Basic information

2007/2043(DEC) DEC - Discharge procedure	Procedure completed
2006 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)	27/03/2007

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	2847	2008-02-12

European Commission

Commission DG	Commissioner
Budget	KALLAS Siim

Key events

Date	Event	Reference	Summary
		SEC(2007)1055	Summary

30/03/2007	Non-legislative basic document published		
25/10/2007	Committee referral announced in Parliament		
26/03/2008	Vote in committee		Summary
01/04/2008	Committee report tabled for plenary	A6-0095/2008	
22/04/2008	Decision by Parliament	T6-0139/2008	Summary
22/04/2008	Results of vote in Parliament		
22/04/2008	Debate in Parliament		
22/04/2008	End of procedure in Parliament		
31/03/2009	Final act published in Official Journal		

Technical information

Procedure reference	2007/2043(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/54015

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE400.411	06/02/2008	
Amendments tabled in committee		PE402.770	07/03/2008	
Committee report tabled for plenary, single reading		A6-0095/2008	01/04/2008	
Text adopted by Parliament, single reading		T6-0139/2008	22/04/2008	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2007)1055	30/03/2007	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0005/2008 OJ C 273 15.11.2007, p. 0001	15/11/2007	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2009/0194 OJ L 088 31.03.2009, p. 0083	Summary

2006 discharge: EC general budget, Committee of the Regions

2007/2043(DEC) - 22/04/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 623 votes in favour, 42 against and 14 abstentions, a Decision to grant the Committee of the Regions' Secretary-General discharge in respect of the implementation of its budget for the financial year 2006. The decision to grant discharge also constitutes closure of the accounts of this institution.

At the same time, the Parliament adopted by 626 votes in favour, 46 against and 15 abstentions, a Resolution containing the comments which form part of the decision giving discharge. The report had been tabled for plenary by Nils **LUNDGREN** (ID, SE) on behalf of the Committee on Budgetary Control.

The Resolution recalls that the Committee of the Regions (CoR) had the following appropriations available to assure its functions in 2006: EUR 74 391 953 in commitment appropriations (compared to EUR 69 570 456 in 2005) with a utilisation rate of 97.94%.

Overall, the Parliament welcomes the signature, in 2007, of a new Administrative Cooperation Agreement between the EESC and the CoR for the period 2008 to 2014, believing that cooperation between the two institutions will be financially advantageous for the European taxpayer. It notes that the new Agreement keeps the most important areas (infrastructures, IT and telecommunications as well as translation, including the production of documents) within the Joint Services' remit, while a limited number of services are de-coupled (such as internal services, socio-medical service, the library and prepress) - this de-coupling should be budget neutral. It urges the two Committees to carry out a joint analysis of this Cooperation Agreement as part of the mid-term review, as well as the effect of the decoupling of certain services on the resources of these two institutions.

The Parliament makes a series of observations which can be summarised as follows:

- **Procurement**: the Parliament notes the worryingly high percentage of negotiated procedures, instead of calls for tenders, for allocating certain services to this institution. Regretting this situation, the Parliament welcomes the creation, within the Joint Services, of a Contracts Unit providing assistance to all operational departments in the Joint Services in the area of public procurement;
- **Controls**: the Parliament notes that the CoR requested all its services to verify 5% of all files in 2007. Therefore, on the whole, the CoR has significantly increased its resources and capacities in its financial verification service., which is welcomed by the Parliament since it considers it crucial that the controls carried out are rigorous;
- **Members' travel expenses**: the Parliament returns to the issue of the amounts refunded to members for travel expenditure (air tickets) on the basis of hand-written travel agency invoices, which were on average 83% higher than the price actually charged by the airline for the ticket used. The Parliament notes that, following this, the CoR's administration carried out a broad investigation into the matter, which was completed in July 2007 and whose results did not demonstrate that the amounts paid for administrative costs were justified. At the same time, the CoR decided to make further reimbursements subject to compliance with a number of conditions and suspended all reimbursements based on travel documents purchased under the previous arrangements. The CoR also informed OLAF about the evolution of the dossier;
- **Salary transfers**: the Parliament also considers the salary transfers made in 2006. Following an investigation, OLAF established that eight transfers were not in compliance with statutory conditions and recommended recovering the amounts overpaid from the officials concerned, as well as the opening of disciplinary proceedings for some of them. Subsequently, the files of five of them were submitted to the Belgian authorities and all the undue amounts were reimbursed. The Parliament notes that the CoR Appointing Authority lifted the immunity of the officials concerned. More generally, the Parliament considers that there should be strict prosecution of all cases of fraudulent behaviour.

2006 discharge: EC general budget, Committee of the Regions

2007/2043(DEC) - 22/04/2008 - Final act

PURPOSE: to grant discharge to the CoR for the financial year 2006.

LEGISLATIVE ACT: Decision 2009/194/EC of the European Parliament on the discharge for implementation of the European Union general budget for the financial year 2006 (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 2006.

This decision is in line with the European Parliament's resolution adopted on 22 April 2008 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 22/04/2008).

2006 discharge: EC general budget, Committee of the Regions

2007/2043(DEC) - 15/11/2007

PURPOSE: to present the Court of Auditor's report on the implementation of the 2006 budget (other institutions – Committee of the Regions - CoR).

CONTENT: in its annual report for the financial year 2006, the Court evaluates the legality and regularity of operating expenditure of the institutions. While, on the whole, all the institutions put in place a satisfactory monitoring and control framework in 2006, the Court notes a certain number of weaknesses in terms of the procurement procedures of the institutions (particularly a lack of competition between tenderers in the case of negotiated procedures). In particular, the European Economic and Social Committee and the Committee of the Regions largely disregarded the limited extent to which the negotiated procedure can be used according to the Financial Regulation. This can result in an increased risk for the legality and regularity of the expenditure.

Audit of the EESC and the Committee of the Regions: the examination of a sample of negotiated procurement procedures and contracts managed by the 'Joint Services' of the European Economic and Social Committee and the Committee of the Regions revealed management and control weaknesses. In 2006 the expenditure relating to contracts resulting from a negotiated procedure, instead of a call for tenders, was a high percentage of the whole expenditure for procurement. For budget lines 'insurance', 'water, gas, electricity and heating', 'cleaning and maintenance' and 'new purchases of technical equipment and installations', this percentage exceeded 50 % of the total of the appropriations committed, which amounted to EUR 6.4 million. This practice does not comply with the general rule, set out in Article 89 of the Financial Regulation, that "all procurement contracts shall be put to tender on the broadest possible base". **The negotiated procedure is an exception** applicable only within the strict limits set out in Articles 126, 127 and 129 of the Implementing Rules to the Financial Regulation (IR).

Furthermore, in negotiated procedures the number of candidates invited to negotiate or to tender may not be less than three, provided that a sufficient number of candidates satisfy the selection criteria, and the number of candidates invited to tender must be sufficient to ensure genuine competition. For 70% of the contracts examined during the audit, a tender was requested from only one potential supplier. The Court considers that for most of these contracts (with a total value of EUR 1.8 million), it would have been possible to request tenders from more than one supplier.

In addition, the Court notes that the proportion of negotiated procedures in relation to the number of contracts awarded by the authorising officer by delegation responsible for 'investments in immovable property, rental of buildings and associated costs' and 'movable property and associated costs' of the budget, had increased significantly in relation to earlier years. As far as March 2007, the authorising officer had not reported to the Institution setting out any measures taken to reverse that trend, as required by the Implementing Rules to the Financial Regulation.

The Committee of the Regions is also involved in a series of anomalies concerning refunded travel costs of its members: according to the Committee's rules, its Members may be refunded travel expenses for the cost of the flight tickets actually paid. Administrative costs incurred for the purchase of such tickets are reimbursed on presentation of the travel agency invoice. In various cases, travel expenditure was refunded on the basis of hand-written travel agency invoices always showing the same amount. In the context of an ex post verification procedure, the Committee's administration found that this amount was on average 83 % higher than the price charged by the airline for the ticket used. There was no evidence of the actual administrative cost invoiced for the purchase. The Committee's administration carried out a broad investigation into the matter, which was completed in July 2007. In the Court's opinion the results of this investigation do not demonstrate that the amounts paid for administrative costs were justified.

Replies of the Committee of the Regions: the Committee of the Regions has noted the comments of the Court in relation to contracts managed by the Joint Services with the EESC and is committed to improving financial management practices and methods in the Joint Services. In this regard, the Secretary General of the CoR has written to the Secretary General of the EESC proposing the implementation of a number of corrective measures, particularly in the area of financial circuits and tendering procedures. It is hoped that these measures can be implemented by agreement between the two Committees as soon as possible.

Regarding the issue of refunded travel costs of its members, the Court notes that, in order to guarantee full transparency, the Committee has subjected further reimbursements to compliance with a number of conditions. It has also requested the members concerned to cease travelling under the previous arrangements (full flexibility of tickets, thus increasing the cost) and to ensure that their reimbursement claims reflect the actual price indicated on the flight ticket issued.

2006 discharge: EC general budget, Committee of the Regions

2007/2043(DEC) - 30/03/2007 - Non-legislative basic document

PURPOSE: to present the final annual accounts of the European Communities for the financial year 2006 – 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 2006 and presents an analysis of its financial management.

The appropriations available for the CoR budget for the financial year 2006 amounted to **EUR 63.363 million**. Appropriations committed amounted to EUR 61.97 million – 97.8% of the budget – and appropriations paid amounted to 85.5%.

Main axes of 2006 expenditure: the year was mainly characterised by the organisation of the fourth European Week of Regions and Cities (9-12 October 2006 with some 5 000 participants). On 6 May 2006, the CoR also contributed to organising EU Open Days and welcomed some 4 500 visitors. Moreover, the CoR Bureau organised five ordinary meetings and two extraordinary sessions in Innsbruck (Austria) and Turku (Finland).

In terms of financial management, 2006 also marked a turning point with the presentation, for the first time, of an activity report that takes account of the financial implementation of actions undertaken, in accordance with the Control Standards, as required by the Financial Regulation.

The other main axes of CoR expenditure can be summarised as follows:

- **Consultative work**: the majority of the CoR's work, as in the past, involved assisting the other institutions in their analysis of pending legislation. 2006 cannot, however, be considered a typical year, to the extent that the CoR's Commissions only really worked for 8 of the 12 months, as a result of the CoR's renewal. Two main units/commissions carry out this consultative work: UNIT 1 which focuses on the organisation and coordination of work with local authorities (22 opinions; 18 meetings; 3 working groups; 4 external conferences) and UNIT 2 which focuses on European governance, justice and home affairs, development cooperation and the EU's external policy (19 opinions; 17 meetings; 6 external seminars; 7 meetings of working groups and local election observation missions). Lastly, UNIT 3 focuses on policy analysis, studies and inter-institutional legislative planning;
- **Activity in addition to consultative work**: in addition to consultative work, the CoR carries out communication work and acts as an intermediary with the press. In 2006, most of the CoR's activities involved raising its profile and increasing its political impact, strengthening links with regional representatives, organising events (such as "Meeting Place on Europe's Regions and Cities"), publishing documents for the general public, improving its intranet and external website, etc. In 2006, the most noteworthy actions, other than organising the EU Open Days on 6 May, include the organisation of public conferences and the opening of the headquarters to some 10 000 visitors (mostly officials and students).

Other notable points regarding the budgetary implementation of the CoR can be summarised as follows:

Title I (staff expenditure): **EUR 44.285 million**, 98.93% of which was committed and 91.56% paid. The Institution's budget was on the whole respected, but large differences were noted in the implementation of certain areas of the budget, such as:

- **travel expenses**: in 2006, the item for travel expenses required a transfer of appropriations to the amount of EUR 80 000, and almost all the appropriations made available for this item (including the transfer of appropriations) were used (98% of the amount available); the transfer of appropriations was necessary due to insufficient appropriations to meet needs and to take account of the different indexations of basic amounts (not indexed since 2004);
- **entertainment and representation expenses**: only 39% of expenses were actually paid (whereas 99% of appropriations provided for had been committed): these are mostly expenses of national delegations which recorded a (large) payment deficit;
- **inter-institutional cooperation**: in decline, with a payment rate of 28% (compared to commitments in the order of 98%). The most striking payment deficit was in the interpretation and translation services. With regard to interpretation, under-implementation is related to the reduction in the number of interpreters at meetings and the fact that distance interpretation was not used. As for translation, the costs decreased considerably compared to 2005 and were limited to EUR 71 000, of which 71.4% was used. In general, these amounts are used to tackle situations where there is an overload of work and they constitute a reserve capacity. Moreover, demand was very low for the first three quarters of the year following the renewal of the CoR and the limits on the size of documents to be translated. As this information was not known from the beginning, the rate of under-utilisation can be easily explained.

Title II (administrative expenditure): **EUR 19.1 million**, of which 95% was committed and 71% paid. This budgetary item was mostly characterised by a reduction in travel expenses and meeting expenses (particularly for candidate country observers – Bulgaria and Romania – and for speakers). The quite low rate of implementation can be explained by the fact that these observers and certain external speakers made use of low cost tickets. In this context, note that the **CoR authorities have put several applications for refunds on hold due to a lack of supporting documentation** (for travel costs, costs of studies or costs related to speakers' meetings).

With regard to buildings policy, 2006 was mainly characterised by the purchase of furnishings to finalise the move to new buildings (Remorqueur and Van Maerlant). A large proportion of the furnishings was delivered in 2007 (but ordered in 2006).

Once again, note a net under-implementation of costs of hiring vehicles (official cars).

Transfer of appropriations: lastly, the document notes several transfers of appropriations between budget items or articles, including: (i) a transfer of appropriations to finance the CoR's contribution to the funding of the Council crèche (which may also be used by children of CoR officials); (ii) a transfer to finance contractual agents; (iii) a transfer to finance the additional costs related to allowances for permanent or temporary staff; (iv) a transfer of appropriations ("mopping up") in order to prepare in advance for the costs involved in fitting-out the Remorqueur building (EUR 1.2 million).