG TRAD) and DG Interpretation and Conferences (DG INTE)**: Members note that a total of 1.7 million pages was translated in 2010. They welcome the fact that all documents required for votes were produced on time by DG TRAD and 90 % of translations overall were within the time limits set down for delivery. They note, however, that after an increase of more than 10 % in the rate of compliance with the Code of Conduct on Multilingualism between 2008 and 2009 (its first year of implementation), the compliance rate has decreased between 2009 and 2010;
- **DG Finance (DG FINS)**: Members call on the existing travel agent contractor to make better efforts to ensure that the cheapest options are always proposed to Members and staff as it does not offer the best price, compared to other travel agencies, both physical and online. As regards pension funds, Members note that although in 2010 the value of the assets of the Voluntary Pension Fund increased by 13.3% as the investment markets continued to recover from the global financial crisis of 2008, the voluntary pension fund had a deficit as at 31 December 2010 of EUR 179 million, which raises concerns about the possible default of the fund. They recognise that two-thirds of payments into the fund were made directly by Parliament rather than by individual members and insist that **Parliament should make no further financial contribution** towards meeting payments or reducing the deficit of a fund that may not have been structured satisfactorily from the outset;
- **DG Innovation and Technological Support (DG ITEC)**: Members note the Bureau decisions to extend the areas with wireless network access (Wi-Fi) in Parliament covering the Chamber, committee rooms, Members' offices and public spaces both in Brussels and Strasbourg. Overall, they welcome the IT improvements since 2010.

Environment-friendly Parliament: Members welcome the CO2 action plan adopted by the Bureau in 2010 which resulted in the significant reduction in energy consumption at the Strasbourg seat of Parliament, which fell by 74 % between 2006 and 2010. They take the view that the possibility should be considered of **making both environmental improvements and savings in Parliament's budget by means of different working methods which are greener and cheaper but do not detract from Parliament's work**, including the use of teleconferences. They welcome the adoption by the Bureau of the proposal from the Working Group on Buildings, Transport and Green Parliament revising the rules governing the use of official cars by Members that has allowed Parliament to modernise its fleet with less polluting cars and to organise grouped transport with VIP minibuses to airports in Brussels and Strasbourg.