Basic information

2005/2091(DEC) DEC - Discharge procedure	Procedure completed
2004 discharge: EC general budget, European Parliament **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	CONT Budgetary Control	FERBER Markus (PPE-DE)	20/04/2005

European Commission	**Commission DG**	**Commissioner**
	Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
07/10/2005	Non-legislative basic document published	N6-0027/2005	Summary
15/11/2005	Committee referral announced in Parliament		
21/03/2006	Vote in committee		Summary
28/03/2006	Committee report tabled for plenary	A6-0119/2006	
25/04/2006	Report referred back to committee		
26/04/2006	Debate in Parliament		
27/04/2006	Decision by Parliament	T6-0158/2006	Summary
27/04/2006	Results of vote in Parliament		
14/09/2006	Vote in committee		Summary
15/09/2006	Committee report tabled for plenary	A6-0280/2006	
19/09/2006	Debate in Parliament		
26/09/2006	Decision by Parliament	T6-0363/2006	Summary
26/09/2006	Results of vote in Parliament		
26/09/2006	End of procedure in Parliament		
06/12/2006	Final act published in Official Journal		

Technical information

Procedure reference	2005/2091(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/36057

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE369.853	02/02/2006	
Amendments tabled in committee		PE370.214	28/02/2006	
Committee report tabled for plenary, single reading		A6-0119/2006	28/03/2006	
Text adopted by Parliament, single reading		T6-0158/2006	27/04/2006	Summary
Committee draft report		PE372.201	04/07/2006	
Amendments tabled in committee		PE376.681	29/08/2006	
Committee report tabled for plenary, single reading		A6-0280/2006	15/09/2006	
Text adopted by Parliament, single reading		T6-0363/2006	26/09/2006	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05971/2006	23/02/2006	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	N6-0027/2005	07/10/2005	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0033/2005 OJ C 301 30.11.2005, p. 0001	30/11/2005	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2006/0810
OJ L 340 06.12.2006, p. 0029 Summary

2004 discharge: EC general budget, European Parliament

2005/2091(DEC) - 30/11/2005 - Court of Auditors: opinion, report

PURPOSE : to present the Court of Auditors' report on the implementation of the 2004 budget (other institutions – European Parliament).

CONTENT : in its 28th Annual Report on the implementation of the general budget of the European Union, the Court states that overall 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. However, the risks identified in 2003 linked to the implementation of the Financial Regulation, together with the risks resulting from the introduction of new Staff Regulations and computerised systems for calculating salaries and pensions have not been adequately addressed by the supervisory and control systems in 2004.

Despite the progress made by the Commission in reforming its internal control system and the positive impact on the legality and regularity of the Commission's internal management of expenditure (DAS), further progress is still required in terms of operational effectiveness. The report states that the past audits by the Court showed that the errors found were mostly of a formal nature and not due to serious weaknesses in the control systems.

Supervisory and control systems : in 2004 all the institutions continued improving their supervisory and control systems in order to comply with the requirements of the new Financial Regulation. However, none of the institutions had fully implemented Internal Control Standards (ICS). In parallel, the NAP ('Nouvelle Application Paie'), a new computer application for calculating staff remuneration created and managed by the Commission Paymaster Office (PMO), was used by all the institutions. The NAP presented in 2004 various technical weaknesses, which created a new risk and, in many cases, resulted in the erroneous calculation of various elements of staff remuneration. The most evident errors were corrected manually before payment. Concerning one of those elements, in March 2005 NAP programmes were amended, the amounts paid in 2004 recalculated and, where necessary, corrected. These corrections led to recoveries amounting, for all the institutions, to a total of around EUR 1,9 million. Manual data transferred into the NAP from the computer systems recording the situations qualifying the staff for specific entitlements constituted a further specific risk of errors. However, controls were not reinforced accordingly.

A lack of control procedures concerning pension payments were noted in some institutions.

Lastly, except for the European Ombudsman and the European Data Protection Supervisor, occasional weaknesses were observed in the supervisory and control systems concerning procurement.

Annual activity reports and declarations of the Directors-General : in 2004, improvements were made to the annual activity reports and the declarations of the Directors-General. However, weaknesses were found in the supervisory and control systems of the institutions.

Specific observations on the European Parliament : the report indicates that the expenditure of the institution was **EUR 1.166 billion** (against EUR 986 million in 2003). As regards the implementation of the Parliament's budget, the Court highlights the following weaknesses:

- the application 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;
- validation of procurement expenditure in several cases did not operate as intended. In one of the cases the amount paid was overstated by EUR 700 000;
- procurement procedures.

In addition, weaknesses were also observed, as in the past, in the supervisory and control systems related to the payment of allowances to Members of the Parliament. The procedures applied did not ensure that income obtained by former MEPs from certain activities (paid office in an international institution; membership in a national or regional government; etc) was deducted from the temporary end-of-service allowance.

General conclusions : in conclusion, the Court considers, as a result of its audit, and in order to address the risks identified, that improvements should be made in the supervisory and control systems relating to the following areas: documentation of procedures; definition of the nature of the supporting documents which should make it possible to check that the expenditure is in accordance with the terms of the contracts or of the regulations and rules; grading of staff under the new staff regulations; remuneration, in particular payment of allowances and transfers of part of the staff emoluments with the application of a weighting coefficient.

2004 discharge: EC general budget, European Parliament

2005/2091(DEC) - 27/04/2006 - Final act

PURPOSE: to postpone the discharge decision of the European Parliament for the 2004 financial year.

LEGISLATIVE ACT: Decision 2006/810/EC on the discharge for implementation of the European Union general budget for the financial year 2004 (Section I - European Parliament).

CONTENT: with the present decision, the European Parliament postpones its decision to grant discharge to its President for the implementation of the general budget for 2004, in accordance with its resolution dated 27/04/2006 (refer to summary of the opinion).

2004 discharge: EC general budget, European Parliament

2005/2091(DEC) - 26/09/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the report by Markus **FERBER (EPP-ED, DE)** on granting discharge for the European Parliament's 2004 budget. (Please refer to the summary on proceedings in committee dated 14/09/2006.)The report on the discharge was adopted with 535 votes in favour, 45 against with 51 abstentions. In addition, on the matter of the buildings, Parliament noted thatthe lease agreement by virtue of which Parliament leases the two buildings involves a triangular relationship between, on the one part, the Parliament itself as the lessee of the WIC and SDM buildings, on the second part, the City of Strasbourg as the lessor and on the third part, SCI Erasme as the private investor and owner of the buildings. Parliament considered that this triangular relationship was not conducive to full transparency or to guarantees of sound financial management and, therefore, that it should be avoided in the buildings policy of EU institutions and bodies.

Parliament also made some remarks on the Members' voluntary pension scheme. It noted with concern that the deduction of contributions to the pension scheme from the general expenditure allowance left Members exposed to allegations that public funds may be put towards the cost of private pension contributions. Parliament's Bureau was asked to ensure that such payments were made directly by pension scheme members through direct debit orders. It felt that Members' contributions to the voluntary pension scheme should be paid directly from personal income rather than through the parliamentary allowance system.It noted, however, that the Court of Auditors saw no problems in maintaining the voluntary pension scheme system provided that it was better defined and its operation set down in a formal document.

2004 discharge: EC general budget, European Parliament

2005/2091(DEC) - 23/02/2006

PURPOSE : to present the Council recommendation on the discharge to be given to the other institutions in respect of the implementation of the general budget of the European Communities for the financial year 2004.

CONTENT : having regard to the observations made by the Court of Auditors, the Council calls on the European Parliament to give a discharge to all of the other EU institutions (other than the Commission).

If overall the observations made by the Council are positive as regards expenditure, the Council believes that the implementation of the budget calls for a series of comments on the discharge which should be followed up.

The Council welcomes the fact that the errors identified by the Court did not materially affect the legality and regularity of administrative expenditure as a whole.

It notes with satisfaction the efforts and the progress made by the Institutions to adapt their supervisory systems and controls to the new Financial Regulation, but underlines that they have not fully implemented the Internal Control Standards.

The Council takes note that the 2004 financial year has introduced specific risks resulting from the adoption of the new staff regulations, the introduction of a new system for calculating staff remuneration and the implementation of the new system in the framework of the new Financial Regulation at the same time.

In this context, the Council shares the Court's view that particular attention should be paid to the various technical weaknesses detected in the implementation of the NAP (new payroll system), to an accurate application of the staff regulations in respect of travel allowances, to the improvement of the control systems concerning the transfer of part of the staff.

2004 discharge: EC general budget, European Parliament

2005/2091(DEC) - 27/04/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution drafted by Markus **FERBER** (EPP-ED, DE) and voted to postpone the discharge for the European Parliament's budget in 2004. The House wanted further information into alleged irregularities concerning the cost of renting two of its buildings in Strasbourg. The decision to grant discharge to the European Parliament was rejected by the house with 3 votes in favour, 591 against and 13 abstentions. A new report will be drawn up.

2004 discharge: EC general budget, European Parliament

2005/2091(DEC) - 07/10/2005 - Non-legislative basic document

PURPOSE : presentation of the final annual accounts of the European Community for the financial year 2004 – Other institutions : Section I – European Parliament.

CONTENT : this document sets out the amount of expenditure and the financial statement of the European Parliament for 2004 and presents an analysis of its financial management. The appropriations entered in the European Parliament's 2004 budget amounted to EUR 1.231 billion, with nearly a 98% utilisation rate.

Main axes of 2004 expenditure : it should be noted that 2004 was highlighted by several major events, notably:

- the accession of 10 new Member States and the European elections;
- the implementation of the "Raising the game" project and the new Staff Regulation.

Concerning the budget implementation, the 2004 budget was marked by: heavy incertitude about the European elections and the Members' turn-over rate, this rate having a direct impact on the payment of allowances (the final turn-over rate of former Members being 55%); enlargement and the delays in staff recruitment; the entry into force of the new Staff Regulations and real estate negotiations. Overall, the expenditure forecasts were appropriate but staff costs were lower than predicted. The carry-overs were used to cover costs in field of real estate.

Amendments to the budget : the main amendments concern :

- an amending budget on the new Staff Regulations;
- releasing appropriations from the reserve;
- new budget guidelines on the financing of building acquisition, in particular, the payment of ground rent for the building in Brussels (see below);
- carrying out of specific objectives : enlargement, elections, information campaign.

Results reached in 2004 : concerning the use of appropriations with regards to the EP's expected objectives, the following can be noted:

1) Enlargement and the European elections : these 2 events had considerable effects on the General Secretary of the European Parliament:

- establishing an information and awareness campaign to inform EU citizens on the activities of the Parliament with a view to increasing voter participation : strengthening the activities of the Information Offices in the Member States, creating a website and "Fact sheets" on the Parliament, special enlargement ceremony for the 1 May 2004, publishing a practical guide on the EP for the new Members;
- recruitment of staff from the new Member States : only 200 posts were available at the end of 2004;
- linguistic effect of enlargement : each MEP has the right to carry out his duties in his/her own mother tongue. Therefore, there are currently 20 official languages in the EU;
- real estate issue of enlargement: the Parliament signed a long term lease for the D4/D5 buildings in Brussels. To this effect, several transfers were made in order to mobilise EUR 152 million to continue with the building policy. Waiting on their availability, the Parliament has rented a number of buildings in Brussels. Negotiations have been opened concerning the construction of an extension of the ADENAUER building in Luxembourg and the Parliament signed a final buying act for the "Louise Weiss" in Strasbourg;
- effects of enlargement on security : given the increased number of visitors, Members and officials, new security measures have been taken.

2) "Raising the Game": this is a Parliament initiative aiming to increase the quality and efficiency of the assistance given to MEPs. In this context, several actions have been taken such as the reorganisation of several DGs, the reorganisation of the Parliament's library within DG Information, centralisation of know-how in the legal service in order to facilitate the tasks of the rapporteurs;

3) Implementation of the new Staff Regulations: this Regulation entered into force on 1 May 2004. New procedures and adjustments were implemented by the EP Bureau.

DETAILED SYNTHESIS OF EP EXPENDITURE 2004 : this detailed synthesis analyses the breakdown of EP expenditure for the financial year 2004. The figures mentioned can also be found in the "Final annual accounts of the European Communities - Financial year 2004 – Volume III".

Implementation rate in 2004 :

- appropriations entered in the 2004 budget : EUR 1.231 billion;
- appropriations committed amounted to EUR 1.203.370.074, a rate of 97,76% (rate of cancelled appropriations: 2,24%);
- appropriations paid amounted to EUR 921.908.731, a rate of 76,61% of commitment appropriations;
- appropriations carried over from 2003 to 2004: EUR 213.477.854,76, a rate of 17,34% of final budget appropriations (compared to 19,65% in 2003).

Main budget items and use of commitment appropriations (Titles I, II and III):

§ I: Institutional costs (Members and active staff) : EUR 582,15 million;

§ II: Operational costs (including building and materials) : EUR 455,64 million;

§ III: Mission costs (parliamentary assistance) : EUR 165,58 million.