

## Basic information

2010/2143(DEC)

DEC - Discharge procedure

2009 discharge: EU general budget, European Parliament

### Subject

8.70.03.07 Previous discharges

Procedure completed

## Key players

European  
Parliament

Committee responsible	Rapporteur	Appointed
<b>CONT</b> Budgetary Control	ITÄLÄ Ville (PPE)	23/03/2010
	Shadow rapporteur SCHALDEMOSE Christel (S&D) GERBRANDY Gerben-Jan (ALDE) STAES Bart (Verts/ALE) SØNDERGAARD Søren Bo (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
<b>AFET</b> Foreign Affairs	The committee decided not to give an opinion.	
<b>DEVE</b> Development	The committee decided not to give an opinion.	
<b>INTA</b> International Trade	The committee decided not to give an opinion.	
<b>BUDG</b> Budgets	The committee decided not to give an opinion.	
<b>ECON</b> Economic and Monetary Affairs	The committee decided not to give an opinion.	
<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	

	<b>ENVI</b> Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	<b>ITRE</b> Industry, Research and Energy	The committee decided not to give an opinion.	
	<b>IMCO</b> Internal Market and Consumer Protection	The committee decided not to give an opinion.	
	<b>TRAN</b> Transport and Tourism	The committee decided not to give an opinion.	
	<b>REGI</b> Regional Development	The committee decided not to give an opinion.	
	<b>AGRI</b> Agriculture and Rural Development	The committee decided not to give an opinion.	
	<b>PECH</b> Fisheries	The committee decided not to give an opinion.	
	<b>CULT</b> Culture and Education	The committee decided not to give an opinion.	
	<b>JURI</b> Legal Affairs	The committee decided not to give an opinion.	
	<b>LIBE</b> Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
	<b>AFCO</b> Constitutional Affairs	The committee decided not to give an opinion.	
	<b>FEMM</b> Women's Rights and Gender Equality	The committee decided not to give an opinion.	
	<b>PETI</b> Petitions	The committee decided not to give an opinion.	
European Commission	<b>Commission DG</b>	<b>Commissioner</b>	
	Budget	ŠEMETA Algirdas	

## Key events

Date	Event	Reference	Summary
20/07/2010	Non-legislative basic document published	SEC(2010)0963 	Summary
07/10/2010	Committee referral announced in Parliament		
22/03/2011	Vote in committee		Summary
28/03/2011	Committee report tabled for plenary	A7-0094/2011	
10/05/2011	Decision by Parliament	T7-0196/2011	Summary
10/05/2011	Results of vote in Parliament		
10/05/2011	Debate in Parliament		
10/05/2011	End of procedure in Parliament		
27/09/2011	Final act published in Official Journal		

## Technical information

Procedure reference	2010/2143(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/03739

## Documentation gateway

### European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE450.727	03/02/2011	
Amendments tabled in committee		PE458.841	22/02/2011	
Committee report tabled for plenary, single reading		A7-0094/2011	28/03/2011	
Text adopted by Parliament, single reading		T7-0196/2011	10/05/2011	Summary

### Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05891/2011	03/02/2011	Summary

### European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2010)0963 	20/07/2010	Summary

## Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0083/2010 OJ C 303 09.11.2010, p. 0001	09/09/2010	<a href="#">Summary</a>

## Additional information

Source	Document	Date
European Commission	EUR-Lex	

## Final act

Decision 2011/0548  
OJ L 250 27.09.2011, p. 0001

[Summary](#)

# 2009 discharge: EU general budget, European Parliament

2010/2143(DEC) - 03/02/2011

Having regard to the observations made in the Court of Auditor's report, the Council calls on the European Parliament to give a discharge to the Commission in respect of the implementation of the budget of the European Union for the financial year 2009. Although the observations made by the Council are positive as regards institution expenditure, the Council considers that the budget implementation calls for a series of comments which should be taken in to account when discharge is granted.

The Council is concerned about the Court's finding that, in several cases, and in different institutions and bodies, the information serving as the basis for the payment of allowances provided for by the relevant staff regulations was not up-to-date. Therefore, the Council supports the Court's recommendation that **administrative systems should be improved to timely monitor and control the documents proving the staff's personal situation**. It notes that the institutions and bodies addressed by the Court have already taken action and encourages them to pursue it.

# 2009 discharge: EU general budget, European Parliament

2010/2143(DEC) - 20/07/2010 - Non-legislative basic document

**PURPOSE:** presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2009, as part of the 2009 discharge procedure.

Analysis of the accounts of the EU Institutions: Section I – **European Parliament**.

**CONTENT:** this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2009 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the European Parliament.

The document helps to bring insight into the EU budget mechanism and the **way in which the budget has been managed and spent in 2009**. It recalls that European Union's operational expenditure covers the various headings of the financial framework and takes different forms, depending on how the money is paid out and managed.

In accordance with the Financial Regulation, the Commission implements the general budget using the following methods:

- **direct centralised management:** direct implementation of the budget by the Commission services;
- **indirect centralised management:** the Commission confers tasks of implementation of the budget to bodies of EU law or national law, such as the EU agencies of public law or with public service missions;
- **decentralised management:** the Commission delegates certain tasks for implementation of the budget to third countries;

- **shared management:** under this method of management budget implementation tasks are delegated to Member States. The majority of the expenditure falls under this mode "Shared Management" involving the delegation of tasks to Member States, covering such areas as agricultural spending and Structural Actions;
- **joint management:** under this method, the Commission entrusts certain implementation tasks to an international organisation.

The document also presents the different financial actors involved in the budget process (accounting officers, internal officers and authorising officers) and recalls their respective roles in the context of the tasks of sound financial management.

Amongst the other legal elements relating to the implementation of the EU budget presented in this document, the paper focuses on the following issues:

- the way in which EU public expenditure is committed and spent;
- the means of recovery following irregularities detected;
- the *modus operandi* of the accounting system;
- the audit process followed by the European Parliament's granting of the discharge.

To recall, the final control is the discharge of the budget for a given financial year. The discharge represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission from its responsibility for management of a given budget by marking the end of that budget's existence.

Lastly, the document presents a series of tables and detailed technical indicators on (i) the balance sheet; (ii) the economic outturn account; (iii) cashflow tables; (iv) technical annexes concerning the financial statements.

**Implementation of appropriations under Section I of the budget for the financial year 2009:** the document comprises a series of detailed tables, the most important concerning the implementation of the budget. Concerning the European Parliament's expenditure, the table on the financial and budgetary implementation of this institution shows the following:

**A) Table showing the commitment appropriations:**

- Commitments: EUR 1 467 million (91.94% rate of implementation)
- Carry-overs to 2010: EUR 26 million (1.65% of authorised appropriations)
- Cancelled: EUR 102 million

**B) Table showing the implementation of payments:**

- Payments: EUR 1 466 million (81.5% rate of implementation)
- Carry-overs to 2010: EUR 212 million (11.78% of authorised appropriations)
- Cancellations: EUR 121 million.

Lastly, the annexes detail specific expenditure of the institutions, in particular:

- **pensions:** an administrative budget heading includes the pension obligations towards Members and former Members of the EU institutions. Also included under this heading is a liability relating to the pensions of certain Members of Parliament;
- **joint sickness insurance scheme:** a valuation is also made for the estimated liability that the EU has regarding its contributions to the Joint Sickness Insurance Scheme in relation to its retired staff. This gross liability has been valued at EUR 3 535 million;
- **buildings:** another heading covers the amounts included correspond to amounts committed to be paid during the term of the contracts. Included here is the outstanding contractual obligation of EUR 441 million relating to building contracts of the Parliament in 2009.

For further details on the budgetary implementation of expenditure of Section I of the budget (European Parliament), please refer to the [Report on budgetary and financial management for the financial year 2009 \(European Parliament\)](#). This report outlines the use made of financial resources and the events which had a significant influence on activities during the year.

Among the objectives set for Parliament's Secretariat in 2009, special attention should be drawn to the following:

- the information campaign for the 2009 European elections and communication activities;
- implementation of the new statutes for Members and assistants;
- restructuring and consolidation of Parliament's Secretariat;

- preparations for implementation of the Lisbon Treaty.

The report gives an overview of the results achieved as against the objectives set for 2009.

## 2009 discharge: EU general budget, European Parliament

2010/2143(DEC) - 10/05/2011 - Final act

PURPOSE: to grant discharge to the European Parliament for the financial year 2009.

NON-LEGISLATIVE ACT: Decision 2011/548/Euratom of the European Parliament on discharge in respect of the implementation of the European Union general budget for the financial year 2009, Section I - European Parliament.

CONTENT: with the present decision, the European Parliament grants discharge to its President on the implementation of the European Parliament's budget for the financial year 2009.

This decision is in line with the European Parliament's resolution adopted on 10 May 2011 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 10/05/2011).

A parallel decision, adopted on the same day, approves the closure of this Institution's accounts.

## 2009 discharge: EU general budget, European Parliament

2010/2143(DEC) - 10/05/2011 - Text adopted by Parliament, single reading

The European Parliament adopted by 518 votes to 107, with 34 abstentions, a decision granting discharge to its President in respect of the implementation of its budget for the financial year 2009.

Parliament also adopted by 534 votes to 91, with 25 abstentions, a resolution containing a number of observations which forms an integral part of the discharge decision. These observations may be summarised as follows:

**1) Major changes in Parliament's budget management during 2009:** Parliament recognises that the current financial situation requires that Parliament and all the other European Union institutions find the most cost effective ways of using financial and staff resources, including possible savings, as well as electronic tools and methods, to provide efficient services. In an amendment adopted in plenary, Parliament calls for a **long-term review of the Parliament's budget** and asks for future potential savings to be identified in order to reduce costs and create resources for the long-term running of the Parliament as part of the legislative authority.

Parliament deplores, like last year, the significant amount of outstanding actions in respect of the audit carried out by the Internal Auditor on the internal control framework. Although they welcome the fact that a good number of actions are under way, Members encourage all the institution's directorates-general to continue their efforts to improve their procedures in regard to management and control.

Noting that 2009 was the first year of implementation for the **Statute for Members of the European Parliament and for the Statute for Accredited Parliamentary Assistants**, Parliament observes a certain number of initial problems with the implementing measures for the Assistants' Statute. It observes that current rules for payment of the General Expenditure allowance, which state that money is to be paid to a personal account of the Member but which do not require any proof of expenditure, have led to the creation of a division between those Members who account for the expenditure in full and publish details thereof and those who do not adopt such transparent procedures and who, thereby, risk the accusation that a proportion of the allowance is being used to supplement their personal income. It therefore calls on the Secretary-General of the institution to propose arrangements to ensure that expenditure of the allowance is transparent in all cases and used for the purposes intended.

As regards the **medium-and long-term property policy** (buildings strategy), Parliament calls on the Secretary-General to start negotiations with the Belgian authorities with a view to reducing the additional percentage (33%) that the Parliament has to pay if it purchases 'State' owned property. Although it notes improvements in Parliament's governance thanks to information and communication technologies (ITCs), it calls for the introduction of much clearer procedures for procurement in this area.

**Main remaining challenges:** Parliament highlights a certain number of issues that need to be resolved within the institution. These include:

- **security:** Parliament strongly disapproves of the evident deficiencies in Parliament's security and calls on the administration to re-deploy the responsible manager to new tasks. It finds it astonishing that around 900 people work in Parliament's security services, most of them as external contract staff and also points to the steady increase in total security costs (some EUR 43 million in 2009). Given these high costs, Parliament expects reforms in this area to increase efficiency. The new security policy should aim to strike a balance between security concerns, on the one hand, and accessibility and openness, on the other hand, in order to enable Parliament to remain, as much as possible, an open and accessible institution. **It stresses that more video surveillance is not a desirable way to proceed.** It calls for a clear security strategy offering a smart, modern, state-of-the-art security service as well as for improved communication and cooperation with local police forces and for police patrols to be stepped up in the district;
- **Externalisation:** Parliament recalls that some 990 external members of staff are accommodated in Parliament's premises. It considers that the need for such accommodation should have to be justified. It deplores Parliament's excessive dependence on external IT or buildings experts;
- **buildings policy:** Parliament stresses the need to develop, in-house, the high-quality property expertise that is essential in order significantly to improve the planning and procurement of the future purchases and long-term leases of Parliament's buildings. It asks for an estimate of the

loss incurred by the sale of the old Parliament building in Brussels to the Committee of the Regions, taking into account the price per square metre of the offices which are currently being purchased or leased. It also calls for an in-depth analysis of the actual use of Parliament's buildings before any further purchases are undertaken. It considers it preferable that the Parliament's buildings are located close to each other, even if this preference is in contradiction with the fact that there are three official places of work (in three different countries);

- **Information and Communication Technologies (ICT) sector:** Parliament highlights, in relation to the IT applications' development process, the structural problem of a high-degree of reliance on external experts which poses serious legal and operational risks. It calls for an action plan to seek to achieve an adequate mix of Parliament staff and external resources as well as an appropriate balance between internal application development and deliverables-based contracting. **It is appalled by the huge data roaming costs reimbursed to staff members who neglect spiralling costs when in Strasbourg and elsewhere outside Brussels.** It urges IT management to create a control tool whereby extremely high costs are prevented by the detection of sharp increases in an early stage;
- **exceptional negotiated procedures:** faced with the increase in the number and proportion of exceptional negotiated procedures registered between 2007 and 2008, Parliament reiterates its call to the Secretary-General and the Authorising Officers by delegation to take effective and efficient measures in order to reverse that trend and avoid fraud and conflicts of interest.

**2) Report on budgetary and financial management:** Parliament notes that, in 2009, Parliament received revenue amounting to EUR 141 250 059 (EUR 151 054 374 in 2008) which included EUR 27 576 932 in assigned revenue. It welcomes the **positive Statement of assurance by the Secretary-General** as well as the fact that, currently, each Director-General (Authorising Officers by delegation) prepares his or her own Annual Activity Report. It notes, however, some weaknesses in reporting regarding the minimum Internal Control Standards. It therefore reiterates its calls for Parliament's internal control systems to be strengthened and suggests, in the interests of transparency, the publication of certain information on the Parliament's Intranet.

Parliament also calls for an **Annual report on public contracts awarded**. This would highlight the value of procurement contracts, that amount approximately to a third of Parliament's overall budget, given that public procurement is an area vulnerable to mismanagement. It therefore repeats its request to regularly evaluate the procurement systems and in particular to perform internal controls on the contracts awarded in negotiated and restricted procedures.

**3) Annual Report of the Court of Auditors for 2009:** Parliament welcomes the fact that the Court of Auditors found the payments as a whole to be free from material error. However, it notes certain shortcomings in regard to:

- engagement of temporary and contractual agents
- allowances for staff
- organisation and functioning of political groups.

As regards the management of Parliament's administration, Parliament comments DG by DG. The key observations relate to:

- problems in the internal management of the Visitors' Centre (long delay in the opening of the Centre and poor planning and problems in regard to procurement procedures);
- delays in taking decisions regarding the House of European History and on the total cost of this initiative;
- the management of visitor groups' costs;
- the exorbitant cost of WebTV (Parliament calls for a reduction in the cost of this service);
- the management and relevance of certain prizes awarded by Parliament;
- the 2009 electoral campaign (a high cost in view of the subsequent poor participation rate);
- the Washington liaison office;
- the official transport system which costs EUR 1.3 million in Strasbourg and EUR 2.4 million in Brussels (the plenary calls for cost reductions in this area);
- certain recruitment (such as the recruitment of Members' family members as assistants- or the over-representation of some nationalities among the officials).

**Missions to the three places of work:** once again, Parliament stresses the need to further rationalise the missions between the three working places, justifying and monitoring them better in order to avoid unnecessary missions and costs. Given the lack of available human resources in some languages and by the fact that new supplies of interpreters and translators may be put at risk by lack of university curricula in some Member States, Parliament proposes that, for certain meetings, interpretation services are only provided in the six most commonly used languages (FR, DE, EN, PL, ES, IT). It recalls the current budget constraints in many Member States due to the financial and economic crisis and the need to critically review expenditure, including at Union level. In this regard, the **plenary stresses that real savings could be achieved if Parliament only had one workplace in the same location.**

Lastly, Parliament makes the following recommendations with a view to:

1. further limiting Parliament's actuarial deficit (which went from some EUR 120 million in 2008 to EUR 84.5 million in 2009) thanks to the improvements in the markets. In this regard, the plenary welcomed Parliament's Bureau's decision that Parliament would assume its legal responsibility to guarantee the right of members of its voluntary pension scheme to a supplementary pension and that the pension age would rise from 60 to 63;
2. Greening the Parliament by means of a series of initiatives to reduce certain expenditures and by reducing Parliament's carbon footprint.

## 2009 discharge: EU general budget, European Parliament

2010/2143(DEC) - 09/09/2010

PURPOSE: to present the report of the Court of Auditors on the implementation of the budget for the financial year 2009 (other institutions - European Parliament).

CONTENT: the Court of Auditors published its 33rd annual report on the implementation of the general budget of the European Union, covering the financial year 2009.

Pursuant to the Treaty on the Functioning of the European Union (TFEU), the Court of Auditors provides the European Parliament and the Council with a Statement of Assurance concerning the reliability of the accounts and the legality and regularity of the underlying transactions ('the DAS').

For the first time, the Court is forwarding its annual report to national parliaments at the same time as to the European Parliament and the Council, as provided for under Protocol No 1 to the Treaty of Lisbon.

This audit concerns, in particular, the budget implementation of the European Parliament.

Based on its audit work, the Court concludes that the payments for the year ended 31 December 2009 for administrative expenditure of the institutions were free from material error. The Court notes that all the institutions operated satisfactorily the supervisory and control systems required by the Financial Regulation and the transactions tested were free from material error of legality and regularity.

Although the legality and regularity of the transactions underlying the accounts have been confirmed by the Court of Auditors, it does however draw attention to a number of findings which should be taken into consideration by the institutions concerned. It recalls that the main risks in the administrative and other expenditure policy group are non-compliance with the provisions on procurement, the implementation of contracts, recruitment procedures and the calculation of salaries and allowances.

Based on its audit work, the Court states that in the area of the payment of social allowances, the Court recommended to the Institutions and bodies concerned that they request their staff to deliver at appropriate intervals documents confirming their personal situation and that they implement a system for the timely monitoring of these documents.

The specific observations that follow and which are presented by Institution or body of the European Union are based on the Court's audit. These findings do not call into question the positive assessments as they are not material to administrative expenditure as a whole but are significant in the context of the individual Institution concerned.

In the specific case of the European Parliament's audit, the Court notes the following:

- **engagement of temporary and contractual agents:** the examination of the procedures for the engagement of other agents of the Institutions (temporary and contract staff) established that, in five cases out of 20, documents evidencing compliance with the rules related to the fulfilment of military or other obligations had not been provided;
- **payment of social allowances to staff members:** the audit found that, in 16 cases out of 30, information available to the Parliament's services, in order to ensure that allowances provided for by the Staff Regulations are paid to staff in compliance with relevant community regulations and national legislation, was not up-to-date. This situation leads to the risk of making incorrect or undue payments if the circumstances of the individual have changed. According to the Court, staff should be requested to deliver at appropriate intervals documents confirming their personal situation. In addition, the Parliament should implement a system for the timely monitoring and control of these documents;
- **organisation and functioning of political groups:** Article 12.9 of the Parliament's Internal Rules for the implementation of the budget, adopted on 27 April 2005, provides that the Internal Auditor's area of competence does not include the appropriations from Parliament's budget managed by political groups. The specific rules on the use of these appropriations require that each political group establishes its own internal financial rules and implements an internal control system. The internal audit function is not mentioned. Only the rules of one out of seven political groups provide for the appointment of an internal auditor. According to the Court, **the functional independence of political groups does not justify that regulatory provisions on the internal audit function are not applied as regards the use of funds by political groups.**

**Follow-up to observations from past annual reports:** the audit gave rise to remarks on actions and decisions taken as a follow-up to observations from past Annual Reports. It refers to the issue of the multiplication factor applicable to salaries (2008 Court of Auditors Report). The Court states that the Parliament does not apply the provisions of the Staff Regulations concerning the multiplication factor in the same way as the other institutions. This resulted in the granting of a financial advantage to their staff, which the other institutions do not grant, and in higher expenses. Parliament shall continue to apply their current practice while waiting for the Court of Justice's final rulings in cases brought forward in this respect by staff of the Institutions.

On reimbursement of accommodation costs incurred on mission (2004 and 2007 Reports), the Courts states that accommodation costs incurred on mission are reimbursed up to a maximum fixed for each country, on production of supporting documents. Contrary to this rule, the Parliament provided in its internal rules for the payment of a flat-rate sum of 60 % of the maximum allowable amount, to staff who do not produce any evidence of having incurred accommodation costs. The Parliament continues to pay accommodation costs on a lump-sum basis for claims relating to overnight stays in Luxembourg, Strasbourg and Brussels. Updated rules do not comply with the Staff Regulations. The Parliament should ensure that accommodation costs incurred on mission are reimbursed in compliance with the Staff Regulations.

On the issue of allowances for assistance to Members of the European Parliament (Reports 2006 and 2008), the Court considers that the Parliament should further enhance controls over the parliamentary assistance allowance, including random checks of invoices that the MEPs have in their possession and further develop the regulatory framework applied for the parliamentary assistance allowance, in order to address its weaknesses. The Court notes that the clearance of the parliamentary assistance expenses for the 2004 - 2007 financial years has been fully completed. In relation to the 2008 financial year, the Parliament's administration has obtained over 98 % of statements of expenditure and amounts invoiced. In relation to the 2009 financial year, the Parliament's administration is currently processing statements received during the past months. The Court insists that the Parliament's administration should perform checks on original invoices that support statements of expenditure.

Lastly, as regards the additional pension scheme for Members of the European Parliament (Reports 2006 and 2008), the Court states that a new actuarial study should be performed in order to assess the impact of the decisions made by the Bureau concerning the measures applicable to the members of the scheme. It also calls on the Parliament to clarify its role in the management and supervision of the Fund's assets. According to an

actuarial study provided by the Parliament, the Fund would incur an actuarial deficit of EUR 84.5 million as at 31 December 2009. The Parliament should obtain from the Fund the establishment of an investment strategy based on the guidelines set by the Parliament.