2011 discharge: EU general budget, European External Action Service

2012/2176(DEC) - 06/09/2012 - Court of Auditors: opinion, report

OBJECTIVE: presentation of the Report of the Court of Auditors on the 2011 budget (section X – European External Action Service (EEAS)).

CONTENT: the Court of Auditors published its 35th Annual Report on the implementation of the EU budget for the 2011 financial year.

In accordance with the tasks and objectives conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, it provides under the discharge procedure, for both the European Parliament and Council, a statement of assurance ("DAS") about the reliability of the accounts and the legality and regularity of the transactions of each institution, body or agency of the EU, based on an independent external audit.

The audit also focused on the budget implementation of the EEAS.

On the basis of its audit work, the Court considers that payments for "Administrative and other expenditure" policy are, overall, significantly error-free. **The estimated error rate is 0.1 %.**

The Court, however, draws attention to the errors and weaknesses which did not affect the Court's conclusion. The Court examined a sample of **procurement procedures** and noted several weaknesses in the application of selection and award criteria, some of which had an impact on the results of the procedure. Other weaknesses relate to the organisation of cross-border competition, to the management of automatic award procedures and to the respect of provisions as regards the drafting and filing of tendering documents.

The Court also detected weaknesses when it reviewed a sample of calculations and payments of social allowances, as well as a sample of employment contracts concluded with temporary agents.

The Court therefore recommends that the institutions and bodies of the EU:

- take steps to ensure that staff deliver, at appropriate intervals, **documents confirming their personal situation** and implement a system for the timely monitoring of these documents;
- improve the IT systems used to manage these payments to ensure that the allowances paid by national authorities are updated automatically;
- take steps to ensure that the provisions of the relevant regulations are applied when concluding, extending or modifying employment contracts with non-permanent staff;
- ensure that authorising officers improve **the design, coordination and performance of procurement procedures** through appropriate checks and better guidance.

The Court also made a number of comments specific to each institution or body of the European Union. These observations do not affect the positive overall appraisal given that they do not significantly affect overall administrative expenditure.

In the specific case of the EEAS, the Court notes the following points:

- **payment of social allowances and benefits to staff members:** in six cases out of 17 audited, information available to the services of the European External Action Service (EEAS) on the personal and family situation of the staff members, was not up-to-date. In three of these cases, it led to incorrect payments because the amounts deducted did not reflect the latest applicable value of benefits paid by national authorities;

- **conclusion of contracts with temporary staff:** the analysis of the salary paid to three temporary staff, out of a sample of eight audited, showed that contracts of employment were signed by both parties between three and seven months after the staff members had taken up their duties. This practice creates a situation of legal uncertainty for both parties;

- **management of a contract for the provision of security services:** the invoice related to the monthly payment of EUR 5 340 for the provision of security services to the Delegation to Venezuela was wrongly endorsed as "certified correct" whereas these services had not yet been provided. This practice is contrary to the rules of the Financial Regulation. In addition, the related security contract has been in force for 24 years without modification. The audit also noted that the delegation had only obtained informal exemption from paying VAT, although the VAT recovery legislation has been in force in Venezuela since the year 2000. It has not calculated the amount of VAT unrecovered over this period.

- **procurement:** of five restricted procurement procedures audited, three relating to the provision of security services displayed weaknesses. In one of these cases, the evaluation committee chose to reject without further analysis an offer which included an abnormally low bid although the tenderer confirmed that this resulted from a clerical error. In two other procedures related to the provision of facility management services (contract value of EUR 285 000 over four years) and the rental of offices (contract value of EUR 9 000 000 over 10 years), key documentation related to the performance of some steps of the procedures could not be provided to the Court.