Basic information

2003/2211(DEC) DEC - Discharge procedure	Procedure completed
2002 discharge: EC general budget, European Parliament **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	CONT Budgetary Control	VAN HULTEN Michiel (PSE)	10/09/2002
European Commission	**Commission DG**	**Commissioner**	
	Budget		

Key events

Date	Event	Reference	Summary
13/05/2003	Non-legislative basic document published	N5-0034/2003	
25/02/2004	Committee referral announced in Parliament		
17/03/2004	Vote in committee		Summary
17/03/2004	Committee report tabled for plenary	A5-0218/2004	
20/04/2004	Debate in Parliament		
21/04/2004	Decision by Parliament	T5-0345/2004	Summary
21/04/2004	End of procedure in Parliament		
21/04/2004	Final act published in Official Journal		

Technical information

Procedure reference	2003/2211(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/5/20333

Documentation gateway				
European Parliament				
Document type	**Committee**	**Reference**	**Date**	**Summary**
Committee report tabled for plenary, single reading		A5-0218/2004	17/03/2004	
Text adopted by Parliament, single reading		T5-0345/2004 OJ C 104 30.04.2004, p. 0425-0704 E	21/04/2004	Summary
Council of the EU				
Document type		**Reference**	**Date**	**Summary**
Non-legislative basic document		N5-0034/2003	13/05/2003	Summary
Other institutions and bodies				
Institution/body	**Document type**	**Reference**	**Date**	**Summary**
CofA	Court of Auditors: opinion, report	N5-0019/2003 OJ C 286 28.11.2003, p. 0325-0361	08/10/2003	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2004/0729 OJ L 330 04.11.2004, p. 0158-0159	Summary

2002 discharge: EC general budget, European Parliament

2003/2211(DEC) - 21/04/2004 - Final act

PURPOSE : to grant discharge to the European Parliament for the financial year 2002.

LEGISLATIVE ACT : Decision 2004/729/EC of the European Parliament concerning discharge in respect of the implementation of the general budget of the European Union for the 2002 financial year - Section I- European Parliament.

CONTENT : with this present Decision, the European Parliament gives discharge to its Secretary-General in respect of the implementation of the budget for the 2002 financial year.

This Decision is in conformity with the European Parliament's resolution approved on 21 April 2004 and which is accompanied by a series of which complete the discharge decision (please refer to the summary of the opinion).

2002 discharge: EC general budget, European Parliament

2003/2211(DEC) - 21/04/2004 - Text adopted by Parliament, single reading

By adopting the report by Michiel van HULTEN (PES, NL), the European Parliament has voted to grant discharge to its Secretary General for the execution of the EP budget in 2002. Among the recommendations in the accompanying resolution - adopted by 436 votes in favour, 34 against and 48 abstentions - were increasing the accountability for the use of funds allocated to the political groups, reviewing the MEPs' allowances system and introducing a smoking ban in all public places in Parliament's buildings. Other issues dealt with in the accompanying resolution are as follows: - Implementation of the budget: Parliament congratulates the Secretary-General on the efficient use of the budgetary appropriations made available by Parliament. It takes note of the principal changes to the appropriations in the 2002 budget as originally adopted. They concern the European Convention, the addition of a budgetary line to Section I of the budget (Parliament) (Article 372) and the transfer of EUR 1 million from Chapter 101, preparations for enlargement, including "frontloading" operations whereby as a result of a supplementary and amending budget, the Commission was able to utilise appropriations available in 2002 in respect of expenditure initially planned for 2003 and a similar amount was added to Parliament's budget for 2003. - Presentation and content of the accounts: Parliament repeats its request to the Secretary-General for a report on the feasibility of publishing Parliament's accounts together with the analysis of budgetary management on Parliament's website. - Governance : Parliament recalls that the scope of the discharge procedure should cover not only the management activities of Parliament's Secretary-General and Administration, but also the decisions taken by its governing bodies, i.e. its President, Bureau and Conference of Presidents". It notes that discharge will in future be given to the President of the European Parliament rather than to the Secretary-General. Moreover, Parliament also notes that is at present no definition of the precise practical meaning of the political responsibility attaching to Parliament's governing bodies as regards the exercise of powers and the taking of decisions with significant financial consequences. It instructs its competent committee and Bureau to consider this matter and draw up specific proposals. Parliament also takes the view that in the interest of greater transparency and accountability such proposals might include: an annual financial review by the President on behalf of the Bureau setting out and commenting on the principal financial events and trends, as well as positive and negative developments during the financial year under review; an examination of the changes which would be necessary in order to anchor political responsibility for financial matters more firmly within Parliament's internal rules on the budget or its Rules of Procedure, including possibly the requirement for Vice-Presidents with responsibility for management functions to submit an annual declaration. - Implementation of the recast Financial Regulation: recognises the achievement of the Administration in having successfully completed the steps necessary to put the recast Financial Regulation into practical effect in the short allocated to it. Parliament points out, however, that there should be an in-depthanalysis of the effects brought about by applying the detailed rules for implementing the new Financial Regulation so that there is no recurrence of the operational failures which took place in 2003, the Info-Points Europe being one example of such lack of foresight. Parliament: notes that the revised text of the Rules governing the utilisation of appropriations entered against Item 3701 departs in several respects from the provisions of the Financial Regulation; considers that any derogations from the general rules contained in the Financial Regulation must be based on sound legal and practical considerations; calls on the Bureau to bring Parliament's Internal Rules and the Rules governing the utilisation of appropriations entered against item 3701 more closely into line with the provisions of the Financial Regulation and the Implementing Rules on the basis of the proposals made by the Secretaries-General. It asks the Secretaries-General of the political groups to present a further report, by 1 July 2004, setting out how the remaining divergences between the Financial Regulation and the Parliament's internal rules can be addressed, including, if necessary, a recommendation on how the Financial Regulation and/or the Implementing Rules could be amended to take account of the specific status of political groups. In addition, other salient features of the resolution can be summarised as follows: - Reforms : Parliament regretted the failure by the Council to approve a Statute for Members, but said this did not relieve Parliament of its responsibility for ensuring that EU funds are spent in a honest and transparent manner. - Non-attached Members: Parliament states that not all non-attached Members have submitted the necessary documentation to the Administration concerning the financial year 2002. It is pointed out that under the rules currently in force as regards non-attached Members, the Administration is required to draw up a statement of revenue and expenditure and a balance sheet for each Member demonstrating the regularity of the accounts and their consistency with the rules. Parliament recalls that, until these new rules were adopted, responsibility for submitting the reports and accounts required by the rules governing budget line 3701 lay with each individual non-attached Member. It regrets that the Administration has been unable to forward the reports and accounts for 2002 to the competent committee because not all non-attached Members have yet provided a satisfactory account of their use of the relevant appropriations in 2002. Moreover, it is noted that unlike the political groups, the accounts of the non-attached Members are not subjected to an external audit. Parliament considers that the use by the non-attached Members of budget line 3701 appropriations falls within the purview of Parliament's internal auditor and that Article 13(8) of Parliament's internal rules on the implementation of the budget should be interpreted accordingly. - Members' allowances: Parliament regrets the failure of the Council to approve the Statute for Members which had the support of Parliament and would have been a fair system for all members. It believes that the introduction of a Statute for Members accompanied by reform of the system of expenses, as supported by the Parliament, would have been the best way of ensuring the fair and equal treatment of all Members. Parliament considers, however, that the Council's failure to approve the Statute does not relieve the Parliament of its responsibility for ensuringthat EU funds are spent in an honest and transparent manner. It calls on the Bureau, in the absence of an agreement on a common Statute for Members, to adopt, as a matter of urgency, new rules governing the payment of expenses and allowances using as a basis the decision of the Bureau of 28 May 2003. Parliament considers these new rules should enter into force at the beginning of the next parliamentary term and should provide for, inter alia, the reimbursement of travel expenses on the basis of actual costs incurred. - Secretarial allowance: Parliament notes that, according to the European Parliamentary Assistants Association, the Court of Auditors, the Parliament's own Financial Controller and Mr Onesta, the Vice-President responsible for the Statute for Assistants, the new rules on the payment of the secretarial allowance which entered into effect on 1 January 2001 still pose a number of problems, both in terms of ensuring compliance with the Financial Regulation and with relevant national legislation (taxation, social security and so on). It believes that, as soon as practically feasible, all payments to parliamentary assistants should be made by Parliament's Administration, either directly or through a national paying agent. It also points out that under such a system the Member would continue to be responsible for decisions such as recruitment, dismissal, leave and level of remuneration, but that Parliament's Administration would be responsible for ensuring that all payments comply with the Financial Regulation and with applicable national legislation. - Subsistence allowance: on this issue, Parliament considers that the attendance registers available for signature by Members must be supervised by a Parliament official at all times. It takes the view that the subsistence allowance is a flat-rate sum intended to cover all personal costs incurred by a Member whilst attending Parliament, including taxis and considers therefore that the separate taxi allowance (requiring receipts) introduced in September 2003 and extended in January 2004 is superfluous and should be abolished. - System of advance payments: Parliament believes that the existing system of advance payments should be replaced by a system of individual accounts into which all amounts due to and from each Member would be consolidated. - Health insurance: Parliament points out that Members are entitled to free health insurance cover under Parliament's rules. It considers that Parliament's health insurance cover for Members should be additional to any national scheme, whether public or private, and based on market conditions; further considers that Members who choose to take part in the Parliament's scheme should be required to pay a health insurance premium. It believes that a change in the

rules to this effect should be introduced with effect from the beginning of the next parliamentary term. - Parliament's places of work: Parliament's Administration is called upon to continue and intensify the dialogue with local residents in the Quartier Léopold area, adjacent to the Parliament's Brussels buildings, in view of the ongoing construction work on the new D4 and D5 buildings. It considers that Parliament's Administration must ensure that living conditions do not fall below an acceptable minimum as a result of the construction work, and that every effort must be made to accommodate the wishes of local residents with respect to the future configuration of, and access to, the area immediatelysurrounding the Parliament's buildings. Lastly, the Parliament has taken note of the decision taken by the Commission to ban smoking throughout its buildings (including bars and restaurants) as from 1 May 2004 and calls on Parliament's Administration and on the College of Quaestors to institute a ban on smoking throughout the public spaces in Parliament's buildings in the three working places with effect from 1 May 2004.

2002 discharge: EC general budget, European Parliament

2003/2211(DEC) - 13/05/2003

PURPOSE : to present the revenue and expenditure account and the balance sheet concerning the activities of the budget for the financial year 2002 (European Parliament). CONTENT : this document sets out the amount of expenditure and the balance sheet for the other institutions of the Union (except the Commission) for the financial year 2002, in particular the European Parliament. The document shows that the appropriations included in the Parliament·s budget (deductions made from the two amending budgets 1/2002 and 6/2002) amounted to EUR 992.310.000, committed to the amount of EUR 977.212.021, i.e. 98,5% (2001: 99,33%). Only 0,33% of this amount was carried over to 2003, highlighting a considerable reduction compared to 2001 (13,49%) and 92,41% of the 2001 deferred appropriations have been paid. The final appropriations paid amount to EUR 876.911.048 in 2002, therefore an automatic carry over to 2003 of 10,26% of the committed appropriations. The implementation of the 2002 budget was marked by a series of changes to the appropriations as originally adopted, they concern: - the European Convention, whose financing necessitated a supplementary and amending budget 1/2002, adding a budgetary line to Section I of the budget (Parliament) (Article 372) and the transfer of EUR 1 million from Chapter 101; - preparations for enlargement, including "frontloading" operations whereby as a result of a supplementary and amending budget, the Commission was able to utilise appropriations available in 2002 in respect of expenditure initially planned for 2003 (SAB 6 /2002); - expenditure which the authorising authority does not have control over (e.g. weightings); - release of appropriations allocated within the reserve by the budgetary authorities pending additional information and expenditure for enlargement; - building policy: reorientation of the Parliament·s building policy within the framework of the accelerated payments of certain buildings of the Parliament. With regard to the use of appropriations by chapter, the year 2002 was remembered by the definite increase in the expenses related with the organisation of training courses and the exchange of information (+35% compared to 2001 partly due to the increase in the remunerated trainees coming from the accession countries or the paid training courses for translators) as well as reception and representation expenses (+24,3%). The budgetary document states in parallel that for two years the expenditure related to travelling expenses for meetings has increased substantially (8% in 2001 and of 6,5% in 2002). The increase of this expenditure stems, on the one hand, from the adaptation of the allowances decided by the Bureau of the European Parliament but also by the increased number of missions outwith the 3 places of work of the EP. The document also highlights an increase in the expenses relating to telecommunications (+42,5% compared to 2001). Conversely, the report highlights a clear reduction in building expenses (rent and ancillary costs, -24,6%): this reduction is explained by the important savings generated by the anticipatory payment of EUR 165 million to accelerate the financing of LOW Building in Strasbourg. On the other hand, the expenses related to the security of the buildings were increased.

2002 discharge: EC general budget, European Parliament

2003/2211(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 (European Parliament). 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 European Parliament, the Court concentrated on the issue of an additional pension scheme for Members of the European Parliament. It was noted in 1999 that problems existed concerning the additional pension fund. In 2002, a total of EUR 8 179 999 from Parliament's budget was paid as a contribution to the additional (voluntary) pension scheme (2/3 of the

contributions to the scheme are directly charged to Parliament's budget with 1/3 being paid by the Members of the European Parliament). According to the Court, Parliament's contribution to the additional pension scheme should be based on an act of secondary legislation. In 1999, the Court recommended that the Parliament examine the legal framework of the scheme. As yet no action has been taken. The Court also deals with the issue of the employment of assistants of Members of the European Parliament. A total of around EUR 175 000 was paid as a 'secretarial allowance' relating to the employment of various Members' assistants, although the supporting documents required by the relevant Bureau rules either were not submitted to Parliament's administration, or did not provide sufficient evidence that the funds had been used in strict compliance with the rules. In the meantime the Parliament's administration has taken steps so as to correct the anomalies identified by the Court. The Court examined the measures taken by the Parliament in response to the Court's Special Report No 13/2000 on the expenditure of the European Parliament's political groups. It states that there are inadequate rules governing contributions to political Parties; risk of double financing; problems over the legal status of the political groups; poorly defined accounting and reporting rules; inadequate rules and management of external audit of the financial statements, and significant weaknesses in the definition, status and management of employment contracts. To conclude, while the Court found that considerable progress has been made, there remain important areas where greater efforts are needed (e.g. clarifying the legal status of the groups, reinforcing controls and improving management of employment contracts). Moreover, the rules should be extended to cover mission costs, which currently represent around one third of expenditure of the groups at central level but which are not subject to common standards. The Court continues to maintain that the centralisation of a number of administrative functions within Parliament's own administration would considerably improve management of the appropriations and reduce the administrative burden on the groups themselves. It would help to reduce the risk of double funding of expenditure, to allow Parliament to monitor its potential legal obligations and to provide a better level of consistency and clarity in employment contracts.