

P6_TA(2006)0161

2004 Discharge: Section V - Court of Auditors

1. European Parliament decision on the discharge for implementation of the European Union general budget for the financial year 2004, Section V - Court of Auditors (N6-0027/2005 - C6-0361/2005 - 2005/2094(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2004¹,
 - having regard to the final annual accounts of the European Communities for the financial year 2004, Volume III (N6-0027/2005 - C6-0361/2005),
 - having regard to the Court of Auditors' annual report for the financial year 2004, accompanied by the replies of the institutions audited²,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty³,
 - having regard to the Council's recommendation of 14 March 2006 (5971/2006 - C6-0092/2006),
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁴, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities⁵,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0113/2006),
1. Grants the Secretary-General of the Court of Auditors discharge in respect of the implementation of the budget for the financial year 2004;
 2. Sets out its comments in the resolution below;

¹ OJ L 53, 23.2.2004.

² OJ C 301, 30.11.2005, p. 1.

³ OJ C 301, 30.11.2005, p. 9.

⁴ OJ L 248, 16.9.2002, p. 1.

⁵ OJ L 356, 31.12.1977, p. 1.

3. Instructs its President to forward this decision and the resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Economic and Social Committee, the Committee of the Regions, the European Ombudsman, the European Data Protection Supervisor and the government of the Grand-Duchy of Luxembourg and to have them published in the Official Journal of the European Union (L series).

2. European Parliament resolution with comments forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2004, Section V - Court of Auditors (N6-0027/2005 - C6-0361/2005 - 2005/2094(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2004¹,
 - having regard to the final annual accounts of the European Communities for the financial year 2004, Volume III (N6-0027/2005 - C6-0361/2005),
 - having regard to the Court of Auditors' annual report for the financial year 2004, accompanied by the replies of the institutions audited²,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty³,
 - having regard to the Council's recommendation of 14 March 2006 (5971/2006 - C6-0092/2006),
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁴, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities⁵,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0113/2006),
1. Notes that in 2004 the European Court of Auditors (ECA) administered a budget of EUR 96 925 410, with a utilisation rate of 81.5 %;
 2. Recalls that the 2004 accounts of the ECA were audited by an external firm, KPMG⁶, which concluded that

¹ OJ L 53, 23.2.2004.

² OJ C 301, 30.11.2005, p. 1.

³ OJ C 301, 30.11.2005, p. 9.

⁴ OJ L 248, 16.9.2002, p. 1.

⁵ OJ L 356, 31.12.1977, p. 1.

⁶ Report by the external auditor on the Court of Auditor's accounts for the financial year 2004 (OJ C 299, 29.11.2005, p. 1).

"[i]n our opinion the (...) accounting data and financial statements give a true and fair view, in accordance with the Financial Regulation, the implementing rules, generally accepted accounting principles and the European Court of Auditor's Internal Rules, of the assets and the financial position of the European Court of Auditors at 31 December 2004 and of the economic result and the revenue and expenditure for the financial year then ended.";

3. Notes with interest the terms of the certificate¹ issued by ECA's auditors, KPMG drawing attention for the first time:

"to the information given in note 1 of the Annex to the financial statements, to the effect that, in accordance with accounting standard No 12 (Employee benefits), which was adopted on 28 December 2004 by a decision of the Commission's accounting officer pursuant to Article 133 of the Financial Regulation applicable to the general budget of the European Communities on 31 December 2004 for the first time the Court recorded a provision for its Members' pensions combined with a long-term claim on the Member States to the value of EUR 43 689 621. The amount of the provision was calculated on the basis of an actuarial analysis carried out by the European Commission.";

4. Notes that the extension to the ECA's headquarters building in Luxembourg, under construction since 2001, was occupied in October 2003, ahead of the scheduled date of June 2004; notes also that the accounts for the project are in the process of being closed and that a full report will be provided to the budgetary authority in due course;
5. Notes further a reference in the KPMG report under off-balance sheet commitments to an undertaking by the ECA to acquire land for a further extension (the K3 project); notes that the K3 project is intended to meet the ECA's expected needs arising from the future accession of Bulgaria, Romania and one other country at an estimated cost of EUR 26 450 000 (April 2003 prices)²; notes the ECA's wish "to distribute the risks associated with such a project more widely, so that these are not ultimately borne to such a large degree by the European taxpayer"; asks to be informed about how this aim will be achieved, with special reference to financial liability for cost overruns;
6. Approves the holding at regular intervals of calls for tender for the appointment of an external firm to audit the ECA's accounts, while expressing concern at the dominant position occupied by a small number of large accountancy practices in Luxembourg and elsewhere; calls for a tender procedure for the appointment of external auditors that is transparent, fair and intelligible to Parliament;
7. Notes that following the latest enlargement in 2004 and its expansion to 25 Members, the ECA has reorganised its structure into four audit groups and a coordination group; queries whether a structure involving 25 Members and their cabinets is the most effective one possible; calls on the ECA to examine the possibility of reducing the number of Members to one third of the number of Member States;

¹ Report by the external auditor on the Court of Auditor's accounts for the financial year 2004 (OJ C 299, 29.11.2005, p. 1).

² Source: The buildings policy of the ECA, overview and state of play, September 2003.

8. Recalls the view expressed by the House of Lords Select Committee on the European Union in relation to the negotiations over the Convention on the future of Europe that

"[t]he ECA's present structure of 15 members of equal status, one from each Member State, who act as a college, is in need of change and, come enlargement, will have to change. A Court with over 20 full-time executive members would be unwieldy, sluggish and ineffective. The proposal for a system of "chambers", a concept now incorporated by the Nice Treaty, appears to be merely a mechanism to absorb members without improving efficiency and is not radical enough to solve this problem.";
9. Recalls that Mr Weber, President of the ECA, in a speech in Strasbourg on 14 November 2005 told the Committee on Budgetary Control that the ECA was carrying out a self-assessment of its organisation and methods to be followed by a "peer review"; hopes that it will be possible to devise a more rational structure for the ECA before the next enlargement;
10. Suggests that this review of the ECA's working methods could include as one of the possible options the proposal by the House of Lords to replace the current structure by "a highly qualified chief executive supported by a strong auditing staff, and reporting to a part-time, non-executive board of representatives from each of the Member States";
11. Welcomes the forwarding to the discharge authority of the annual activity report together with the signed declaration by the authorising officer by delegation;
12. Is grateful for the transmission to the discharge authority of the annual report on the internal audit function but regrets that despite the request contained in paragraph 15 of its resolution of 12 April 2005¹ this one-page report still does not provide a clear picture of the current control environment;
13. Recalls, as regards official cars for use by ECA Members, that its resolution of 27 October 2005² calls on the ECA to amend by 1 November 2005 its administrative decision of 15 June 2004 in such a way as to rule out the private use of official cars;
14. Invites the ECA to consider publishing Members' declarations of financial interests on its website, thereby contributing to the greater transparency of the institutions; believes that it would improve transparency if greater publicity were given to Council Regulation (EEC, Euratom, ECSC) No 2290/77 determining the emoluments of the Members of the Court of Auditors³, possibly by publishing it on the ECA's website;
15. Recalls that, following an investigation by OLAF, legal proceedings against a former Member of the ECA have been pending before the courts of the Grand-Duchy of Luxembourg for some considerable time; regrets that all too often final case reports forwarded by OLAF to the Member States' authorities are simply filed without further action; believes that judicial delay is not an acceptable response to a potentially embarrassing dossier; will follow attentively the Luxembourg judicial authorities' hearing of the above case.

¹ OJ L 196, 27.7.2005, p. 47.

² *Texts Adopted*, P6_TA(2005)0410.

³ OJ L 268, 20.10.1977, p. 1. Regulation as last amended by Regulation (EC, Euratom) No 1293/2004 (OJ L 243, 15.7.2004, p. 26).