

# 2003 discharge: EC general budget, European Parliament

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**PURPOSE** : to present the report from the Court of Auditors on the implementation of the budget for the financial year 2003 (Other institutions – European Parliament).

**CONTENT** : in its 27<sup>th</sup> Annual Report on the 2003 financial year, the Court states that, on the whole, the institutions have made a considerable effort to adapt their supervisory systems and controls to the requirements of the new Financial Regulation. Nevertheless, most of them have not succeeded to implement the changes necessary and weakness have been stated in terms of the legality and regularity of the underlying transactions. These discrepancies do not however jeopardise the positive character of the State of Assurance (DAS) on the implementation of the budget for the other institutions.

Concerning the expenditure, the Court highlights that there were no significant discrepancies. It does note that the new supervisory systems and controls should have been better applied by all the institutions in order to respect the rules of the new Financial Regulation.

It should be noted that in 2003, the authorising officers by delegation have presented for the first time annual activity reports which provide very useful information on the working of the control systems. The Court would like these report to be more comprehensive so that they can be used in the framework of the annual DAS.

More specifically, as regards the execution of the Parliament's budget, the Court of Auditors states that the decentralisation of the controls was a difficult task as the financial and internal control procedures had previously been highly centralised and dependent on the work carried out by the Financial Controller. During 2003, the Parliament was able to implement new control methods, based on decentralised 'Internal Control Frameworks', including 'Minimum Standards for Internal Control' (MSIC), a 'Central Financial Service' and an internal audit function. However, the authorising officers were not able to fully apply all the MSIC. This was recognised by the authorising officers themselves in a self-assessment of the level of implementation of the MSIC carried out while preparing the annual activity reports at the beginning of 2004.

Moreover, the Court's audit identified weaknesses at the level of the ex ante controls on staff salary payments. Key controls formerly carried out by the Financial Controller in the field of staff remunerations, were not replaced by equally effective checks. This was due to problems with the availability of a new computer system.