# 2011 discharge: EU general budget, European Parliament

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OBJECTIVE: presentation of the Report of the Court of Auditors on the 2011 budget (section I – European Parliament).

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 focuses on the budget implementation of the European Parliament.

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 detects 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 makes 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 European Parliament, the Court notes in particular the following points:

- **payment of social allowances and benefits to staff members:** in two cases out of five audited, information available to the European Parliament's services on the personal and family situation of staff members was either not up-to-date or not properly processed. In one of these cases, it led to overpayments;
- **employment of accredited parliamentary assistants (APAs):** under the Internal Rules for the employment of accredited parliamentary assistants (APAs), the latter are allowed to submit the medical certificate and other documents required for the conclusion of contracts within three months after the date on which the contract for their initial recruitment takes effect. The Court takes the view that this derogation conflicts with the provisions of the Conditions of Employment of Other Servants of the European Communities, by which all requirements for recruitment must be satisfied before the contract is concluded;
- **procurement:** in two cases, relating to the maintenance of buildings and to printing services, there were weaknesses in the application of selection and award criteria. In the procedure regarding the maintenance of buildings, tenderers did not receive detailed information on the method applied for the evaluation of their bids. In the case of one negotiated procedure relating to printing services, the specification for the location of the services to be provided was not drafted in a clear and transparent manner. In addition, the potential tenderers consulted were all based in Luxembourg, thereby restricting cross border competition. Furthermore, compliance with selection criteria was not checked before entering into the negotiation, in contradiction with the implementing rules of the Financial Regulation.

**Follow-up to the Court of Auditor's Annual Report 2010: regarding the payment of social allowances to staff members**, the Court indicates 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.

In this regard, the Parliament says that it has implemented measures to mitigate the risks:

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

The Court's audit shows, however, that the risk of making incorrect or undue payments remains.