Basic information

2011/2202(DEC) DEC - Discharge procedure	Procedure completed
2010 discharge: EU general budget, Section I - European Parliament **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	LIBERADZKI Bogusław (S&D)	13/09/2011
	Shadow rapporteur IVANOVA Iliana (PPE) GERBRANDY Gerben-Jan (ALDE) STAES Bart (Verts/ALE) CZARNECKI Ryszard (ECR) SØNDERGAARD Søren Bo (GUE/NGL) ANDREASEN Marta (EFD) EHRENHAUSER Martin (NI)	

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.	

European Commission

Commission DG	Commissioner

Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
26/07/2011	Non-legislative basic document published	COM(2011)0473	Summary
12/10/2011	Committee referral announced in Parliament		
26/03/2012	Vote in committee		
10/04/2012	Committee report tabled for plenary	A7-0120/2012	Summary
10/05/2012	Decision by Parliament	T7-0155/2012	Summary
10/05/2012	Results of vote in Parliament		
10/05/2012	Debate in Parliament		
10/05/2012	End of procedure in Parliament		
17/10/2012	Final act published in Official Journal		

Technical information

Procedure reference	2011/2202(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/06988

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE473.917	03/02/2012	
Amendments tabled in committee		PE483.679	06/03/2012	
Committee report tabled for plenary, single reading		A7-0120/2012	10/04/2012	Summary
Text adopted by Parliament, single reading		T7-0155/2012	10/05/2012	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	06081/2012	17/02/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0473	26/07/2011	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0107/2011 OJ C 326 10.11.2011, p. 0001	08/09/2011	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0544
OJ L 286 17.10.2012, p. 0001 Summary

2010 discharge: EU general budget, Section I - European Parliament

2011/2202(DEC) - 26/07/2011 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2010, as part of the 2010 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 2010 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.

(1) Purpose: the document helps to bring insight into the EU budget mechanism and **the way in which the budget has been managed and spent in 2010** . 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.

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:

- accounting principles applicable to the management of EU spending (business continuity, consistency of accounting methods, comparability of information ...);
- consolidation methods of figures for all major controlled entities (institutions and agencies);
- the recognition of financial assets in the EU (tangible and intangible assets, financial assets and other miscellaneous investments);
- the way in which EU public expenditure is committed and spent, including pre-financing;

- 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 (please refer to the follow-up reports presented in this procedure file).

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.

(2) Implementation of appropriations under Section I of the budget for the financial year 2010: 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 1 586 million (90.5% rate of implementation)

Carry-overs to 2011: EUR 111 million (6.31% of authorised appropriations)

Cancelled: EUR 56 million

B) Table showing the implementation of payments:

Payments: EUR 1 506 million (77.74% rate of implementation)

Carry-overs to 2011: EUR 351 million (18.10% of authorised appropriations)

Cancellations: EUR 81 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 3 791 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 434 million relating to building contracts of the Parliament in 2010.

(3) Budget implementation – conclusions: following the 2009 European elections, in 2010 the Parliament gradually resumed full activity during the year. It was a year of continued adaptation as concerns the improvement of working methods and modernisation, which go hand in hand with its political and legislative responsibilities, and the evaluation concerning a series of major multiannual initiatives launched during the past few years.

Following the ratification of the Lisbon Treaty and its entry into force on 1 December 2009, necessary adaptations requiring budget expenditure had to be dealt with. An amending budget 1/2010 was adopted on 19 May 2010 amounting to **EUR 9 397 164** to finance additional expenditure directly stemming from the entry into force of the Lisbon Treaty amending the Treaty on European Union and the Treaty establishing the European Community. The amending budget increased the staff figures by 150. A total of 75 temporary posts reinforced the assistance to Political groups, 70 posts were assigned to committees' secretariats and 5 posts were dedicated to the Directorate for the Relations with National Parliaments. Two budget items were strengthened in particular: Item 1 2 0 0 'Remuneration and allowances' and Item 4 2 2 0/01 'Parliamentary assistance: local assistants'.

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 2010 (European Parliament).

2010 discharge: EU general budget, Section I - European Parliament

2011/2202(DEC) - 10/05/2012 - Final act

PURPOSE: to grant discharge to the European Parliament for the financial year 2010.

NON-LEGISLATIVE ACT: Decision 2012/544/EU of the European Parliament on discharge in respect of the implementation of the European Union's General Budget, section IV – Court of Justice, for the financial year 2010.

CONTENT: with the present decision, and in accordance with Article 318 of the Treaty on the Functioning of the European Union, the European Parliament grants discharge to its President in respect of the implementation of the budget for the financial year 2010.

The decision is in line with the European Parliament's resolution adopted on 10 May 2012 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 10/05/2012).

2010 discharge: EU general budget, Section I - European Parliament

2011/2202(DEC) - 08/09/2011

PURPOSE: presentation of the report of the Court of Auditors on the implementation of the 2010 EU Budget (Section I – European Parliament.

CONTENT: the European Court of Auditors (ECA) published its 34th annual report on the implementation of the 2010 EU General Budget.

In accordance with the tasks and objectives assigned to it by the Treaty on the Functioning of the EU (TFEU), in the context of the discharge procedure, the Court of Auditors provides, both for the European Parliament and the Council, a statement of assurance ("DAS") on the reliability of the accounts, as well as the legality and regularity of transactions of each EU institution, body or agency, on the basis of an independent external audit.

This audit also dealt with the European Parliament's financial implementation.

On the basis of these audits, the Court considers that the payments in the policy group "Administrative and other expenditure" were free from material error. **The estimated rate of error is 0.4%.**

The ECA found that supervisory and control systems for administrative and other expenditure were effective in ensuring the regularity of payments. However, the ECA found a **number of errors and weaknesses in the implementation of procurement procedures by the EU institutions and bodies**. Recruitment decisions were also not always appropriately documented. These weaknesses were not material for the policy group as a whole, but were significant in the context of the individual institution or body concerned and need to be addressed by their administrations.

The ECA recommends the EU institutions and bodies should ensure that:

- appropriate documentation is established to justify recruitment decisions and that eligibility criteria set out in vacancy notices are respected; and
- authorising officers establish appropriate checks and benefit of better guidance in order to improve the design, coordination and performance of procurement procedures.

The Court also makes a number of observations in regard to each EU institution or body and do not call into question the overall positive assessments given that they do not have a significant effect on the overall administrative expenditures undertaken.

In the specific case of the audit of the European Parliament, the ECA notes the following points:

- **visitors' groups**: the Rules governing the reception of groups of visitors, adopted on 16 December 2002, provide that groups of visitors can be granted subsidies for compensation for travel expenses. The amount is calculated on the basis of the number of visitors and the average return distance the group has to travel, valued at the standard cost of an individual trip by private car. It should not exceed the actual cost of travel. The procedures in place do not require groups to provide evidence of the actual travel costs incurred, resulting in a risk of overpayment as most groups use cheaper collective transport rather than individual means of transport;
- **employment of contract agents**: an examination of the procedures for recruiting contract staff established that, in four out of the five cases audited, documents evidencing the examination of applications, the performance of interviews and the decision made to select those staff were not on file. Best practice is to ensure that there is full documentation for internal control purposes;
- **procurement**: in five procurement procedures out of 20, the audit found errors and inconsistencies in the definition and application of award criteria and in the analysis of tender documentation. These cases also evidenced weaknesses in: the drafting of contractual conditions; the authorising officers' and the evaluation committees' performance of their respective roles; and the formal communication to the tenderers of the outcome of the procedure ;
- **organisation and functioning of political groups**: the Parliament's Internal Rules for the implementation of the budget managed by political groups, adopted by the Bureau on 30 June 2003, provide that the years in which European elections are held (as was the case in 2009) include two distinct budgetary and financial periods. Article 2.1.6 of these Internal Rules states that any unused appropriations exceeding 50 % of those received from the Parliament's budget for each period shall be paid back to the Parliament. This rule has not been applied and 2 355 955 euro should have been deducted from the appropriations paid to the political groups by the Parliament in 2010 ;
- **performance of the *ex-ante* verification**: Article 47 of the Implementing Rules of the Financial Regulation provides that every act implementing the budget must be subject to an *ex-ante* verification. In the case of payments made to groups of visitors, procurement procedures and payments made under the Parliament's Internal Rules for the implementation of the budget managed by political groups, the programme for performing ex-ante checks does not include checks tailored to the nature and risk profile of the operations examined. In the case of recruitment procedures, specific checks are applied but do not cover the selection phase. The effectiveness of the *ex-ante* verification is thus limited.

Follow-up on the observations in the ECA's 2009 annual report: **in regard to the payment of social allowances to staff members**, the Court indicated that 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. Parliament indicated in response that it had implemented measures to mitigate the risk: launching of a campaign to check eligibility for some allowances, which led to the recovery of more than 70 000 euro;

- implementation of an automated control tool ('electronic fiche') allowing an annual verification of the staff's personal and administrative data; and
- performance of checks on the establishment of individual entitlements during recruitment procedures or when staff change category.

2010 discharge: EU general budget, Section I - European Parliament

2011/2202(DEC) - 17/02/2012

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 all of the other institutions of the European Union in respect of the implementation of the budget of the European Union for the financial year 2010**.

Although the Council notes with satisfaction that, again in 2010, the administrative expenditure of EU institutions and bodies continued to **remain free from material error and that their supervisory and control systems continued to be effective** in ensuring compliance with the requirements of the Financial Regulation, it makes a series of case-specific comments.

As regards the European Parliament, the Council welcomes the remedial action already taken by the institution concerned and encourages it to address the remaining weaknesses pointed out by the Court.

As regards weaknesses identified by the Court in the **recruitment procedures** of the European Parliament, the Council supports the Court's recommendation to establish appropriate documentation and to respect eligibility criteria as strictly as possible.

Lastly, concerning the problems in **procurement procedures** noted in the European Parliament, the Council supports the Court's recommendation that authorising officers should have appropriate checks at their disposal and receive better guidance, to diminish the risk of error when applying the rules, even when these rules are considered to be complex.

2010 discharge: EU general budget, Section I - European Parliament

2011/2202(DEC) - 10/04/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Bogusław LIBERADZKI (S&D, PL) in which it calls on the European Parliament to grant discharge to its President in respect of the implementation of the European Parliament budget for the financial year 2010.

Members recall that the Secretary-General certified, on 16 June 2011, his reasonable assurance that Parliament's budget has been implemented in accordance with the principles of sound financial management and that the control framework put in place provides the necessary guarantees as to the legality and regularity of the underlying operations. However, some issues raised questions. This is why Members make a number of recommendations on the implementation of the Parliament’s budget that need to be taken into account when the discharge is granted:

Budget implementation challenges in 2010: Members point out that implementation of the budget in 2010 was challenging as that was the first full year of operations after the 2009 European elections and took place in the context of continuing financial problems in the Union. They observe that Parliament's budget (final appropriations totalling EUR 1 616 760 399,

compared to EUR 1 529 970 930 in 2009) was just under a fifth of Heading V (Administration expenditure) in the general budget of the European Union for 2010.

Members note that the **annual cost of Parliament's seat in Strasbourg stood at precisely EUR 51.5 million in 2010**, these official figures are far lower than the estimates previously put forward, which ranged from EUR 169 million to EUR 203 million.

Furthermore, Members note:

- that the entry into force of the Lisbon Treaty increased Parliament's powers, activities and legislative workload;
- that the year saw consolidation and further modernisation of the administration, with a stronger focus on core activities, restructuring of services, better use of modern technologies and increased interinstitutional cooperation (also including the new Statute for Members and the Statute for Assistants) ;
- the adoption of a medium-term ICT Strategy (and in particular the Knowledge Management System - KMS - forming part of it) and a medium-term building policy, both of which have a substantial financial dimension.

Report on budgetary and financial management: noting that, in 2010, 96% of the final appropriations were committed, with a cancellation rate of 4%, Members note, however, the significant carry-overs into 2010 (EUR 190 million), resulting, to a large extent, from the particular nature of the 2009 election year. They call for improved planning of expenditure that will take this into account in the run up to future European elections.

Statement of assurance by the Secretary-General: Members welcome the positive Statement of assurance (DAS) by the Secretary-General and notes in particular the efforts made in public procurement procedures, notably in the framework of negotiated procedures which were subject to increased transparency.

They note that the Court of Auditors highlighted that:

- payments as a whole are free from material error;
- certain payements did not require evidence of actual travel costs and which included cash payments to group leaders, this presented a risk of overpayment and limited the possibility of applying internal controls to such payments;
- the recruitment of contract agents was lacking transparency;
- errors, inconsistencies and other weaknesses found in the procurement procedures of Parliament that it audited;
- carry-overs of unused appropriations by political groups was questioned.

Members welcome however the overall quality of the internal audit reports.

Management of EP services: Members observe with satisfaction that all Directors-General were able to give an unreserved statement of assurance in respect of the implementation of the budget by their services in 2010.

Focusing on each of the services concerned, Members highlight the following issues:

- **DG Presidency (DG PRES)**: they note a slight decrease in the budget devoted to security : thefts in closed offices, low security level in the parking premises of Parliament, Members call on the Bureau to take the appropriate actions to improve the situation and for improved training of security staff;
- **DG Internal Policies (DG IPOL) and External Policies (DG EXPO)**: Members call on its Bureau, in collaboration with all DGs concerned, to develop principles for a more economic and uniform cost structure for delegation visits, in particular taking account of their political importance and duration, and the optimum ratio of Members to staff;
- **DG Communication (DG COMM)**: Members call for more transparency in the Communication budget of the institution. As regards the visitors' centre (**Parlamentarium**) of which the cost increased significantly (+227 %) in contrast with the underspend in 2009, Members deplore the considerable delay and cost overrun of this project. Concerning the **House of European History**, Members insist that the total financial implications of the project be made available, especially in light of the complications raised by the subterranean Maalbeek River flowing under the building's foundations. They urge Parliament's administration to: report to Parliament on experience in general with the amended rules governing the size of official visitors' groups, and in particular on the effects of these rules on organisation and capacity utilisation; examine the failure of WebTV (EuroparlTV cannot be considered to be a success story in view of its very low number of direct individual users and in spite of the considerable financing that it received in 2010 (EUR 9 million); note that the costs relating to the LUX Prize in 2010 increased and do **not consider the prizes to be a core activity of Parliament**. They request that a cost-benefit analysis be carried out before any new prize initiatives are developed, so as to take the continuing deteriorating financial and economic situation in all Member States into account; note that the opening of the EP Liaison Office (EPLO) in Washington has incurred additional costs;
- **DG Personnel (DG PERS)**: Members state that the impact of the Council's decision of December 2009 to award an annual salary adjustment of only 1.85 %, instead of the 3.7 % indicated and proposed by the Commission, resulting in outstanding commitments (just under EUR 6 million. They point to the difficulties in recruiting officials or agents from certain Member States such as Germany, the UK, Austria or the Netherlands for which the proportion of staff in Parliament's Secretariat is significantly lower than the 'demographic weight' of the given country within the Union and observe the relatively high numbers of staff of holding the nationality of Belgium (13.6 %) or Luxemburg (2.3 %), as a result of the working places of Parliament. They reiterate the need to avoid unnecessary missions between the three working places and the costs they entail with more systematic and documentary justifications and better monitoring. They are further of the opinion that, in general, **no committee meeting should take place in Strasbourg** with the exception of those committees of which the agenda is directly linked to the reports or discussions on that week's part session's agenda. Members ask the Secretary-General specifically to review the posts based outside of Brussels, particularly for those staff members who undertake repeated missions to Brussels, to ascertain if they need to be relocated;
- **DG Infrastructures and Logistics (DG INLO)**: Members approve of the medium- and long-term property policy (buildings strategy) adopted by the Bureau and its main parameters:
- purchase rather than rent in line with the recommendations of the Court of Auditors; (ii) early payment of costs linked to property policy; (iii) geographic concentration of buildings in the three workplaces; (iv) special emphasis on building maintenance and renovation; (v) integration of Parliament as much as possible into the urban environment. They also note that building maintenance, upkeep, operation and cleaning rose for all three workplaces. They observe that allowing direct financing of buildings in the revised Financial Regulation would have a positive effect as **it would enable Parliament to use loans without calling in third parties**, thus reducing costs and increasing transparency at the same time;
- **DG Translation (DG TRAD) and DG Interpretation and Conferences (DG INTE)**: Members note that a total of 1.7 million pages was translated in 2010. They welcome the fact that all documents required for votes were produced on time by DG TRAD and 90 % of translations overall were within the time limits set down for delivery. They note, however, that after an increase of more than 10 % in the rate of compliance with the Code of Conduct on Multilingualism between 2008 and 2009 (its first year of implementation), the compliance rate has decreased between 2009 and 2010;
- **DG Finance (DG FINS)**: Members call on the existing travel agent contractor to make better efforts to ensure that the cheapest options are always proposed to Members and staff as it does not offer the best price, compared to other travel agencies, both physical and online. As regards pension funds, Members note that although in 2010 the value of the assets of the Voluntary Pension Fund increased by 13.3% as the investment markets continued to recover from the global financial crisis of 2008, the voluntary pension fund had a deficit as at 31 December 2010 of EUR 179 million, which raises concerns about the possible default of the fund. They recognise that two-thirds of payments into the fund were made directly by Parliament rather than by individual members and insist that **Parliament should make no further financial contribution** towards meeting payments or reducing the deficit of a fund that may not have been structured satisfactorily from the outset;
- **DG Innovation and Technological Support (DG ITEC)**: Members note the Bureau decisions to extend the areas with wireless network access (Wi-Fi) in Parliament covering the Chamber, committee rooms, Members' offices and public spaces both in Brussels and Strasbourg. Overall, they welcome the IT improvements since 2010.

Environment-friendly Parliament: Members welcome the CO2 action plan adopted by the Bureau in 2010 which resulted in the significant reduction in energy consumption at the Strasbourg seat of Parliament, which fell by 74 % between 2006 and 2010. They take the view that the possibility should be considered of **making both environmental improvements and savings in Parliament's budget by means of different working methods which are greener and cheaper but do not detract from Parliament's work**, including the use of teleconferences. They welcome the adoption by the Bureau of the proposal from the Working Group on Buildings, Transport and Green Parliament revising the rules governing the use of official cars by Members that has allowed Parliament to modernise its fleet with less polluting cars and to organise grouped transport with VIP minibuses to airports in Brussels and Strasbourg.

2010 discharge: EU general budget, Section I - European Parliament

2011/2202(DEC) - 10/05/2012 - Text adopted by Parliament, single reading

The European Parliament adopted by 519 votes to 92, with 33 abstentions, a decision to grant discharge to its President in respect of the implementation of the European Parliament budget for the financial year 2010.

Parliament recalls that the Secretary-General certified, on 16 June 2011, his reasonable assurance that Parliament's budget has been implemented in accordance with the principles of sound financial management and that the control framework put in place provides the necessary guarantees as to the legality and regularity of the underlying operations. However, some issues raised questions. This is why a number of recommendations on the implementation of the Parliament's budget were made that need to be taken into account when the discharge is granted. These were laid down in a resolution which was adopted in plenary by 536 votes to 88, with 23 abstentions.

Beyond the discharge procedure: Parliament noted that that some issues raised in the course of the discussions on the 2010 discharge in the Committee on Budgetary Control went beyond the specific 2010 issues, and were included in wide-ranging questions from the Committee. This resolution remains principally focussed on the budget implementation and discharge for the financial year 2010, whilst acknowledging that **approaches to budgetary matters are a subject for wider discussion** particularly in the working group being established to consider European Parliament costs and possible savings, and in line with the 2013 budget guidelines adopted on 8 February 2012, seeking to make significant long-term savings, through an independent evaluation of the European Parliament budget leading to proposals by the end of 2012 followed by their rapid implementation.

Challenges in the implementation of the 2010 budget, the issue of Parliament's single seat: Parliament notes that implementation of the budget in 2010 was challenging as that was the first full year of operations after the 2009 European elections and took place in the context of continuing financial problems in the Union. It observes that Parliament's budget (final appropriations totalling EUR 1 616 760 399, compared to EUR 1 529 970 930 in 2009) was just under a fifth (19.99 %; 19.67 % in 2009, therefore below the usual 20 % share) of Heading V (Administration expenditure) in the general budget of the European Union for 2010. Parliament also notes the reply given by Parliament's Secretariat to the effect that **the annual cost of Parliament's seat in Strasbourg stood at precisely EUR 51.5 million in 2010** (figures that are far lower than the estimates previously put forward, which ranged from EUR 169 million to 203 million. Plenary notes however that in the 2006 estimates the Administration calculated the annual saving with a single place of work at EUR 204 million and in 2010 at **EUR 180 million, a lower figure after the purchase of the Strasbourg buildings and information technology improvements, and recalls that in its 2013 estimates, the European Parliament voted 429-184 in favour of a single seat to save costs**.

Furthermore, Parliament notes:

- that the entry into force of the Lisbon Treaty increased Parliament's powers, activities and legislative workload;
- that the year saw consolidation and further modernisation of the administration, with a stronger focus on core activities, restructuring of services, better use of modern technologies and increased interinstitutional cooperation (also including the new Statute for Members and the Statute for Assistants) ;
- the adoption of a medium-term ICT Strategy (and in particular the Knowledge Management System - KMS - forming part of it) and a medium-term building policy, both of which have a substantial financial dimension.

Public procurement: limiting the negotiated procedures: Parliament calls on the Directorates General to further reduce the number/proportion of such procedures. It urges the administration to continue the strict scrutiny of these procedures, in particular with respect to possible conflicts of interest, and to apply intensified and dissuasive sanctions for any irregularity found. Plenary calls on the Secretary-General to report on a six-monthly basis to the Committee on Budgetary Control on progress made. Parliament calls on the Bureau to reconsider all control mechanisms for public procurement in order to guarantee the most competitive prices for the goods and services that are offered.

Statement of assurance by the Secretary-General: Parliament welcomes the positive Statement of assurance (DAS) by the Secretary-General and notes in particular the efforts made in public procurement procedures, notably in the framework of negotiated procedures which were subject to increased transparency.

It notes that the Court of Auditors highlighted that:

- payments as a whole are free from material error;
- certain payements did not require evidence of actual travel costs and which included cash payments to group leaders, this presented a risk of overpayment and limited the possibility of applying internal controls to such payments;
- the recruitment of contract agents was lacking transparency;
- errors, inconsistencies and other weaknesses found in the procurement procedures of Parliament that it audited;
- carry-overs of unused appropriations by political groups was questioned.

Members welcome however the overall quality of the internal audit reports.

Management of EP services: Parliament observes with satisfaction that all Directors-General were able to give an unreserved statement of assurance in respect of the implementation of the budget by their services in 2010.

Focusing on each of the services concerned, Members highlight the following issues:

- **DG Presidency (DG PRES)**: they note a slight decrease in the budget devoted to security: thefts in closed offices, low security level in the parking premises of Parliament, Members call on the Bureau to take the appropriate actions to improve the situation and for improved training of security staff. Plenary insists that **reinforcing the security of Parliament's buildings and their immediate surroundings must be given the highest priority**. It requests that as part of this work security in the car parks should be improved, and that the access to the parts of the buildings containing Members' offices in Parliament should be controlled. Parliament considers that its security must continue to be improved and modernised, and, to that end, professionalised in the proper way, primarily by means of specific selection and recruitment procedures and

the necessary in-service, further, and refresher training. Members look forward with interest to the development of the new global concept of security, especially the differentiation between ‘zoning' areas, which will bring a substantial improvement, not least as regards the security problems concerning Members’ offices;

- **DG Internal Policies (DG IPOL) and External Policies (DG EXPO)**: Members call on its Bureau, in collaboration with all DGs concerned, to develop principles for a more economic and uniform cost structure for delegation visits, in particular taking account of their political importance and duration, and the optimum ratio of Members to staff;
- **DG Communication (DG COMM)**: Parliament calls for more transparency in the Communication budget of the institution. As regards the visitors’ centre (**Parlamentarium**) of which the cost increased significantly (+227 %) in contrast with the underspend in 2009, Members deplore the considerable delay and cost overrun of this project. Concerning the **House of European History**, Members insist that the total financial implications of the project be made available, especially in light of the complications raised by the subterranean Maalbeek River flowing under the building's foundations. They urge Parliament’s administration to: report to Parliament on experience in general with the amended rules governing the size of official visitors’ groups, and in particular on the effects of these rules on organisation and capacity utilisation; examine the failure of WebTV (EuroparlTV cannot be considered to be a success story in view of its very low number of direct individual users and in spite of the considerable financing that it received in 2010 (EUR 9 million); note that the costs relating to the LUX Prize in 2010 increased and do **not consider the prizes to be a core activity of Parliament**. They request that a cost-benefit analysis be carried out before any new prize initiatives are developed, so as to take the continuing deteriorating financial and economic situation in all Member States into account; note that the opening of the EP Liaison Office (EPLO) in Washington has incurred additional costs;
- **DG Personnel (DG PERS)**: Parliament states that the impact of the Council's decision of December 2009 to award an annual salary adjustment of only 1.85 %, instead of the 3.7 % indicated and proposed by the Commission, resulting in outstanding commitments (just under EUR 6 million. It points to the difficulties in recruiting officials or agents from certain Member States such as Germany, the UK, Austria or the Netherlands for which the proportion of staff in Parliament's Secretariat is significantly lower than the ‘demographic weight’ of the given country within the Union and observe the relatively high numbers of staff of holding the nationality of Belgium (13.6 %) or Luxemburg (2.3 %), as a result of the working places of Parliament. It reiterates the need to avoid unnecessary missions between the three working places and the costs they entail with more systematic and documentary justifications and better monitoring. Members are further of the opinion that, in general, **no committee meeting should take place in Strasbourg** with the exception of those committees of which the agenda is directly linked to the reports or discussions on that week's part session's agenda. Members ask the Secretary-General specifically to review the posts based outside of Brussels, particularly for those staff members who undertake repeated missions to Brussels, to ascertain if they need to be relocated;
- **DG Infrastructures and Logistics (DG INLO)**: Members approve of the medium- and long-term property policy (buildings strategy) adopted by the Bureau and its main parameters: purchase rather than rent in line with the recommendations of the Court of Auditors; (ii) early payment of costs linked to property policy; (iii) geographic concentration of buildings in the three workplaces; (iv) special emphasis on building maintenance and renovation; (v) integration of Parliament as much as possible into the urban environment. They also note that building maintenance, upkeep, operation and cleaning rose for all three workplaces. They observe that allowing direct financing of buildings in the revised Financial Regulation would have a positive effect as **it would enable Parliament to use loans without calling in third parties**, thus reducing costs and increasing transparency at the same time. Plenary notes that the European Council, whilst justifiably calling for austerity on the part of Parliament, continues to deny it the opportunity to make the considerable savings that would arise from ceasing to hold meetings in Strasbourg;
- **DG Translation (DG TRAD) and DG Interpretation and Conferences (DG INTE)**: Parliament notes that a total of 1.7 million pages was translated in 2010. It welcomes the fact that all documents required for votes were produced on time by DG TRAD and 90 % of translations overall were within the time limits set down for delivery. It notes, however, that after an increase of more than 10 % in the rate of compliance with the Code of Conduct on Multilingualism between 2008 and 2009 (its first year of implementation), the compliance rate has decreased between 2009 and 2010;
- **DG Finance (DG FINS)**: Parliament notes that, in 2010, the cost of travel of Members and staff amounted to some EUR 107 million (or 6.6 % of all total final appropriations) and that a 5 % reduction is now in force). It considers that the potential for further reductions through pooled airmiles should be considered. It requests that an analysis be provided by way of a note to the accounts of the average cost of travel per official for the six routes: Brussels-Luxembourg; Luxembourg-Brussels; Luxembourg-Strasbourg; Strasbourg-Luxembourg; Brussels-Strasbourg; Strasbourg-Brussels. Parliament calls on the existing travel agent contractor to make better efforts to ensure that the cheapest options are always proposed to Members and staff as it does not offer the best price, compared to other travel agencies, both physical and online. As regards pension funds, Members note that although in 2010 the value of the assets of the Voluntary Pension Fund increased by 13.3% as the investment markets continued to recover from the global financial crisis of 2008, the voluntary pension fund had a deficit as at 31 December 2010 of EUR 179 million, which raises concerns about the possible default of the fund. They recognise that two-thirds of payments into the fund were made directly by Parliament rather than by individual members and insist that **Parliament should make no further financial contribution** towards meeting payments or reducing the deficit of a fund that may not have been structured satisfactorily from the outset;
- **DG Innovation and Technological Support (DG ITEC)**: Parliament notes the Bureau decisions to extend the areas with wireless network access (Wi-Fi) in Parliament covering the Chamber, committee rooms, Members' offices and public spaces both in Brussels and Strasbourg. Overall, they welcome the IT improvements since 2010. Plenary expects a full report on how Parliament's Free Software projects have developed with regards to use and users in Parliament, citizen interaction and procurement activities.

Environment-friendly Parliament: Parliament welcomes the CO2 action plan adopted by the Bureau in 2010 which resulted in the significant reduction in energy consumption at the Strasbourg seat of Parliament, which fell by 74 % between 2006 and 2010. It takes the view that the possibility should be considered of **making both environmental improvements and savings in Parliament's budget by means of different working methods which are greener and cheaper but do not detract from Parliament's work**, including the use of teleconferences. It welcomes the adoption by the Bureau of the proposal from the Working Group on Buildings, Transport and Green Parliament revising the rules governing the use of official cars by Members that has allowed Parliament to modernise its fleet with less polluting cars and to organise grouped transport with VIP minibuses to airports in Brussels and Strasbourg.