2002 discharge: EC general budget, Committee of the Regions

2003/2216(DEC) - 08/10/2003

PURPOSE : to present the Annual Report from Court of Auditors on the implementation of the budget of the other institutions for the year 2002 (Committee of the Regions). CONTENT : the 2002 Annual Report from the Court of Auditors concerning the financial year 2002 concentrates on the Community budget as a whole and contains the institutions' and other bodies' administrative appropriations. These appropriations are managed directly by each institution or body and are used primarily to pay the salaries, allowances and pensions of persons working for the Community Institutions, as well as rent, property, purchases and miscellaneous administrative expenditure. In the Commission's case, these appropriations also enable subsidies to be given to associations and organisations that assist in the implementation of various aspects of the European Union's activities. The Court carried out an audit of the European institutions' Invalidity Pensions Scheme in order to assess the cost of invalidity pensions, identify potential savings, determine whether invalidity pensions are only granted where a real invalidity has been duly recognised, and evaluate whether the institutions have set up the management systems required for adequate monitoring of, and effective control over, the operation of the scheme (3/2003). The Court's audit revealed a complex picture. On the one hand the rate of invalidity retirement has remained stable over the last 15 years, and, in the opinion of the Court's medical adviser, invalidity pensions are awarded in a justified way. On the other hand, retirement on invalidity grounds is more common in some grades than normal retirement, and there is evidence that frustration in the working environment is a significant element in demotivating some staff who are eventually retired on ill-health grounds. A part of invalidity retirements could, moreover, be avoided if adequate administrative measures for prevention and early treatment of medical problems and the associated employment problems were taken in good time. The result is frequent and costly delays in the opening and progress of the invalidity procedure, with the length of the process itself associated with deteriorating health and consequently with extremely low rates of reinstatement, especially in the 50 % of cases involving psychological disorders. The Court states that the total net actuarial cost of the invalidity pensions awarded each year has been estimated by the Court at about EUR 74 million. The audit found scope for financial savings through the adoption of adequate administrative measures for prevention and early treatment, particularly in cases where the grounds for invalidity are psychological. Such measures should include the development by the institutions of an overall policy on absences due to illness and on invalidity, with performance indicators, strong support from senior management, clearly allocated roles and responsibilities, strong medical and administrative synergy, and with careful and resource-intensive attention given to the needs of those members of staff who need support. This policy should focus both on actions to be taken in the early stages through preventative measures that consider the organisation of work and working conditions, and on those actions required at a subsequent stageto help rehabilitation and encourage members of staff who are in poorer health to continue to work under reasonable conditions. More specifically, as regards the Committee of the Regions, the Court states that the Committee contracted a firm to carry out publishing and printing tasks without first consulting the Office for Official Publications of the European Communities and without informing the Office's Management Committee. This was contrary to a Decision of the five EU institutions and both Committees of 20 July 2000 on the organisation and operation of the Office for Official Publications of the European Communities. Furthermore, only a limited call for tender was launched in the case of a publication, despite the value of the contract necessitating an open tendering procedure. The Financial Controller did not approve the contract and the corresponding financial commitment, but was overruled. Payments to the firm in 2002 totalled EUR 46 148. A further EUR 16 620 was committed for payments to be made in 2003. After consultation with the Financial Controller and the Joint Services of both Committees (which had experience in tendering procedures), a tendering procedure was launched to the Belgian printing companies on the AMI list originating with DG EAC of the European Commission and other Belgian companies for a contract to print COR Newsletters for a three-year period. The Publications Office was

discarded as a provider due to the specificities of these Newsletters, which demand printing at very short notice and permanent contacts with the provider. Lastly, the Court's audit found no important failures of the systems or other material errors affecting the legality and regularity of administrative expenditure. The Court recommends that, in the framework of the enforcement of the new Financial Regulation, attention be specifically paid to the reinforcement of the supervisory systems and controls.