2005 discharge: EC general budget, Council

2006/2072(DEC) - 31/10/2006

PURPOSE : to present the Court of Auditors' report on the implementation of the 2005 budget (other institutions – Council).

CONTENT : in its 29th Annual Report on the implementation of the general budget of the European Union, the Court highlights that 2005 was the first full year in which the European Union had 25 Members. The Court's audit did not reveal any material errors concerning the legality and regularity of underlying transactions.

Supervisory and control systems: in 2005 all the Institutions had supervisory and control systems complying with the requirements of the new Financial Regulation. However, some Institutions had not fully implemented all their Internal Control Standards (in particular the Council).

Also in 2005, the NAP (Nouvelle Application Paie), a computer application for calculating staff remunerations created in 2003 and managed by the Commission Paymaster Office (PMO), was being used by all the Institutions. The technical weaknesses noted in 2004 were overcome, minimising the risk of erroneous calculation of the various elements of staff remuneration. However, the institutions did not systematically use the reporting facilities of NAP in order to verify, before the final pay run, all the data concerning situations specific to individual members of staff. Although not mandatory pursuant to the Financial Regulation, ex-post controls would increase the reliability of the administrative procedures for managing staff remunerations and help to uncover possible weaknesses and errors in the system.

Staff Regulations: the amended Staff Regulations, which entered into force on 1 May 2004, state that accommodation costs incurred on mission are reimbursed up to a maximum fixed for each country. Contrary to this rule, all the Institutions, except the Court of Justice, the Court of Auditors and the Ombudsman, provided in their internal rules for the payment of a flat-rate sum, ranging from 30 to 60 % of the maximum allowable amount, to staff who do not produce any evidence of having incurred accommodation costs. After the publication of the European Court of Auditors' Annual Report concerning the financial year 2004, the European Economic and Social Committee amended its internal rules in December 2005 in order to ensure compliance with the Staff Regulations.

Specific remarks concerning the Council: to recall, Council administrative expenditure totalled EUR 533 million in 2005. The Court states that the Council reformed its system for reimbursing the travel expenses of delegates of Council Members with Decision 190/2003, applicable from 1 January 2004. The reimbursement is paid within the limit of a fixed allocation per Member State. Each Member State is paid two instalments per year: one in January and the other in July. Before the end of February, each Member State provides the General Secretariat with a statement showing how the total appropriation allocated to it during the previous year has been used. Unused sums and amounts for which no supporting documents have been provided are deducted from the amounts to be paid in the next instalment. The Court found that the new system greatly reduced the administrative burden on the Council of paying delegates' expenses, but that there had been insufficient checks on the validity of Member States' statements before payment of the July 2005 instalment.

General conclusions: the Court states that improvements have been made by all the Institutions in order to adapt their supervisory and control systems to the requirements of the new Financial Regulation. The Court's audit found that, notwithstanding the weaknesses mentioned in the previous paragraphs, the

supervisory and control systems were adequate to manage the risk as regards legality and regularity of the transactions underlying the accounts of the Institutions' administrative expenditure. The Court's audit did not reveal material errors affecting the legality and regularity of the administrative expenditure.