

## **P6\_TA-PROV(2008)0134**

### **2006 discharge: EU general budget, section I - European Parliament**

#### **1. European Parliament decision of 22 April 2008 on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section I - European Parliament (C6-0363/2007 – 2007/2038(DEC))**

*The European Parliament,*

- having regard to the European Union general budget for the financial year 2006<sup>1</sup>,
- having regard to the final annual accounts of the European Communities for the financial year 2006 – Volume I (SEC(2007)1055 - C6-0363/2007)<sup>2</sup>,
- having regard to the report on budgetary and financial management - financial year 2006, Section I - European Parliament<sup>3</sup>,
- having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006, together with the audited institutions' replies<sup>4</sup>,
- having regard to the Internal Auditor's annual report for 2006,
- 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 Treaty<sup>5</sup>,
- having regard to Articles 272(10) and 275 of the EC Treaty and Article 179a of the Euratom 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 Communities<sup>6</sup>, and in particular Articles 145, 146 and 147 thereof,
- having regard to Article 13 of the Internal Rules on the implementation of the European Parliament's budget<sup>7</sup>,
- having regard to Article 147(1) of the Financial Regulation, which requires each Community institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
- having regard to its resolution of 9 March 2005 on the guidelines for Sections II, IV, V, VI, VII, VIII(A) and VIII(B) and on the European Parliament's preliminary draft estimates

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<sup>1</sup> OJ L 78, 15.3.2006.

<sup>2</sup> OJ C 274, 15.11.2007, p. 1.

<sup>3</sup> OJ C 318, 29.12.2007.

<sup>4</sup> OJ C 273, 15.11.2007, p. 1.

<sup>5</sup> OJ C 274, 15.11.2007, p. 130.

<sup>6</sup> OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).

<sup>7</sup> PE 349.540/Bur/ann/fin.

(Section I) for the 2006 budget procedure<sup>1</sup>,

- having regard to Rules 71 and 74(3) of and Annex V to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A6-0091/2008),
- A. whereas the Court of Auditors' audit states that 'all the Institutions had implemented a satisfactory framework of supervisory and control systems as required by the Financial Regulation and the sample tested showed no material level of error'<sup>2</sup>,
- B. whereas the Court of Auditors has highlighted insufficiencies in the regulatory framework established by the Bureau and the Quaestors concerning the payment of parliamentary assistance allowances as well as in the resultant implementation,
- C. whereas the Secretary-General certified on 21 February 2007 that he was reasonably certain that the budget of Parliament has been executed in line with the principles of sound financial management and that the control and monitoring system provides the necessary guarantee of the legality and regularity of operations,
1. Grants its President discharge in respect of the implementation of the European Parliament budget for the financial year 2006;
  2. Sets out its observations in the resolution below;
  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 Ombudsman and the European Data Protection Supervisor, and to arrange for their publication in the Official Journal of the European Union (L series).

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<sup>1</sup> OJ C 320 E, 15.12.2005, p. 156.

<sup>2</sup> OJ C 273, 15.11.2007, point 10.6.

**2. European Parliament resolution of 22 April 2008 with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2006, section I – European Parliament (C6-0363/2007 – 2007/2038(DEC))**

*The European Parliament,*

- having regard to the European Union general budget for the financial year 2006<sup>1</sup>,
- having regard to the final annual accounts of the European Communities for the financial year 2006 – Volume I (SEC(2007)1055 - C6-0363/2007)<sup>2</sup>,
- having regard to the report on budgetary and financial management - financial year 2006, Section I - European Parliament<sup>3</sup>,
- having regard to the Internal Auditor's annual report for 2006,
- having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006, together with the audited institutions' replies<sup>4</sup>,
- 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 Treaty<sup>5</sup>,
- having regard to Articles 272(10) and 275 of the EC Treaty and Article 179a of the Euratom 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 Communities<sup>6</sup>, and in particular Articles 145, 146 and 147 thereof,
- having regard to Article 13 of the Internal Rules on the implementation of the European Parliament's budget<sup>7</sup>,
- having regard to Article 147(1) of the Financial Regulation, which requires each Community institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
- having regard to its resolution of 9 March 2005 on the guidelines for Sections II, IV, V, VI, VII, VIII(A) and VIII(B) and on the European Parliament's preliminary draft estimates

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<sup>1</sup> OJ L 78, 15.3.2006.

<sup>2</sup> OJ C 274, 15.11.2007, p. 1.

<sup>3</sup> OJ C 318, 29.12.2007.

<sup>4</sup> OJ C 273, 15.11.2007, p. 1.

<sup>5</sup> OJ C 274, 15.11.2007, p. 130.

<sup>6</sup> OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007(OJ L 343, 27.12.2007, p. 9).

<sup>7</sup> PE 349.540/Bur/ann/fin.

(Section I) for the 2006 budget procedure<sup>1</sup>,

- having regard to Rules 71 and 74(3) of and Annex V to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A6-0091/2008),
- A. whereas the Court of Auditors' audit states that 'all the Institutions had implemented a satisfactory framework of supervisory and control systems as required by the Financial Regulation and the sample tested showed no material level of error'<sup>2</sup>,
  - B. whereas the Court of Auditors has highlighted insufficiencies in the regulatory framework established by the Bureau and the Quaestors concerning the payment of parliamentary assistance allowances as well as in the resultant implementation,
  - C. whereas the Court of Auditors has highlighted that the Bureau has not ensured that the rules concerning the payment of parliamentary assistance allowances requiring the submission of adequate supporting documentation have been implemented effectively,
  - D. whereas the Secretary-General certified on 21 February 2007 that he was reasonably certain that the budget of Parliament has been executed in line with the principles of sound financial management and that the control and monitoring system provides the necessary guarantee of the legality and regularity of operations,
  - E. whereas it is necessary to ensure the follow-up to its resolution of 26 September 2006<sup>3</sup> and to its resolution of 24 April 2007<sup>4</sup> on the discharge for 2004 and 2005, and to evaluate the progress made in implementing its recommendations,
  - F. having regard to the political priorities of the 2006 financial year, i.e.: consolidating the 2004 enlargement, preparing for the 2007 enlargement, improving information and communication policy, and improving assistance to Members,
1. Welcomes and supports its President's firm commitment to ensure that the assistants' statute, to be proposed by the Commission and approved by the Council, enters into force at the same time as the Members' Statute<sup>5</sup>;
  2. Calls on the Commission and the Council to fully cooperate with it in order to ensure that the new statute for assistants is adopted before the next European elections in June 2009;

### ***The discharge - a political exercise***

3. Stresses that Parliament is the sole discharge authority<sup>6</sup> and that discharge is a political decision; in order to reach that political decision, Parliament takes account, pursuant to Article 276(1) and (2) of the EC Treaty, not only of the documents mentioned therein, but also of all information which it considers necessary;

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<sup>1</sup> OJ C 320 E, 15.12.2005, p. 156.

<sup>2</sup> OJ C 273, 15.11.2007, point 10.6.

<sup>3</sup> OJ L 177, 6.7.2007, p. 3.

<sup>4</sup> Texts adopted on that date, P6\_TA(2007)0133.

<sup>5</sup> Decision 2005/684/EC, Euratom of the European Parliament of 28 September 2005 adopting the Statute for Members of the European Parliament (OJ L 262, 7.10.2005, p. 1).

<sup>6</sup> Article 276(1) of the EC Treaty.

4. Considers that all the institutions and bodies referred to in Rules 70 and 71 of its Rules of Procedure should be treated on an equal footing, on the basis of the same principles and procedures as those followed in the annual discharge exercise;
5. Recalls that all the institutions and bodies are entitled to equip themselves with the political and/or administrative structures best suited to their needs; stresses that, consequently, in order to respect those different structures, Parliament must give discharge to those institutions and bodies as such, which may be represented by an individual in order to ensure their visibility;
6. Confirms that it is both for Parliament and for each institution or body to identify the most suitable level of responsibility for responding to Parliament's remarks made in the discharge procedure;
7. Recalls that Parliament stated in its resolution of 24 April 2007, as cited above, that the discharge exercise should also cover the decisions taken by the President, the Bureau and the Conference of Presidents, since political responsibility lies with the elected Members, not the officials; calls, therefore, on the President and the Vice-president responsible for the budget to participate in the future meetings of the Committee on Budgetary Control with a view to establishing a political dialogue;
8. Recalls that the plenary gives discharge to Parliament, represented by its President, pursuant to Rule 71 of the Rules of Procedure;
9. Welcomes the acceptance by the President of Parliament of the principle of a political dialogue in the context of the discharge procedure, as well as the fact that, having been requested to do so, the Vice-president of Parliament responsible for the budget and budgetary control, who is also the chairman of the Audit Committee, participated in a political dialogue with the Committee on Budgetary Control at a public hearing held on 21 January 2008; calls for this dialogue to be grounded in future in written documentation consisting of the decisions of the Bureau and the Conference of Presidents which have a financial impact;
10. Welcomes and accepts the offer, made by the Secretary General during the hearing of 21 January 2008, to have regular meetings, outside the normal annual discharge procedure, with the Committee on Budgetary Control on the implementation of Parliament's budget;
11. Notes, in addition, the initiative of the President of Parliament aimed at strengthening the links between the Bureau and the Committee on Budgets, on the one hand, and the Bureau and the Committee on Budgetary Control, on the other, by creating a working group with the mandate of consolidating those links in a lasting form; welcomes the fact of the first joint discussion, held on 14 January 2008 and the climate of trust and cooperation between the bodies concerned established by this discussion; expects these deliberations to be continued and awaits their conclusions;
12. Considers that the budget and discharge procedures need to be viewed as complementary: a budget is not to be adopted without an analysis of the discharge decisions already adopted, and a decision on discharge must be taken on the basis of awareness of the political objectives set at the time of the budget procedure for the discharge year concerned; calls for further work on the interoperability of the budget and discharge procedures;

### *The budgetary priorities for 2006*

13. Stresses that it adopted the following budgetary priorities for 2006<sup>1</sup>:

- to provide the necessary posts for enlargement, and, in particular, a sufficient number of qualified interpreters and translators for all the official languages to enable all Members to take an active part in the work of Parliament;
- to institute an information and communication policy aimed at bringing Parliament closer to the citizen: to further develop, in this context, both the role of Parliament's external offices and cooperation with the Commission;
- to examine the desirability of modifying the structure of its administration or increasing support for its basic activities with a view to optimising the work of the institution;
- to ensure sufficient assistance and the presence of experts in the interests of the quality of legislative activity;
- to introduce a statute for Members' assistants; and
- to ensure a financial commitment with a view to covering the participation expenses of delegations of Parliament in meetings held outside Parliament's places of work;

### *Presentation of Parliament's accounts*

14. Notes that in 2006 Parliament received revenue amounting to EUR 126 126 604 (EUR 112 393 557 in 2005: +12,2 %);

15. Takes note of the figures on the basis of which Parliament's accounts for the financial year 2006 were closed, namely:

<b>Use of appropriations in 2006<sup>2</sup></b>	
<b>I. Appropriations 2006</b>	
- initial appropriations	1 321 600 000
- amending budget	none
- final appropriations	1 321 600 000
<b>II. Final appropriations 2006</b>	
- commitments (% of final appropriations)	1 306 325 432 (98,76 %)
- payments (in % of commitments)	1 117 578 610 (85,49 %)
<b>III. Carry-overs to 2007</b>	
- automatic carry-over to 2007 (in % of final appropriations) (in % of commitments)	188 746 822 (14,26 %) (14,43 %)

<sup>1</sup> OJ C 320 E, 15.12.2005, p. 156.

<sup>2</sup> OJ C 318, 29.12.2007, p. 3.

- non-automatic carry-over (non-committed appropriations carried over) (in % of final appropriations)	4 817 000 (0,36 %)
<b>IV. Cancellation</b>	
- cancelled appropriations (in % of final appropriations)	15 274 568 (1,15 %)
<b>V. Carry-overs to 2006</b>	
- automatic carry-overs	307 163 636
- payments under these carry-overs (in % of carry-overs)	285 578 104 (92,95 %)
- cancellation rate	21 585 532
<b>VI. Appropriations from assigned revenue in 2006</b>	
- appropriations from assigned revenue	40 017 311
- commitments (in % of appropriations from assigned revenue)	30 778 877 (73,86 %)
- payments (in % of committed appropriations from assigned revenue)	5 858 229 (18,75 %)
- appropriations available from assigned revenue	9 238 434
<b>VII. Appropriations from assigned revenue carried over to 2007</b>	
- appropriations from assigned revenue carried over	34 831 297
<b>VIII. Appropriations from assigned revenue carried over to 2006</b>	
- appropriations from assigned revenue carried over	32 288 714
- commitments	32 054 298
- payments (in % of commitments)	31 086 918 (96,36 %)

16. Notes that the presentation of the accounts contained in the report on budgetary and financial management has changed by comparison with the previous year; hopes that the administration will establish and retain a presentation that enables the implementation of the budget over the years to be easily compared;
17. Notes that, in 2006, 98,76 % of the appropriations entered in Parliament's budget were committed with a cancellation rate of 1,15 % and that, as in previous years, a very high level of budget implementation was achieved;
18. Recalls, however, that this high level of implementation is partly attributable to the consistent practice since 1992 of making 'mopping-up' transfers for the purposes of transferring any appropriations available at year end to the budget lines for buildings and, in particular, for advance capital payments to reduce future interest payments; notes that, in this context, EUR 37 246 425 were mopped up in 2007;
19. Notes that, in 2006, an amount of EUR 124 071 425 (71,4 % of transfers) was used to strengthen a number of budget lines in the field of property policy (with EUR 38 603 580 of

this amount coming from provisional appropriations); points out that the appropriations initially entered in the budget lines 2001-2008 amounted to only EUR 14 287 887;

20. Points out, likewise, that a total of 37 transfers were authorised, covering EUR 173 751 700 (i.e. 13 % of final appropriations; at the Commission, transfers represent around 4 % of payment appropriations); notes that a large number of transfers could conflict with budget principles;

### ***Court of Auditors' remarks on the financial year 2006***

21. Notes that the Court of Auditors found that 'all the Institutions had implemented a satisfactory framework of supervisory and control systems as required by the Financial Regulation and the sample tested showed no material level of error'<sup>1</sup>;
22. Observes that the Court of Auditors pointed out the following weakness in the granting of parliamentary assistance allowances: 'The Court notes (...) that the Bureau has not ensured that the rules requiring the submission of adequate supporting documentation have been implemented effectively (...) The Bureau should take action in order to obtain the documents considered essential to prove that the expenditure was justified'<sup>2</sup>;
23. Sets out its comments on this subject, taking account of the internal auditor's remarks, in paragraphs 56 to 68;

### ***Internal auditor's annual report***

24. Notes that, in 2006, the internal audit service adopted, or published in draft form, 16 audit reports; these reports included the audit of procurement procedures, the audit of the parliamentary assistance allowance and the follow-up to the 452 individual actions arising from the institution-wide review of the internal control framework;
25. Welcomes the fact that the internal auditor was able officially to present the conclusions of his annual report for 2006 to the Committee on Budgetary Control, thereby establishing that his report is not only an internal management tool, but an important point of reference in the annual discharge;
26. Shares the internal auditor's opinion as regards the heightened importance to be attached to the setting-up of an effective internal control framework; notes, in this context, the measures aimed at improving compliance with the rules and control objectives; notes that the implementation of the 20 critical actions mentioned by the internal auditor in his first follow-up audit will be the subject of a second follow-up in 2008; notes the indications from the administration that 18 of these 20 actions have been implemented and that the implementation of the remaining two actions is currently under way;
27. Welcomes the progress notified by the administration as regards procurement procedures, in particular the creation of a Procurement Forum; notes that the internal auditor will embark on a fresh audit in 2008 to follow up the implementation of the 144 individual actions arising from the audit of procurement procedures;

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<sup>1</sup> OJ C 273, 15.11.2007, point 10.6.

<sup>2</sup> OJ C 273, 15.11.2007, point 10.12.



### *Parliament's financial management and the Director-Generals' activity reports*

28. Reminds its competent bodies of its decision<sup>1</sup> that 'repayment on buildings (...) should be set as part of the budgetary strategy'; regrets the fact that its competent bodies have never implemented the decisions taken by plenary and that they have continued their practice of 'non-budgetisation' of Parliament's property policy for future acquisitions (the budget line 'Acquisition of immoveable property' shows only 'p.m.' entries for 2005, 2006 and 2007);
29. Notes that, at a public hearing of the Committee on Budgetary Control, on 21 January 2008, the Secretary-General announced a strategic plan for Parliament's property policy; asks that the Secretary-General present this plan to the Committee on Budgetary Control on the occasion of the discharge procedure for 2007;
30. Reiterates its request for Article 16 of the Internal Rules on the implementation of Parliament's budget to be amended so that any property project with significant financial implications for Parliament's budget would be subject to the approval of the Committee on Budgets;
31. Welcomes the fact that the Secretary-General and all the Directors-General have stated that they have reasonable assurances that the resources allocated to their respective activities were used for the specified purposes and in accordance with the principle of sound financial management; notes with satisfaction that they have also stated that the control procedures introduced provide sufficient guarantees as to the legality and regularity of the underlying transactions;
32. Asks that its administration comply with budget principles and draw up a draft budget in such a way as to guarantee that the amounts entered in this draft budget better reflect the actual needs of Parliament's various sectors of activity; calls on the authorising officers to give a clear indication in their annual activity reports, in a separate summary at the start of the report, of final appropriations, committed appropriations, payments, carry-overs, cancelled appropriations, and the amount that the Directorate-General is making available for 'mopping up';
33. Welcomes the fact that the Directors-General have reviewed the list of long-term contracts;
34. Calls on its Directorates-General to redouble their efforts so that their reports not only follow a common structure but also contain comparable information so as to improve their readability;
35. Welcomes the fact that the internal auditor and the services have reached an agreement on the implementation of the action plans aimed at providing Parliament with an effective Internal Control Framework; in this context, 452 individual actions were decided in 2003 and 2004; notes that 225 of these 452 actions were fully implemented in 2006 and 121 were partially implemented; notes, further, that the internal auditor had identified 20 'critical' actions in areas where the exposure to risk is high; notes that, at this stage, the administration states that 18 of these 20 actions have been implemented and that the internal auditor will consider them in the course of a second follow-up audit in 2008;

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<sup>1</sup> Paragraph 5 of its above-mentioned resolution of 24 April 2007.

## Procurement

36. Recalls that, pursuant to Articles 54 and 119 of the implementing rules for the Financial Regulation<sup>1</sup>, the institutions are to forward to the budgetary authority reports on the procedures negotiated and on the contracts not covered by the directives on public contracts; also recalls that a list of contractors awarded contracts of a value exceeding EUR 50 000 but lower than the threshold set by those directives is to be published in the Official Journal and that the contracts whose value lies between EUR 13 800 and EUR 50 000 are to be published on the institutions' websites;

37. Notes that the annual report contains the following information concerning contracts awarded in 2006:

Type of contract	Number [2005 in ( )]	Percentage [2005 in ( )]	Amount in EUR [2005 in ( )]	Percentage [2005 in ( )]
Services	199 (199)	69 % (64 %)	67 315 809 (89 551 639)	23 % (44 %)
Supplies	56 (53)	20 % (17 %)	61 441 090 (29 036 604)	21 % (14 %)
Works	31 (48)	11 % (15 %)	20 026 192 (13 763 856)	7 % (7 %)
Property	1 (12)	0 % (4 %)	143 125 000 (73 149 658)	49 % (35 %)
Total	287 (312)	100 %	291 908 091 (205 501 756)	100 %

38. Notes that the distribution of the contracts awarded in 2006 (leaving aside the property contract awarded by a negotiated procedure - the purchase of buildings in Strasbourg, which alone represents a value of 143 125 000 EUR) by type of contract used was as follows:

Type of procedure	Number [2005 in ( )]	Percentage [2005 in ( )]	Amount in EUR [2005 in ( )]	Percentage [2005 in ( )]	Average amount [2005 in ( )]
Open	73 (64)	25 % (21 %)	93 681 193 (94 187 176)	62% (71 %)	1 283 304 (1 471 675)
Restricted	84 (112)	30 % (37 %)	7 044 607 (26 676 276)	5% (20 %)	83 863 (238 181)
Negotiated	129 (124)	45 % (42 %)	48 057 291 (11 488 646)	33% (9 %)	372 537 (92 650)
Total	286 (300)	100 %	148 783 091 (132 352 098)	100 %	520 220 (441 174)

39. Notes that in 2006 128 contracts were awarded with a value of EUR 50 000 or more, as well as 159 contracts with a value between EUR 13 800 and EUR 50 000; points out that these figures show that contracts of a value of less than EUR 50 000 represent only 1,7 % of the total value, but 55 % of the total number of contracts awarded by Parliament;

<sup>1</sup> Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 1). Regulation as last amended by Regulation (EC, Euratom) No 478/2007 (OJ L 111, 28.4.2007, p. 13).

40. Notes that, in terms of value, 67 % of contracts were awarded on the basis of open (62 %) and restricted (5 %) procedures; finds it regrettable, however, that, in terms of value, 33 % of contracts were awarded by the negotiated procedure; calls on the Secretary-General to explain this increase over the previous year;
41. Notes, however, that in the case of 2006 it was not possible to carry out the comparison required under Article 54 of the Financial Regulation's implementing rules (between the number of contracts awarded in year *n* and in year *n-1* by authorising officer by delegation) because of the changes in the rules that came about during the year in question, and which applied only to contracts launched as of 22 August; in 2006 Parliament used the negotiated procedure for 74 contracts (2005: 136 contracts);
42. Recalls that the internal auditor carried out an audit of procurement procedures on an institutional scale; welcomes the agreement between the internal auditor and the services on a major action plan comprising 144 individual measures to be implemented; is pleased to note that one of the main tasks on the internal auditor's programme of work for 2008 is a new audit of procurement procedures with a view to ascertaining what progress has been made;
43. Asks the Secretary-General to report on the progress made on setting up a contracts database in accordance with Article 95 of the Financial Regulation; notes also that the revised Financial Regulation provides for a single central database, managed by the Commission, to be set up for all the institutions;

***Political groups (review of accounts and procedures – budget item 4000)***

44. Reiterates that the political groups are responsible for the management and use of the EP budget appropriations granted to them and that the remit of Parliament's internal audit service does not extend to the terms of use of appropriations under item 4 0 0 0;
45. Welcomes the fact that the political groups have published their external audit reports and accounts for 2006 on Parliament's intranet;
46. Notes that in 2006 the appropriations entered under budget item 4 0 0 0 were used as follows:

(in thousands of EUR)						
Total available under the 2006 budget			70 900			
Non-attached Members			1 644			
Amounts available for the groups			69 256			
Group	Appropriations allocated under Parliament's budget	Own resources and carried-over appropriations of groups	Expenditure 2006	Rate of use of available appropriations	Carry-over ceiling *)	Amounts carried over to 2007
PPE-DE	18 088	7 203	16 345	64,6 %	9 044	8 947
PSE	13 989	6 934	14 191	67,8 %	6 995	6 732
ELDR/ALDE	6 526	3 145	6 383	66,1 %	3 263	3 263
Verts/ALE	2 836	1 157	2 716	68,0 %	1 418	1 278
GUE/NGL	2 582	1 265	3 189	77,5 %	1 426	928
UEN	1 896	454	1 863	79,3 %	948	487

IND/DEM	2 034	875	1 912	65,7 %	1 017	997
NI	1 384	260	1 222	74,3 %	692	136
TOTAL	49 606	21 294	47 821	67,4 %	24 803	22 767

\*) in accordance with Article 2.1.6 of the Rules on the use of appropriations from budget Item 4 0 0 0

47. Notes that the external auditors have confirmed that the political groups' accounts complied with the rules in force and with international accounting standards;
48. Notes that the political groups used, on average, only 67,4 % of the appropriations available to them (as against 66 % in 2005 and 74 % in en 2004);
49. Notes that on 9 July 2007, the Bureau considered the political groups' reports on the execution of the budget, as well as the reports drawn up by the relevant auditors; notes, in this context, that the Bureau instructed the authorising officer to recover from the ALDE Group EUR 25 403,77 in unused appropriations, it being impossible to carry over this sum;

### ***Political parties at European level***

50. Notes that at the closure of the 2006 financial year the relevant accounts were as follows:

Execution of 2006 budget under the agreement (EUR)				
Party *)	Own resources	Total EP subsidies	Total revenue	Subsidies as a % of eligible expenditure (max. 75 %)
PPE	1 106 891,41	2 914 059,56	4 020 950,97	72,5 %
PSE	932 781,81	2 580 000,00	3 512 781,81	71,49 %
ELDR	340 782,87	883 500,00	1 224 282,87	71,97 %
EFGP	240 204,29	581 000,00	821 204,29	71,20 %
GE	172 875,00	439 018,54	611 893,54	71,82 %
PDE	55 189,84	163 570,75	218 760,59	75 %
AEN	49 385,00	144 808,81	194 193,81	74,57 %
ADIE	59 513,36	125 016,22	184 529,58	75 %
EFA	69 665,67	220 913,67	290 579,34	75 %
EUD	47 597,22	29 670,24	77 267,46	62,59 %
Total	3 074 886,47	8 081 557,78	11 156 444,25	72,13 %

PPE: European People's Party; PSE: Party of European Socialists; ELDR: European Liberal Democrat and Reform; EFGP: European Federation of Green Parties; GE: Party of the European Left; PDE: European Democratic Party; AEN: Alliance for Europe of the Nations; ADIE: Alliance of Independent Democrats in Europe; EFA: European Free Alliance; EUD: EU Democrats

51. Stresses that the external auditors have confirmed that the parties' accounts were in line with the provisions of Articles 6, 7, 8 and 10 of Regulation (EC) No 2004/2003 of the European Parliament and the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding<sup>1</sup> and that they offer a sincere and faithful image of the parties' financial situation at the end of the 2006 financial year;

<sup>1</sup> OJ L 297, 15.11.2003, p. 1.

52. Welcomes the fact that the political parties at European level have achieved a high level of utilisation of the appropriations made available to them;
53. Notes, however, that the authorising officer has been instructed:
- to proceed to the recovery of a surplus of EUR 248 953,91 EUR from the PDE, of EUR 215 498,59 from the AEN, of EUR 69 317,14 from the ADIE and of EUR 24 799,11 from the EUD,
  - and to proceed to the recovery of EUR 121 670,10 from the EUD and of EUR 70 902,64 from the ADIE on grounds of failure to comply with Article 3(1)(b) of Regulation (EC) No 2004/2003;
54. Asks the Secretary-General to state whether these sums have been recovered;
55. Notes that the internal auditor has reviewed the implementation of the rules on contributions to political parties at European level, publishing a report on the matter in August 2007; welcomes the fact that this has led to a detailed action plan approved by the administration; calls for the findings of this audit to be included in the discharge procedure for 2007;
56. Notes that the budget of a political party at European level may be financed, as of 2008, by up to 85 % from the EP budget (the figure is 75 % up to the end of 2007); stresses that this high level of subsidy from Parliament entails an additional degree of responsibility on the part of the parties as regards their activities;

#### ***The parliamentary assistance allowance (PAA)***

57. Notes the Court of Auditors' critical remarks concerning inadequacies in the regulatory framework laid down by the Bureau, and that the greater part of the sums paid to MEPs under the PAA heading have not been accompanied by satisfactory supporting documents in relation to the expenses incurred in the Member's name; is aware, at the same time, of the efforts made by the Bureau and the administration in 2007 to remedy the situation; welcomes the information from the administration that at the end of 2007 it had received over 99 % of the supporting documents;
58. Points out, nonetheless, that for 2004 and 2005 the administration has been able to obtain only 57 % and 51 % respectively of the documents required; notes, in this connection, the political decision taken to apply the rules adopted on 13 December 2006 retrospectively to the period 2004-2005;
59. Believes that, in respect of their obligation to supply supporting documents for the use of their PAAs in 2004 and 2005, all MEPs should receive a note stating whether they still need to send the administration supporting documents for that period or whether their dossier is in order;
60. Calls on its administration to apply correctly and consistently the Rules Governing the Payment of Expenses and Allowances to Members (PEAM rules)<sup>1</sup>, and to identify promptly and immediately any irregularities and omissions;

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<sup>1</sup> Document PE 113.116/BUR./rev. XXIV/03-2007 of 1 March 2007.

61. Calls on the administration to establish a procedure containing better and more visible communication to Members, systematic compliance with the deadlines for supplying supporting documents, as laid down in the PEAM rules, in order to ensure that they are supplied in such a way as to fit with the procedure and the compulsory calendar of the Court of Auditors for the drafting of its annual report, and a final confirmation to Members once their file is closed;
62. Encourages the Bureau's working group on the Members' Statute to present its conclusions with a view to rapid and appropriate action on the internal auditor's remarks in his report on the PAAs; confirms, in the light of that working group's report and in the context of the establishment of new rules by the competent political bodies, that the administration is responsible for ensuring that the PAAs are granted in line with the principles of sound financial management, legality and regularity; is aware of the problems and difficulties arising with regard to bringing the PAAs into line with the social and fiscal legislation of each of the 27 Member States; calls for an immediate start to the negotiations with the Member States and the Belgian Government; stresses that this operation, complex though it is, must not create obstacles to the parallel introduction of new rules for the PAAs;
63. Notes that the internal auditor's report proposes a two-stage evolution for Members' assistants' working conditions, i.e.: in the first stage, the contractual relation between the assistant(s) and the Member would be systematically based on a contract of employment, using an improved obligatory contract model: in the second stage, the aim would be to integrate the assistants into the staff category covered by the rules governing other servants of the Communities;
64. Points out that assistance to Members calls for flexibility and mobility, while the new statute for assistants should set minimum standards for pay and social rights in conformity with applicable European legislation;
65. Notes the unanimous decisions of the Conference of Presidents and the Bureau of 6 and 10 March 2008 respectively
  - calling on its administration to ensure the consistent application and implementation of Parliament's internal rules on the reimbursement of parliamentary assistance expenses;
  - entrusting the Secretary-General with a mandate to make contact with the Commission and the Council with a view to securing the possibility of a new set of rules for Members' assistants through an amended contract staff regime, whilst preserving the freedom of Members to recruit their assistants and independently determine their salary level;
  - charging its working group on the Members' Statute, Assistants and Pension Fund to assess, as a matter of urgency, the operation of existing rules in detail and, given the importance of the matter, to come forward with proposals for changes to the rules which it considers necessary;

insists that a Member of the Committee on Budgetary Control, as the committee competent for the discharge, should be part of this working group as an observer; reminds the Bureau, in this context, of its comments in respect of Section I - European Parliament set out in its resolution of 25 October 2007 on the draft general budget of the European Union for the

financial year 2008<sup>1</sup>, and its resolution of 26 September 2006 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 I — European Parliament<sup>2</sup>; asks the competent authorities to report back to the Committee on Budgetary Control on progress achieved before the end of 2008;

66. Insists in particular that

- in line with paragraph 76 of its above-mentioned resolution of 26 September 2006, Parliament should conclude framework contracts exclusively with undertakings in Member States specialised in the management, in accordance with the applicable national law, of tax and social security issues related to employment contracts, and expects its administration to establish a timetable for the full implementation of that paragraph by 1 September 2008;
- given that the deficiencies discovered by the internal audit concern primarily contracts with service providers, temporarily, until a permanent solution has been found, service provider contracts be handled by paying agents in the Member States; that the paying agent be responsible for the compliance of service provider contracts with the tax and social security legislation of the Member State in question, and with the PEAM rules, the latter still needing to be modified for this purpose; and that no service provider contract which does not comply with these provisions be accepted;
- its administration be put into a position where it can prove to the Court of Auditors which amounts have been paid by Members to their assistants, paying agents and service providers, and under which conditions;
- no relatives of Members be employed;
- non-compliance with Member States legislation, and/or the (then revised) PEAM rules must lead automatically to the suspension of payments and the recovery of unduly paid amounts;

67. Calls for the implementing measures for the MEPs' Statute<sup>3</sup> having financial implications to be officially submitted to the Committee on Budgetary Control for its prior opinion;

68. Welcomes the Bureau's approval, on 25 September 2006, of the Codex on parliamentary assistants and trainees at the EP, as well as the fact that all Members have received a copy of it;

69. Requests its Secretary-General to inform the Committee on Budgetary Control by the end of 2008 of the number of recovery orders issued and the total amount involved;

### ***Voluntary pension fund***

70. Notes that in November 2006 the voluntary pension fund had 659 members; observes that the monthly contribution to the fund per Member was EUR 3 354,21, broken down as

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<sup>1</sup> Texts adopted, P6\_TA(2007)0474, especially paragraphs 23 and 24.

<sup>2</sup> OJ L 177, 6.7.2007, p. 3, paragraphs 73 to 79.

<sup>3</sup> PE 388.087/BUR/GT/REV 10.

follows: one-third, or EUR 1 118,07, paid by the Members and currently deducted from the Members' expenditure allowance; and two-thirds, or EUR 2 236,14, paid by Parliament;

71. Draws attention to the points regarding transparency and sources of income raised in its abovementioned resolution of 24 April 2007;
72. Stresses that the actuarial deficit of the voluntary pension fund (which has existed since 2001) fell from EUR 43 756 745 in 2004 and EUR 28 875 471 in 2005 to EUR 26 638 000 in 2006, thus improving the actuarial financial position (76,8 % in 2004, 86,1 % in 2005 and 88,4 % in 2006); emphasises that over recent years the stock markets have been extremely unstable and that nothing certain can be predicted regarding future trends for the actuarial deficit of the fund; underlines, in this context, that the fund has invested in shares to a total of 73 %; points out that the actuarial deficit should have been updated by the fund's managers to the end of December 2007 by 15 March 2008;
73. Draws the Bureau's attention to paragraph 84 of its above-mentioned resolution of 24 April 2007, which states that it has been decided that, following the entry into force of the Statute for MEPs, the voluntary pension fund should be confined to honouring existing rights (those acquired as at June 2009), from which it follows that neither present MEPs nor other members could go on contributing to the fund;
74. Was surprised by the recent recommendation of the Conference of Presidents of 13 March 2008, after having been consulted by the Bureau's working group on the Members' Statute, assistants and Pension Fund, that members of the Voluntary Pension Fund may still acquire new pension entitlements once the Members' Statute has entered into force; reminds the Bureau as the decision-making body in this matter of Parliament's political will, as expressed in its resolutions on discharge in respect of the implementation of the Parliament budget for the financial years 2004 and 2005, that the activities of the Voluntary Pension Fund should effectively be phased out and limited to honouring acquired rights once the Members' Statute has entered into force; insists that the Bureau working group prepare the necessary measures in line with Parliament's decisions;

### ***Preparation of implementation of the Treaty of Lisbon***

75. Recalls that in 2006 Parliament was willing to 'consider whether modifications should be made to its administrative structures or further support provided for its core activities to optimise the work of the institution'<sup>1</sup>; adds that Parliament then also took the view that 'the increased responsibility of the European Parliament in legislative decision making requires significantly more resources to be allocated to support this core activity'<sup>2</sup>;
76. Notes the response of its administration as regards the implementation of the interinstitutional agreement on better lawmaking;
77. Stresses, furthermore, that the Treaty of Lisbon markedly extends the scope of codecision, which will become the standard legislative procedure, and that Parliament will thus become the co-legislator, on an equal footing, for 95 % of EU legislation;
78. Calls on its administration, in the light of this, to submit, no later than 30 November 2008:

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<sup>1</sup> OJ C 320 E, 15.12.2005, p. 156, paragraph 19.

<sup>2</sup> OJ C 320 E, 15.12.2005, p. 156, paragraph 20.



a table of Parliament's staff (officials and other servants), broken down by grade, DG, nationality and gender, accompanied by an evaluation;

- an analysis of the use of the research budget in the DGs;

79. Recalls that in the course of the 2007 budget procedure Parliament called on the Commission to carry out a mid-term evaluation of its staff needs and to provide a detailed report on its support staff and coordination functions; invites its administration to proceed to an evaluation of its staff, on that basis and using the same instruments; wishes to see an evaluation report submitted to the Committee on Budgetary Control in good time for the 2007 discharge; in this connection, wishes to know how many officials and other servants have the task of aiding Members in their work of co-legislation, how many work for the parliamentary delegations, and how many are employed in administrative support tasks for Parliament;

### *Follow-up to the 2005 discharge*

80. Welcomes the fall in the estimated operating costs stemming from the requirement to maintain several places of work from EUR 203 000 000 for 2002 to EUR 155 000 000 for 2007; stresses that this represents a reduction of almost 24 % over the five-year period; calls on its administration to continue the rationalisation process; stresses that the requirement to maintain several places of work is laid down in the Treaties; believes that optimal coordination must be achieved between these places of work; emphasises that citizens do not understand why Parliament must maintain three work places;

81. Notes the response of its administration<sup>1</sup> to the idea of creating a European property authority, namely that a large single office responsible for the construction and upkeep of the premises of the EU's institutions and bodies would not be a suitable response to the criteria of economy and sound management that have been advanced; stresses, at the same time, that closer cooperation is both desirable and desired;

82. Notes that there has been no progress in the negotiations with the Belgian Government over the site occupied by the D4 and D5 buildings and its future; calls on the Vice-president responsible for buildings policy to establish contact with the new Belgian Government as soon as is possible;

83. Notes the progress made on its demands for a Kyoto-plus plan; recalls that on 18 June 2007 the Bureau:

called on the Secretary-General to launch a call for tenders to assess Parliament's CO<sub>2</sub> rating;

noted and approved the revision by the administration of the environmental targets and key action for the future;

adopted the calendar for the future phases of the EMAS;

asked the Secretary-General to draw up a detailed action plan;

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<sup>1</sup> Secretary-General's letter of 29 October 2007 (317124).

decided to set up a working group to monitor CO<sub>2</sub> emissions, to consist of two members of the Bureau who will be appointed at a subsequent stage of the EMAS process;

validated the principle of including all environmental initiatives under EMAS and agreed on the need to ensure that resources are available for improving EMAS;

84. Calls for the Committee on Budgetary Control to be notified of all additional progress;

### ***Multilingualism***

85. Stresses the increased importance of the Code of Conduct on Multilingualism for Members' parliamentary activities; is concerned at the shortcomings referred to in the two six-month reports for 2006 in terms of the effective use of the interpretation service; notes, therefore, that the appropriations made available have not been allocated in the most economical fashion and that this shortfall has primarily affected the committees and delegations of Parliament and the political groups; in this context and in the light of the report on multilingualism adopted on 5 September 2006, calls on the Secretary-General to find a solution jointly with the users;

### ***Information and communication policy***

86. Recalls that, under Parliament's information and communication policy, there has been an extension of activities and new information instruments have been created, with a considerable financial impact on the 2006 budget (Visitors' centre, Web TV, audiovisual facilities); calls on the Secretary-General to submit an implementation and evaluation report on information and communication policy, no later than the end of July 2008;

### ***Information technology***

87. Stresses the importance of information technology for the Parliament in general, and especially for parliamentary activities; regrets the fact that the improvements made have concentrated on the presentation of Parliament on the Internet and intranet, rather than on means of improving the ease and efficiency of the legislative activity;

### ***Various***

88. Calls on the Secretary-General to supply the Committee on Budgets and the Committee on Budgetary Control with copies of all reports of the Bureau, including those of its working groups, and of the Conference of Presidents having financial implications;

89. Notes that 2007 saw the resolution of the case concerning the difference of 4 136 125 Belgian francs between the sum received and the relevant accounting entries in 1982, and that the matter will therefore be included in the discharge for the 2007 budget year;

### ***Conclusions of the discussions on the draft report in committee***

90. Draws attention once again to the importance of budget priorities to the discharge procedure and continues to believe, at the same time, that the outcome of the discharge procedure is of vital importance to the budgetary procedure; accordingly, welcomes the fact that close cooperation between the Committee on Budgets and the Committee on Budgetary Control would gain further importance under the Treaty of Lisbon;

91. Welcomes the progress made in implementing the budget priorities for 2006; will continue, nonetheless, to seek to ensure that all priorities are achieved;
92. Notes the Internal Auditor's (confidential) report on the PAA, which looks into the internal control arrangements in this area and puts forward possible improvements; stresses that its administration cooperated fully and openly with the rapporteur at all stages in the production of the draft report; stresses, furthermore, that the European Anti-Fraud Office and the Court of Auditors have been invited to examine the internal audit report and to take appropriate action on their conclusions; regrets the infringement of the confidentiality provisions set out in its Rules of Procedure and the publication of personal and political interpretations of confidential information; considers those interpretations to give a false impression of the objectives and conclusions of the report;
93. Calls on its competent bodies to take the appropriate measures with a view to the adoption, pursuant to Annex VII, Section A, paragraph 1, fourth subparagraph of Parliament's rules of procedure, by the plenary of the rules governing the administrative processing of confidential documents, approved by the Bureau on 13 November 2006, in time for the discharge procedure in respect of the financial year 2007;
94. Deplores the lack of progress in the negotiations with the Belgian Government on the land for the D4-D5 Buildings and site development; urges the Belgian Government to abide by the firm political undertaking which it gave to Parliament.