Basic information

2005/2096(DEC) DEC - Discharge procedure	Procedure completed
2004 discharge: EC general budget, Committee of the Regions **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	A6-0115/2006	

26/04/2006	Debate in Parliament		
27/04/2006	Decision by Parliament	T6-0163/2006	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	2005/2096(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/28880

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE369.890	03/02/2006	
Amendments tabled in committee		PE370.136	28/02/2006	
Committee report tabled for plenary, single reading		A6-0115/2006	28/03/2006	
Text adopted by Parliament, single reading		T6-0163/2006	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	N6-0038/2005 OJ C 301 30.11.2005, p. 0001	30/11/2005	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act	
Budget 2006/0815 OJ L 340 06.12.2006, p. 0043-0043	Summary

2004 discharge: EC general budget, Committee of the Regions

2005/2096(DEC) - 27/04/2006 - Final act

PURPOSE: to grant discharge to the Committee of the Regions for the 2004 financial year.

LEGISLATIVE ACT: Decision 2006/815/EC of the European Parliament on the discharge for implementation of the European Union general budget for the financial year 2004 (Section VII - Committee of the Regions).

CONTENT: with the present decision, the European Parliament grants the Secretary-General of the Committee of the Regions 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, Committee of the Regions

2005/2096(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, Committee of the Regions

2005/2096(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 VII – Committee of the Regions.

CONTENT : this document sets out the amount of expenditure and the financial statement of the Committee of the Regions (CoR) for 2004 and presents an analysis of its financial management. The available appropriations set out in the Committee’s 2004 budget amounted to EUR 59,6 million (taking account of a supplementary and amending budget of EUR 600.000), with a 83,6% utilisation rate.

Main axes of 2004 expenditure : the budget implementation can be characterised as follows :

- Effects of the enlargement process : 95 new Members and 10 new Member State delegations;
- The consolidation of the institutional role of the CoR;
- The implementation of complementary actions aiming to enhance the CoR's profile.

It should also be noted that the budget has been increased for the Committee's 4 political groups (PES, EPP, ALDE and UEN-EA) in particular for their meetings, activities and publications.

Among the main activities in 2004, one notes in particular:

1. the strengthening of its **consultative activities** (5 plenary session with a total of 55 opinions), the participation of Members at conferences /seminars throughout Europe, including one in Berlin on the Constitution as well as the organisation of various events;
2. the implementation of a new **communication policy** : improving interinstitutional relations, improving the CoR's profile, promoting its consultative activities (press releases, information notes, the conception of a new website);
3. the strengthening the Institution's "**greffe"** service which aims to assist the members and national delegations in their daily tasks and to help ease the workload relating to enlargement.

The main issues of the 2004 budget implementation can be summarised as follows:

Title I (Staff costs) : this budget item shows the effects of the enlargement process. The institution's budget, and in particular DG Administration, was nearly doubled to deal with the arrival of the new Members (+ 43% compared to 2003). 156 new posts were established which meant that there was roughly a 63% increase in staff.

In comparison to the proposed initial budget, the main items which were subject to an under-utilisation were as follows:

- Members' costs and allowances : travel expenses, various allowances, language classes,
- Payment of staff in activity and other recruitment costs : 60 "enlargement" positions still have to be filled out of the 156,
- Staff mission costs,
- Free lance interpreters fees (cancellation of numerous meetings,…).

It should be added that the annual report presents a table showing the participation rate of the Members and the substitutes at the plenary sessions: over 2004, the average participation rate reached 77%.

Title II (Operational expenditure) : this heading was characterised by the following :

1. Building projects in 2004: the change of address of the CoR and the ESC. The initial budget was respected;
2. New requirements following the enlargement process: the requirements are estimated at 15.000m² for the 2 Committees. These costs are divided between 3 new buildings : "Belliard 68", "Trèves 74" and a third building. These buildings will not be available at the same time : only Belliard I and II and Belliard 68 were ready in 2004. Trèves 74 should be finished in 2006. It should be noted that the contract for the former CoR building (Ravenstein) was terminated mid-2004.

In addition, the following should be noted:

- the carry over of a budget line to 2005 for the creation of a "Interinstitutional Library" in Brussels for the sum of EUR 30.473;
- advanced payment of appropriations in order to reduce the budgetary pressure under heading 5 of the financial perspectives : advanced payments in 2004 of ground rent for the "Belliard I" and "Trèves 74" building for a sum of roughly EUR 2,3 million;
- an under-utilisation of appropriations relating to building security issues, meeting and conference costs, technical material and transport costs (call for tender for the rental of cars carried over to 2005) and other running costs (newspaper subscriptions, telephone, press conferences).

DETAILED SYNTHESIS OF 2004 EXPENDITURE: this detailed synthesis analyses the breakdown of the Committee of the Regions 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 59.413.031** (with an interinstitutional amending budget of EUR 600.000 to fund the correction of increased salaries);
- Appropriations committed amounted to EUR de 49.654.384, an **83,57%** utilisation rate;
- Appropriations paid amounted to EUR 44.072.451;
- Appropriations carried over from 2003 to 2004 : EUR 5.061.468,05.

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

- I : Institutional costs (Members and active staff) : EUR 30,9 million;
- II : Operational costs (buildings and materials) : EUR 18,8 million.

2004 discharge: EC general budget, Committee of the Regions

2005/2096(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 Committee of the Regions discharge in respect of the implementation of the budget for the financial year 2004. In its accompanying statements, Parliament noted that in 2004 the Committee of the Regions (CoR) administered a budget of EUR 59 413 031 with a utilisation rate of 83.57 %. Parliament underlined that the CoR appeared in the Court of Auditors' annual report to be the institution with the highest number of criticisms of all the other institutions. It criticised the fact that the internal audit function was carried out by a temporary member of staff employed on the basis of renewable contracts of short duration, but welcomed the solution now found. Parliament noted that according to the information given at the hearing of the other institutions organised by the Committee on Budgetary Control on 25 January 2006 certain matters are now the subject of an investigation by OLAF. In addition, the CoR trade unions contested the CoR's recent reorganisation exercise, which has been carried out despite some controversy as already pointed out in previous discharge resolutions.

Parliament found it regrettable that the Court of Auditors was unable to take account of the CoR's annual activity report as it had not been produced before the Court's audit was concluded.

With regard to buildings, Parliament felt that there should also be an audit of the Montoyer renovation. It noted that at the time Parliament recommended purchase, but now pointed to the fact 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.

Parliament noted that while the authorising officer by delegation did not enter any formal reservations in his statement of assurance, he did annex to it a number of remarks, including the fact that due to weaknesses in the new payroll application (NAP) managed by the Commission, the sub-delegated authorising officers and their ex-ante verifiers were unable to guarantee the accuracy of all staff salary calculations. It acknowledged that weaknesses in the NAP were a problem for all institutions and not a specific problem for the CoR.

Parliament went on to state that the CoR should have focused on the importance of setting up a fully functioning internal audit service in 2004, knowing the challenges resulting from enlargement. It noted the following as particular challenges: a substantial increase in the budget in 2004 (up 50 %); growth in staff numbers (up 63 %); the arrival of new members (up 43 %); the financial and regulatory impact of the new Staff Regulations; and the continuing implementation of the new Financial Regulation, together with the move of most of the CoR's services to the new buildings (Belliard 99-101 and Belliard 68), which took place in June 2004.

Finally, Parliament recalled that, in relation to OLAF's findings, the public prosecutor at the Brussels Court of Appeal concluded in March 2005 that there was insufficient evidence to bring a prosecution and therefore decided to close the file without further action. Parliament demanded nevertheless, given the lack of follow-up in 2004 to the OLAF report on fraud and irregularities at the CoR, that the CoR abolish the imprest account system for the reimbursement of members' travel expenses and adopt the same system as the EESC.

2004 discharge: EC general budget, Committee of the Regions

2005/2096(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 – Committee of the Regions).

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 control systems.

Specific observations on the Committee of the Regions (CoR) : the report indicates that the expenditure of the institution was **EUR 63 million** (against EUR 43 million in 2003).

As regards the implementation of the CoR'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 only in November 2004, but not all the measures needed to achieve full compliance with them were taken. The internal audit function was carried out by a member of temporary staff, employed on the basis of renewable contracts of short duration. In May 2005 an official was nominated internal auditor.

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.