Basic information	
2005/2092(DEC) DEC - Discharge procedure	Procedure completed
2004 discharge: EC general budget, Council **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	LUNDGREN Nils (IND/DEM)	20/04/2005

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
DEVE Development	The committee decided not to give an opinion.	
INTA International Trade	The committee decided not to give an opinion.	
BUDG Budgets	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	04/07/2005

TRAN	Transport and Tourism	The committee decided not to give an opinion.	
REGI	Regional Development	The committee decided not to give an opinion.	
AGRI	Agriculture and Rural Development	The committee decided not to give an opinion.	
PECH	Fisheries	The committee decided not to give an opinion.	
CULT	Culture and Education	The committee decided not to give an opinion.	
JURI	Legal Affairs	The committee decided not to give an opinion.	
LIBE	Civil Liberties, Justice and Home Affairs	DEPREZ Gérard (ALDE)	07/07/2005
AFCO	Constitutional Affairs	The committee decided not to give an opinion.	
FEMM	Women's Rights and Gender Equality	The committee decided not to give an opinion.	
PETI	Petitions	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Budget	

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	A6-0111/2006	
26/04/2006	Debate in Parliament		

27/04/2006	Decision by Parliament	T6-0159/2006	Summary
27/04/2006	Results of vote in Parliament		
27/04/2006	End of procedure in Parliament		
06/12/2006	Final act published in Official Journal		

Technical information

Procedure reference	2005/2092(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/28800

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE369.886	03/02/2006	
Committee opinion	LIBE	PE367.665	24/02/2006	
Amendments tabled in committee		PE370.131	28/02/2006	
Committee report tabled for plenary, single reading		A6-0111/2006	28/03/2006	
Text adopted by Parliament, single reading		T6-0159/2006	27/04/2006	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	N6-0034/2005 OJ C 301 30.11.2005, p. 0001	30/11/2005	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act
Budget 2006/0811 OJ L 340 06.12.2006, p. 0030-0030 Summary

2004 discharge: EC general budget, Council

2005/2092(DEC) - 27/04/2006 - Final act

PURPOSE: to give discharge to the Council for the 2004 financial year.

LEGISLATIVE ACT: Decision 2006/811/EC of the European Parliament on the discharge for implementation of the European Union general budget for the financial year 2004 (Section II - Council).

CONTENT: with the present decision, the European Parliament grants the Secretary-General of the Council discharge in respect of the implementation of the budget for the financial year 2004.

This decision is in line with the European Parliament's resolution adopted on 27 April 2006 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 27/04/2006).

2004 discharge: EC general budget, Council

2005/2092(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 – Council).

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 Council : the report indicates that the expenditure of the institution was **EUR 507 million** (against EUR 410 million in 2003). As regards the implementation of the Council's budget, the Court highlights the following weaknesses:

- it did not set up minimum Internal Control Standards;
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- 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;
- transfer of officials' salaries to another Member State without justification;
- the system of compensation paid on retirement for overtime which hasn't been taken;
- procurement procedures;
- payment of officials' unjustified expenses.

The Court reports that at the end of 2004 the total annual leave granted before 31 December 1997 as a compensation for overtime and still not taken amounted to around 11 800 days. In September 2004 a

total amount of approximately EUR 95 000 was paid for additional annual leave not taken by A and B officials retiring in that month.

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, Council

2005/2092(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, Council

2005/2092(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 II – Council.

CONTENT : this document sets out the amount of expenditure and the financial statement of the Council for 2004 and presents an analysis of its financial management. The available appropriations amounted to EUR 542 million, with a 98% utilisation rate.

Main axes of 2004 expenditure : the implementation of the Council's budget was characterised by the following:

- Structural changes due to the enlargement process and the application of the new Staff Regulations from 1 May 2004;
- A significant increase in resources (budget and personnel);
- Particularly important projects (ESDP-Net, OpCentre);
- Improving financial management.

Amendments to the budget : during 2004, several budget lines were amended (more than EUR 250 000 was added to the proposed initial amount). Amending budgets and large appropriation transfers were made in order to fund these amendments. These amendments concerned:

- The acquisition of property : a 333% increase in appropriations (total : EUR 58.449 million);
- Operational expenditure : 104% increase (total : EUR 1.263 million);
- Litigation costs : 100% increase (total : EUR 800.000);
- Removal costs : 37% increase (total : EUR 19.000);

- Costs linked to the financing of special ESDP advisers: 225% increase (total : EUR 455.000).

Main Council activities in 2004 included: 76 European Council meetings; 61 COREPER 1 meetings, 67 COREPER 2 meetings 3971 Group meetings. Other significant issues concerning the implementation of the budget can be summarised as follows:

Title I (Staff costs): implementation was marked by the increased delays of placing new personnel. Consequently, EUR 19 million of appropriations were unused due to this under-occupation of manpower. On the other hand, the Council recruited auxiliary linguistic staff with a view to overcoming the staff problem. Alterations were also made to the budget headings concerning auxiliary translators some of whom eventually became officials. Other appropriations were increased, in particular, in the following sectors:

- Anti-terrorism: increased amounts were allocated to this item (+ EUR 150.000);
- Outsourced work : + EUR 190.000 EUR concerning certain legal commitments;
- Nursery costs : + EUR 215.000 EUR.

On the other hand, certain amounts relating to mission and travel expenses were largely under-utilised and were made available for other institutional needs (with an important carry-over of appropriations (EUR 753.000)) to 2005. Expenses relating to the "release" of officials taking early retirement were also made available.

Title II (Operational expenditure): this sector showed a weak implementation rate of payments (approximately 65%) caused by property investment problems. On the other hand, substantial savings were made in other areas enabling large amounts of appropriations to be released at the end of the year (roughly EUR 58,5 million via an accumulated transfer) to fund the acquisition of the LEX 2000 building (+333% compared to the initial appropriations). For this title, one also notes:

- Additional expenditure as regards building development of the Rolin and Woluwe Heights buildings,
- Additional needs for security purposes (+15%);
- The modernisation of IT systems;
- The increase in legal costs following a judgement of the Council by the Court and the Court of First Instance.

Title III (Expenditure resulting from missions carried out by the Council): the expenditure of this sector mainly concerns the European Security and Defence Policy and seconded national experts. It appeared that the amounts initially set out for the special ESDP advisers had been underestimated therefore additional appropriations of + EUR 315.000 proved to be necessary. Other areas under this Title were, on the other hand, subject to a lower rate of implementation and were either made available for other purposes (e.g.: accumulated transfers to pre-finance the LEX building), or carried over to 2005.

DETAILED SYNTHESIS OF 2004 EXPENDITURE: this detailed synthesis analyses the breakdown of the Council's 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 available for the 2004 financial year: **EUR541.916.200;**
- appropriations committed amounted to EUR 531.646.564,08, a **98,1%** implementationrate;
- appropriations paid amounted to EUR 438.198.965,80;
- appropriations carried over from 2003 to 2004 : EUR 67.645.667,33.

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

- I : Institutional costs (Members and active staff) : EUR 255,38 million;
- II : Operational costs (buildings and materials) : EUR 256,74 million;
- III : Mission costs (notably, ESDP missions): EUR 19,53 million.

2004 discharge: EC general budget, Council

2005/2092(DEC) - 27/04/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution drafted by Nils LUNDGREN (IND/DEM, SE) and granted the Secretary-General of the Council discharge in respect of the implementation of the budget for the financial year 2004. (Please see the summary of 21/03/2006.) In 2004, the Council administered a budget of EUR 541 916 200 with a utilisation rate of 98.10 %. Parliament called on the Council to continue to improve its financial management