Basic information

2006/2072(DEC) DEC - Discharge procedure	Procedure completed
2005 discharge: EC general budget, Council **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	CASPARY Daniel (PPE-DE)	20/04/2006

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.	

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.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2787	2007-02-27

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
26/07/2006	Non-legislative basic document published	SEC(2006)0915	Summary

14/12/2006	Committee referral announced in Parliament		
27/03/2007	Vote in committee		Summary
30/03/2007	Committee report tabled for plenary	A6-0108/2007	
24/04/2007	Decision by Parliament	T6-0134/2007	Summary
24/04/2007	Results of vote in Parliament		
24/04/2007	Debate in Parliament		
24/04/2007	End of procedure in Parliament		
15/07/2008	Final act published in Official Journal		

Technical information

Procedure reference	2006/2072(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/43587

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE382.612	10/01/2007	
Amendments tabled in committee		PE386.383	06/03/2007	
Committee report tabled for plenary, single reading		A6-0108/2007	30/03/2007	
Text adopted by Parliament, single reading		T6-0134/2007	24/04/2007	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	06162/2007	08/02/2007	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2006)0915 OJ C 263 31.10.2006, p. 0001	26/07/2006	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
		N6-0039/2006		

CofA	Court of Auditors: opinion, report	OJ C 263 31.10.2006, p. 0001	31/10/2006	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Budget 2008/0498 OJ L 187 15.07.2008, p. 0020	Summary

2005 discharge: EC general budget, Council

2006/2072(DEC) - 26/07/2006 - Non-legislative basic document

PURPOSE: presentation of the final annual accounts of the European Community for the financial year 2005 – Other institutions : Section II – Council.

CONTENT: this document sets out the amount of expenditure and the financial statement of the Council for 2005 and presents an analysis of its financial management. The available appropriations amounted to **EUR 563 million**, with an 82.6% utilisation rate for the running costs of the Institution and 98.6% if the additional advances provided to fund the LEX building are taken into account.

Main axes of 2005 expenditure : the implementation of the Council's budget was characterised by the following:

- problems concerning the active recruitment of staff following the 2004 enlargement;
- the continuation of its building policy;
- excessive translation costs.

Amendments to the budget: the difference between the budget forecasts and the implementation of the budget is due to the following:

- low rate of staff occupation (average of 86%);
- the success of a new allocation system for interpretation as well as the lack of interpreters for the new languages (general staffing problems);
- Member States failing to justify the amounts granted for delegates' travel expenses,
- delays in the SESAME project;
- delays in the establishment of security plans.

The main titles subject to a significant modification (difference of more than EUR 250 000 compared to the forecasts) are the following :

Titre I (Staff costs): implementation was marked by the reduction in the amounts provided for the officials' basic salaries. This saving was made through a yearly adjustment of salaries (with a gain of around EUR 5 million) and a weaker staff policy than was originally planned (under-estimation of staff caused a budget increase of EUR 15 million). To accommodate the lack of staff, the Secretary-General called on auxiliary staff notably for the linguistic services via an appropriation transfer between lines.

Other posts which were under-estimated are :

- contract agents, under-utilised by more than 30%;

- reinstallation allowances and relocation costs: these lines have been under-utilised due to the lack of personnel. In addition, translation costs have been reinforced to cover the addition work brought about by 10 new working languages (EUR 422 000 entered in the budget, which is an increase of more than 250%). On the other hand, interpretation costs have decreased by 35%.

Title II (Operational expenditure): this sector has been largely dominated by the Council's buildings policy which saw its budget explode with an increase of 623% (the initial amount provided for this area was EUR 14.4 million) and the Council spent EUR 104.4 million after a transfer of appropriations and savings made on other lines. The Council's objective was to proceed with a pre-financing plan for the acquisition of the LEX building after the end of year mop-up of transfers.

One also notes the strengthening of IT systems and an important increase in costs relating to claims (costs resulting from the treatment of antidumping claims). On the other hand, interpretation and translation costs have decreased. Conference and meeting costs showed an increase of 975% (going from EUR 80 000 to EUR 860 000 after a transfer of appropriations).

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 appears that the amounts initially set out for the special ESDP advisers has been underestimated except for the post dealing with external experts which increased the amount of the budget line by 42%. Other areas under this title were, on the other hand, subject to a lower rate of implementation such as for the security of the OP-Centre.

Lastly, this title is also characterised by the carrying over of the SESAME project from 2005 to 2006 causing a reduction of EUR 18.7 million appropriations.

For further details concerning the Council's expenditure in 2005, please refer to the annexed detailed analysis of expenditure.

2005 discharge: EC general budget, Council

2006/2072(DEC) - 24/04/2007 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution drafted Daniel **CASPARY** (EPP-ED, D), by 583 votes for, 68 against and 28 abstentions, and granted the Council's Secretary-General discharge for implementation of the Council budget for the financial year 2005. Having done so, it set out its observations in the accompanying resolution.

Parliament began by noting that in 2005 the Council had available commitment appropriations amounting to a total of EUR 588 182 64052 with a utilisation rate of 96.69 %. Following the introduction of accrual accounting with effect from 1 January 2005 the Council's financial statements disclose a positive economic out-turn of EUR 19 386 89140 and identical amounts (EUR 398 520 00403) of assets and liabilities. Parliament regretted that unlike other institutions, the Council does not submit an annual activity report to the European Parliament, citing the Gentlemen's Agreement of 1970 and the absence of any corresponding requirement in the Financial Regulation. It called on the Council to reconsider this decision in order to be more accountable to the general public and taxpayers.

With regard to the Council's financial management, Parliament indicated that that, while the Council's reformed system for reimbursing the travel expenses of delegates of Council Members had greatly reduced the administrative burden, there were insufficient checks on the validity of Member States' statements before payment of the July 2005 instalment. The internal auditor stressed the need for more transparency as to the eligibility of meetings and refundable expenses. Parliament noted that the Council Secretariat is currently reviewing the system, and that each delegation now receives from the Council Secretariat a limited budget with a ceiling.

At the same time, Parliament recalled that the Council was unwilling to reply officially to a questionnaire to all the institutions (including the European Parliament) concerning the use of official cars having regard to the terms of the Gentlemen's Agreement. In view of its age and the substantial shortfall between words used and the meaning or interpretation which is attributed to them, Parliament felt that the Gentlemen's Agreement might be in need of revision.

It went on to observe that, in its special report No 9/2006, the ECA found that the cost per page of translation at the Council was EUR 276 (as against EUR 194 at the Commission and EUR 119 at the European Parliament). This difference was partly explained by the Council Secretariat's success in reducing the number and length of documents sent for translation and establishing a list of core documents.

Lastly, Parliament called for maximum transparency in the area of Common Foreign and Security Policy (CFSP) and asked the Council to ensure that no operating CFSP expenditure appears in the Council's budget. It reserved the right to take the necessary steps, where appropriate, if the agreement is infringed.

It should be noted that the amendments proposed by the Greens/ALE group were rejected in Plenary.

2005 discharge: EC general budget, Council

2006/2072(DEC) - 27/02/2007

The Council, on the basis of intensive preparatory work, approved a recommendation on the discharge to be given to the European Parliament for the implementation of its budget for 2005. The recommendation will be submitted to the European Parliament, in accordance with the budgetary discharge procedure.

The Council also makes reference to the **Court of Auditors report on translation expenditure** (see summary of the document annexed to the present discharge procedure: Council document 06162/2007). It adopted the following conclusions:

Firstly, it states that it welcomes the Court's special report on translation expenditure - which amounted to EUR 511 million in 2005 - incurred by three institutions in particular as it covers the period of the accession of 10 new Member States, increasing the number of official and working languages to 21. In this context, it underlines the importance of the translation of documents in a European Union **multilingual environment** with equal treatment of the languages of its Member States.

It emphasises that translation demands are to be met in time and in adequate quality, as an essential part of the legislative process keeping the cost under control as well as having adequate procedures to give priority to essential translations which implies efficient and effective management of translation resources. It regrets, however, that in some cases politically important information which should be translated has been included in non translated annexes of documents.

The Council notes with satisfaction that the Court of Auditors stated that the institutions have generally met translation needs in the EU-15 languages in required quality inter alia by recourse to freelance translators. It regrets that all three institutions have faced structural difficulties in providing a sufficient

volume and acceptable quality into the EU-10 languages. It expects the institutions to further enhance the degree of multilingualism as regards the information provided on their websites.

Moreover, the Council regrets the fact that the institutions, with the exception of the Commission for 2002, have not calculated their total costs or the average cost per page translated and invites them to do so from now on and inform the budgetary authority on a regular basis.

It notes with concern the fact **that the productivity of the EU translation services is much lower than in the private sector**, partly due to more effective use of IT tools in the private sector, although the quality of internal translation is recognised to be higher. It notes the long term action plan by the Council General Secretariat to increase its productivity by reducing the number of "full-time equivalent" in the EU-15 language units.

Inter-institutional cooperation: the Council advocates inter-institutional cooperation being reinforced to all institutions in order to improve the efficiency and the procedures and to reduce the costs in the field of translations. It urges the institutions to set up proper forecasting system and improve the system of workload balancing in order to make better use of spare capacity and to avoid unnecessary outsourcing. In 2005, according to the Court, EUR 11 million of freelance translation costs could have been saved by the Commission and by the Parliament by giving the non-urgent documents to be translated for other institutions. It regrets that it was not possible for the institutions to recruit enough translators in EU-10 languages which has resulted in quality and deadline problems in the EU-10 translations and it recommends that sufficient EU-10 translator resources should be ensured by measures increasing awareness and fostering interest in the Community's translation activity in the EU-10 Member States and other Candidate Countries. It recommends that similar measures be taken for Bulgaria and Romania.

The Council emphasises that future measures are to be taken by the institutions to contain the volume translated including control of the size of documents, without prejudice of equal treatment of EU official and working languages taking into account the operational effectiveness, and adoption of **a fit-for-purpose approach for authorised texts for translation** and encourages the institutions to improve their work planning and comply with the deadlines for requesting translations.

Lastly, the Council requests the institutions to improve the efficiency of the translation process in particular by intensifying the recourse to IT tools, reduction of secretarial support, working methods based on best practices and teleworking. It also invites the Court to examine also the translation expenditure of the other institutions and bodies.

2005 discharge: EC general budget, Council

2006/2072(DEC) - 24/04/2007 - Final act

PURPOSE: to give discharge to the Council for the 2005 financial year.

LEGISLATIVE ACT: Decision 2008/498/EC of the European Parliament on the discharge for implementation of the European Union general budget for the financial year 2005 (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 2005.

This decision is in line with the European Parliament's resolution adopted on 24 April 2007 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 24/04/2007).

2005 discharge: EC general budget, Council

2006/2072(DEC) - 08/02/2007 - Document attached to the procedure

Special Report 9/2006 **from the Court of Auditors** concerns translation expenditure incurred by the Commission, the Parliament and the Council.

The objective of the audit was to assess the extent to which the Commission, the Parliament and the Council manage their translation resources and expenditure **efficiently and effectively**. The Court addressed three questions:

1. Is translation demands met and are there adequate procedures to avoid unnecessary translations?
2. Are translations timely and of adequate quality for their purpose?
3. Were the institutions able to keep the cost of translations under control?

The audit has shown that the institutions have adopted **different approaches** when responding to rising translation demand. Both the Commission and the Council have taken adequate measures to reduce the number of documents translated into all languages. A significant part of all translation requests is, however, not governed by the translation guidelines adopted by each institution, and none of the institutions has a clear and coherent procedure for requesting translations.

The three translation services audited generally manage to deliver translations into the EU-15 languages on time and with the required quality. However, in 2004 there were significant problems for the EU-10 languages.

A calculation made by the Court shows that in 2003 the full cost of translation was about EUR 100 million each for the Parliament and for the Council and EUR 215 million for the Commission. Following the increase in the number of languages after the May 2004 EU enlargement, the cost of translation has risen to approximately EUR 128 million for the Parliament, **EUR 126 million for the Council** and EUR 257 million for the Commission in 2005. The average cost per page in 2003 was EUR 150 at the Parliament and at the Commission, and EUR 254 at the Council. In 2005, the average cost per page rose to EUR 194 at the Commission and EUR 276 at the Council, but dropped to EUR 119 at the Parliament. Internal translation is more

expensive than freelance translation, but comparison is difficult as texts translated externally are of a different nature and the quality of internal translation is recognised to be higher.

While **the Commission and the Council have been successful in reducing demand for translations** into the EU-15 languages this has also resulted in overcapacity and below-average productivity. The Court, however, noted significant differences in the productivity and the outsourcing percentages of the different language units of the different institutions.

With the exception of the Commission for 2002, none of the institutions had calculated their total translation cost or the average cost per page translated.

The Court considers that savings could be achieved by further increasing interinstitutional cooperation, in particular by ensuring that spare capacity in one institution is made available to other institutions in order to reduce their outsourcing to freelance translators. However, lack of forecasts and insufficient communication of available translation capacity make it difficult for the institutions to take full advantage of temporarily available capacity at other institutions. In 2005, the Parliament and several Commission DGs outsourced a similar number of pages of non-urgent documents in the same languages which could have been translated by another institution. Total payments of about EUR 11 million for freelance translations could thus have been avoided.

The Court notes that while advanced IT tools are available at the audited translation services, they are not used in a consistent manner.

Council conclusions: following the reception of the Special Report 9/2006 on 15 September 2006, the Permanent Representatives Committee instructed the Budget Committee to examine it and draw the relevant conclusions. Following that examination, the Antici Group was tasked with examining certain language aspects of the draft conclusions. A special Council group (the Antici Group) highlighted the importance of **multilingualism** in order to better communicate with citizens and to take account of national parliaments was stressed in particular.

At the ECOFIN Council on 27 February 2007, the Council approved the conclusions on EU translation expenditure (refer to the Council conclusions for more details). It advocates inter-institutional cooperation being reinforced to all institutions in order to improve the efficiency and the procedures and to reduce the costs in the field of translations. These conclusions do not constitute a change of policy as regards translation.

2005 discharge: EC general budget, Council

2006/2072(DEC) - 31/10/2006

PURPOSE : to present the Court of Auditors' report on the implementation of the 2005 budget (other institutions – Council).

CONTENT : in its 29th Annual Report on the implementation of the general budget of the European Union, the Court highlights that 2005 was the first full year in which the European Union had 25 Members. The Court's audit did not reveal any material errors concerning the legality and regularity of underlying transactions.

Supervisory and control systems: in 2005 all the Institutions had supervisory and control systems complying with the requirements of the new Financial Regulation. However, some Institutions had not fully implemented all their Internal Control Standards (in particular the Council).

Also in 2005, the NAP (Nouvelle Application Paie), a computer application for calculating staff remunerations created in 2003 and managed by the Commission Paymaster Office (PMO), was being used by all the Institutions. The technical weaknesses noted in 2004 were overcome, minimising the risk of erroneous calculation of the various elements of staff remuneration. However, the institutions did not systematically use the reporting facilities of NAP in order to verify, before the final pay run, all the data concerning situations specific to individual members of staff. Although not mandatory pursuant to the Financial Regulation, ex-post controls would increase the reliability of the administrative procedures for managing staff remunerations and help to uncover possible weaknesses and errors in the system.

Staff Regulations: the amended Staff Regulations, which entered into force on 1 May 2004, state that accommodation costs incurred on mission are reimbursed up to a maximum fixed for each country. Contrary to this rule, all the Institutions, except the Court of Justice, the Court of Auditors and the Ombudsman, provided in their internal rules for the payment 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. After the publication of the European Court of Auditors' Annual Report concerning the financial year 2004, the European Economic and Social Committee amended its internal rules in December 2005 in order to ensure compliance with the Staff Regulations.

Specific remarks concerning the Council: to recall, Council administrative expenditure totalled EUR 533 million in 2005. The Court states that the Council reformed its system for reimbursing the travel expenses of delegates of Council Members with Decision 190/2003, applicable from 1 January 2004. The reimbursement is paid within the limit of a fixed allocation per Member State. Each Member State is paid two instalments per year: one in January and the other in July. Before the end of February, each Member State provides the General Secretariat with a statement showing how the total appropriation allocated to it during the previous year has been used. Unused sums and amounts for which no supporting documents have been provided are deducted from the amounts to be paid in the next instalment. The Court found that the new system greatly reduced the administrative burden on the Council of paying delegates' expenses, but that there had been insufficient checks on the validity of Member States' statements before payment of the July 2005 instalment.

General conclusions: the Court states that 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. The Court's audit found that, notwithstanding the weaknesses mentioned in the previous paragraphs, the supervisory and control systems were adequate to manage the risk as regards legality and regularity of the transactions underlying the accounts of the Institutions' administrative expenditure. The Court's audit did not reveal material errors affecting the legality and regularity of the administrative expenditure.