Basic information

2005/2095(DEC) DEC - Discharge procedure	Procedure completed
2004 discharge: EC general budget, Economic and Social Committee ESC **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	The committee decided not to give an opinion.	
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	A6-0114/2006	

26/04/2006	Debate in Parliament		
27/04/2006	Decision by Parliament	T6-0162/2006	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	2005/2095(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/28860

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE370.134	28/02/2006	
Committee draft report		PE369.889	23/03/2006	
Committee report tabled for plenary, single reading		A6-0114/2006	28/03/2006	
Text adopted by Parliament, single reading		T6-0162/2006	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	N6-0037/2005 OJ C 301 30.11.2005, p. 0001	30/11/2005	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act
Budget 2006/0814 OJ L 340 06.12.2006, p. 0040-0040 Summary

2004 discharge: EC general budget, Economic and Social Committee ESC

2005/2095(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 VI – Economic and Social Committee.

CONTENT : this document sets out the amount of expenditure and the financial statement of the Economic and Social Committee (ESC) for 2004 and presents an analysis of its financial management. The available appropriations set out in the Court's 2004 budget amounted to EUR 103 million, with an 88,5% utilisation rate.

Main axes of 2004 expenditure : budget implementation of the ESC can be characterised by the following :

- Changes brought about by the enlargement process: the recruitment of 95 new advisors;
- Costs relating to the move from the ESC's seat to Belliard;
- The implementation of the new Staff Regulations and the new Financial Regulation.

On a political level, the activities of the ESC were set out by its President and confirmed at the Plenary in January 2004 and, on the other hand, the ESC Secretariat's 2003-2005 development plan which appeared in the 2004 Work Programme. The budget expenditure entered in this context to implement these priorities aimed, in particular to:

1. optimise the consultative role of the ESC with the European Parliament, the Council and the Commission by increasing cooperation;
2. improving the credibility of the ESC as an institutional representative of civil society;
3. strengthening the role of the ESC in the debate on the future of Europe;
4. development of the Committee's internal structures.

It should be noted that the mid-term review of the ESC's development plan showed that the actions carried out (or in the process of being carried out) were generally positive. Furthermore, most of the objectives set out in the 2004 Work Programme had been achieved.

The main issues of the ESC's budget implementation can be summarised as follows:

Title I (Staff costs) : this budget heading is mainly highlighted by the delays in recruitment of enlargement related staff. As a consequence, the budget implementation showed less significant expenditure for the following items :

- travel costs and mission costs,…

- costs for ESC special advisors and overtime,
- costs relating to the payment of officials from the new Member States,
- staff training costs,
- interpretation costs.

Title II (Operational expenditure) : the main issue under this heading was the Institution's change of address on 01.09.2004 which had a considerable impact on the budget. On the 31.12.2004, the ESC and the Committee of the Regions had joint long-term leases on 3 buildings : Montoyer 92, Belliard 99-101 and Belliard 68. On 12 May 2004, a new long-term lease was signed by the ESC and the Committee of the Regions for the "Trèves 74" building. Given that the lease (27 years) shall take effect in February 2005, part of the ESC (40% of the value of EUR 22 million) shall be included in the balance sheet for 2005.

Other expenses related to :

- lower than expected rental costs,
- security costs for the Belliard 68 and 99-100 building which were lower than expected (certain contracts were not concluded),
- various equipment costs were lower than expected,
- reduced costs for the dissemination of information. As a consequence, this budget line shall be reduced in 2006.

Lastly, it should be noted that there was a clear under-utilisation of expenditure planned for the removal given that a more favourable proposition had been made (EUR 700.000 foreseen but less than EUR 300.000 was actually spent).

DETAILED SYNTHESIS OF 2004 EXPENDITURE: this detailed synthesis analyses the breakdown of the Economic and Social Committee 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 2004 : **EUR 102.709.246;**
- Appropriations committed amounted to EUR 90.955.257,89, an **88,56%** utilisation rate ;
- Appropriations paid amounted to EUR 83.319.550,16;
- Appropriations carried over from 2003 to 2004 : EUR 5.752.544,89.

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

- I : Institutional costs (Members and active staff) : EUR 62,5 million;
- II : Operational costs (buildings and materials) : EUR 28,5 million.

2004 discharge: EC general budget, Economic and Social Committee ESC

2005/2095(DEC) - 27/04/2006 - Final act

PURPOSE: to grant discharge to the Economic and Social Committee for the 2004 financial year.

LEGISLATIVE ACT: Decision 2006/814/EC of the European Parliament on the on the discharge for implementation of the European Union general budget for the financial year 2004 (Section VI - European Economic and Social Committee).

CONTENT: with the present decision, the European Parliament grants the Secretary-General of the Economic and Social Committee 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, Economic and Social Committee ESC

2005/2095(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 European Economic and Social Committee discharge in respect of the implementation of the budget for the financial year 2004. In its accompanying statements, Parliament noted that in 2004 the European Economic and Social Committee (EESC) administered a budget of EUR 103 000 000 with a utilisation rate of 88.56 % (2003: 98.12 %).

Parliament recalled the EESC's assurance given in 2004 that there had been no further irregularities whatsoever with regard to the payment of its Members' travel expenses. However, the Court of Auditors referred in its annual report on the 2003 financial year, published in November 2004, to three cases in which the travel allowance paid to Members was twice the amount set out in the Committee's own rules. Parliament noted that the Belgian prosecution service had opened a formal investigation based on a finding by OLAF of strong prima facie evidence that up to EUR 45 000 in expenses was wrongfully claimed by an EESC Member over a six-year period. Parliament was aware that the EESC voted to lift the immunity of the Member concerned and that a judgment of the competent Belgian court is expected before the end of 2006.

Parliament went on to note that in 2004 the EESC changed its internal rules so as to designate a vice-president to be responsible for budgetary matters and for relations with Parliament. It welcomed the fact that the EESC had forwarded the annual activity report and pointed to the following findings arising from the annual activity report:

- the increase in the number of Members from 222 to 317 (an increase of 42,79 %) following enlargement on 1 May 2004;

- the closure and replacement of the imprest account office from 1 January 2004 with direct processing of payment orders in the Si2 computer programme;

- an increase in translation requests of 33,5 % in comparison with 2003;

- a 35% increase in the number of meetings;

- problems with NAP as well as difficulties in recruiting all staff needed in 2004.

On buildings policy, Parliament said that the Court of Auditors should carry out an audit on the Montoyer building renovation in addition to the audits pending on the buildings shared by the CoR and the EESC. It concluded that renting buildings would significantly reduce the risks involved for small institutions and that this solution should be considered as a serious alternative for future building projects.

Finally, it welcomed the fact that the annual activity report included the results of ex-post controls in accordance with Article 52 of Commission Regulation 2342/2002/EC on the implementation of the Financial Regulation, and said that in this respect the EESC's example could be usefully followed by other institutions.

2004 discharge: EC general budget, Economic and Social Committee ESC

2005/2095(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 – Economic and Social Committee).

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 Economic and Social Committee : the report indicates that the expenditure of the institution was **EUR 92 million** (against EUR 91 million in 2003).

As regards the implementation of the Economic and Social Committee's budget, the Court states that the main weaknesses concern:

- 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 part of the salary with weighting coefficients granted without the necessary justification;
- procurement procedures.

The Court notes further weaknesses in the implementation of internal control standards. They were approved in July 2004. Not all the measures needed to achieve full compliance with them have been taken yet.

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, Economic and Social Committee ESC

2005/2095(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.