



EUROPEAN PARLIAMENT

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*Committee on Budgetary Control*

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**2009/2069(DEC)**

3.2.2010

## **DRAFT REPORT**

on discharge in respect of the implementation of the European Union general budget for the financial year 2008, Section I – European Parliament  
(C7-0173/2009 – 2009/2069(DEC))

Committee on Budgetary Control

Rapporteur: Bart Staes

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the European Union general budget for the financial year 2008, Section I – European Parliament (C7-0173/2009 – 2009/2069(DEC))**

*The European Parliament,*

- having regard to the European Union general budget for the financial year 2008<sup>1</sup>,
- having regard to the final annual accounts of the European Communities for the financial year 2008 – Volume I (SEC(2009)1089 - C7-0173/2009)<sup>2</sup>,
- having regard to the report on budgetary and financial management - financial year 2008, Section I - European Parliament<sup>3</sup>,
- having regard to the Internal Auditor's annual report for 2008,
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2008, together with the 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 Article 272(10) and Article 275 of the EC Treaty, Article 314(10) and Article 318 of the Treaty on the Functioning of the EU, 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> (the Financial Regulation), 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> (Implementing Rules),
- having regard to Article 147(1) of the Financial Regulation, which requires each Union institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
- having regard to its resolution of 29 March 2007 on the guidelines for the 2008 budget procedure - Sections II, IV, V, VI, VII, VIII and IX - and on the European Parliament's

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<sup>1</sup> OJ L 71, 14.3.2008.

<sup>2</sup> OJ C 273, 13.11.2009, p. 1.

<sup>3</sup> OJ C 127, 5.6.2009, p. 1.

<sup>4</sup> OJ C 269, 10.11.2009, p. 1.

<sup>5</sup> OJ C 273, 13.11.2009, p. 122.

<sup>6</sup> OJ L 248, 16.9.2002, p. 1.

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

preliminary draft estimates (Section I) for the 2008 budget procedure<sup>1</sup>,

- having regard to Rules 77 and 80(3) of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),
- A. whereas "citizens have the right to know how their taxes are being spent and how the power entrusted to political bodies is handled"<sup>2</sup>,
  - B. whereas the principle of 'checks and balances' is of fundamental importance in institutions characterised by decentralised financial management and whereas that principle must be assured by sufficiently developed central responsibility for the systemic adequacy of the internal control framework and governance structure,
  - C. whereas a condition for efficient and meaningful accountability - the obligation to explain how public funds have been used - is that European citizens have access to relevant and objective information,
1. Grants its President discharge in respect of the implementation of the European Parliament budget for the financial year 2008;
  2. Sets out its observations in the resolution set out below;
  3. Instructs its President to forward this Decision and the resolution that forms an integral part thereof 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 27 E, 31.1.2008, p. 225.

<sup>2</sup> The European Transparency Initiative, on [http://ec.europa.eu/commission\\_barroso/kallas/work/eu\\_transparency/index\\_en.htm](http://ec.europa.eu/commission_barroso/kallas/work/eu_transparency/index_en.htm)

## 2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**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 2008,**

**Section I – European Parliament  
(C7-0173/2009 – 2009/2069(DEC))**

*The European Parliament,*

- having regard to the European Union general budget for the financial year 2008<sup>1</sup>,
- having regard to the final annual accounts of the European Communities for the financial year 2008 – Volume I (SEC(2009)1089 - C7-0173/2009)<sup>2</sup>,
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- having regard to the Internal Auditor's annual report for 2008,
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- 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 Article 272(10) and Article 275 of the EC Treaty, Article 314(10) and Article 318 of the Treaty on the Functioning of the EU, 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> (the Financial Regulation), 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> (Implementing Rules),
- having regard to Article 147(1) of the Financial Regulation, which requires each Union institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
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<sup>6</sup> OJ L 248, 16.9.2002, p. 1.

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preliminary draft estimates (Section I) for the 2008 budget procedure<sup>1</sup>,

- having regard to Rules 77 and 80(3) of and Annex VI to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),
- A. whereas "citizens have the right to know how their taxes are being spent and how the power entrusted to political bodies is handled"<sup>2</sup>,
- B. whereas the principle of 'checks and balances' is of fundamental importance in institutions characterised by decentralised financial management and whereas that principle must be assured by sufficiently developed central responsibility for the *systemic* adequacy of the internal control framework and governance structure,
- C. whereas a condition for efficient and meaningful accountability - the obligation to explain how public funds have been used - is that European citizens have access to relevant and objective information,

### ***Corporate governance in Parliament***

1. Notes the general concept of 'corporate governance' as a set of processes, customs, policies and rules affecting the way a company or institution is directed, administered and controlled, with the aim of reducing costs and improving output;
2. Draws the attention to the need urgently to introduce a clear and transparent corporate governance system in Parliament defined as a set of responsibilities and practices exercised by Parliament's principal decision-makers (the Bureau, the Secretary-General and senior line management) with the aim of:
  - providing strategic direction,
  - ensuring that Parliament's objectives are achieved,
  - ascertaining that risks are managed appropriately, and
  - verifying that Parliament's resources are used responsibly;
3. Stresses that key elements of good corporate governance include honesty and integrity, transparency and openness, responsibility and accountability of the persons entrusted with corporate governance in an organisation;
4. Defines accountability as the acknowledgement and assumption of responsibility for actions, decisions and policies as well as the obligation to report, explain and be answerable for resulting consequences;
5. Notes that Parliament is a complex organisation in which the boundary between political and administrative decisions is not always clear due to the multilayered character of the institution's governance structure and the fact that high-level administrative decision-makers are not always appointed on the basis of their managerial capabilities alone;

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<sup>1</sup> OJ C 27 E, 31.1.2008, p. 225.

<sup>2</sup> The European Transparency Initiative, on [http://ec.europa.eu/commission\\_barroso/kallas/work/eu\\_transparency/index\\_en.htm](http://ec.europa.eu/commission_barroso/kallas/work/eu_transparency/index_en.htm)

6. Believes that complex governance structures and management procedures need more sophisticated internal control and risk management systems than less complex governance structures in order to ensure accountability and protect the political leadership and the administrative managers from financial and non-financial risks;
7. Invites the competent services, therefore, to review and reinforce the minimum internal control standards in order to include lessons learned and to keep in line with developments in risk management and corporate governance; recalls that authorising departments are under an obligation to respect the standards in developing their internal control systems and implementing measures; invites the competent services to seek the opinion of its Committee on Budgetary Control before the revised minimum internal control standards is sent to the Bureau for review and approval;

***The discharge process - an occasion for learning and critical scrutiny***

8. Recognises that it is unusual for a public institution to discharge itself; stresses that the added value of the parliamentary and public procedure leading up to Parliament's discharge of itself is the additional possibility for exercising, in public, a critical scrutiny of the institution's financial management and thereby facilitating European citizens' understanding of Parliament's particular set-up, governance structure and working methods;
9. Draws attention to the fact that Parliament's financial management is an extremely vulnerable and high-risk area and that even non-material shortcomings may result in considerable reputational damage and may cast doubt on Parliament's overall policy achievements;
10. Stresses that critical scrutiny is necessary to ensure that Parliament's financial managers are held fully accountable, because only full transparency offers European citizens an insight into Parliament's financial management and its use of taxpayers' money;
11. Further stresses that Parliament's discharging of itself must be seen as an expression of its acknowledgement of its particular governance structures and management procedures as well as its political will and readiness:

to ensure that:

- 'appearance' does not substitute critical reality checks, and
- ownership of any critical area is clear, and

to avoid:

- intrinsic oversight failure, and
- a culture in which riding the waves becomes the rule and causing the waves the exception;

*The activities of its Committee on Budgetary Control...*

12. Invites its Committee on Budgetary Control, therefore, not only to continue but also to strengthen its critical analysis of whether Parliament's governance structures and management procedures are sufficient to ensure transparency, correct transactions, and sound financial management;
13. Stresses that it is a distinctive feature of its internal organisation that Parliament's suppliers (Members) are also customers (Members) and that Parliament, as *institution*, has a fundamental interest in full transparency in regard to its financial management; expects its Committee on Budgetary Control, therefore, to comply fully with its specific and important parliamentary role by clearly highlighting where improvements can be done;
14. Fully understands that objective, professional and comprehensive analysis of complex decision-making and management structures and procedures is more challenging and time-consuming than purely rhetorical statements and recommends that the Committee on Budgetary Control be better equipped to accomplish its increasingly demanding tasks by reinforcing substantially the establishment plan for that committee's secretariat;
15. Stresses that the new wording of Article 317 of the Treaty on the Functioning of the European Union (introduced by the Lisbon Treaty) will be very challenging for Parliament's control activities and expects that the secretariat of its competent committee - the Committee on Budgetary Control - will receive additional resources so that it can continue to ensure a high-quality service for its Members;
16. Stresses that the reinforcement of the committee secretariats cannot be effected on the basis of purely quantitative parameters and invites the Secretary-General to include qualitative parameters as well;

*... are an integrated part of the institution's core business*

17. Further stresses that traditional parliamentary activities such as the critical scrutiny of the use of public money must be a fully integrated part of the institution's core business at all levels;

*Improvement of administrative processes*

18. Notes the tradition according to which the Committee on Budgetary Control requests the administration to provide information on various topics in its discharge reports; recommends that those reports be sent directly from DG Finance to the Chair of the Committee on Budgetary Control and published - for the information of the members of the Committee as well as the European citizens - on that Committee's homepage as soon as they have been received by its Chair;
19. Further invites the Committee on Budgetary Control to organise a specific exchange of views with the Secretary-General on the replies given by the administration to requests contained in discharge resolutions at its ordinary committee meeting in September of each year so as to ensure proper political follow-up in a timely fashion;



20. Also recommends that Authorising Officers' Annual Activity Reports be published on the Committee's homepage as soon as received by the Chair of the Committee on Budgetary Control;

***Presentation of Parliament's accounts***

21. Takes note of the figures on the basis of which Parliament's accounts for the financial year 2008 were closed, namely:

<b>(a) Available appropriations</b>	
appropriations for 2008:	1 452 517 167
non-automatic carry-overs from financial year 2007:	43 800 036
automatic carry-overs from financial year 2007:	225 239 332
appropriations corresponding to assigned revenue for 2008:	47 551 735
carry-overs corresponding to assigned revenue from 2007:	38 325 182
Total:	1 807 433 452
<b>(b) Utilisation of appropriations in the financial year 2008</b>	
commitments:	1 723 369 531
payments made:	1 488 856 868
payments outstanding and appropriations not committed arising from assigned revenue:	232 944 667
appropriations carried forward automatically including those arising from assigned revenue:	232 944 667
appropriations carried forward non-automatically	8 315 729
appropriations cancelled:	70 722 045
<b>(c) Budgetary receipts</b>	
received in 2008:	151 054 374
<b>(d) Total balance sheet at 31 December 2008</b>	
	1 782 229 891

22. Notes that total payments as regards 2008 credits, including automatic and non-automatic carryovers to 2009 of those credits, correspond to 94% of total appropriations for 2008;
23. Notes that the European Union's budget for 2008 totalled EUR 129 150 million in commitment appropriations, of which Parliament's budget accounted for EUR 1 453 million; further notes that this figure represents just over 1 % of the Union's budget and amounts to 19,48 % of the EUR 7 284 million set aside for the administrative expenditure of the European Union's institutions as a whole;

***Short-term receivables***

24. Notes that the Belgian government will reimburse EUR 85 896 389 to Parliament at the beginning of 2010; invites the Secretary-General to inform in due time the Committee on Budgetary Control on how that money will be used;

***Public procurement - a high-risk area***

25. Recalls the fundamental principles concerning procurement as expressed in paragraph 18 of its resolution of 24 April 2007<sup>1</sup> accompanying the discharge decision in respect to the financial year 2005; notes that the Internal Audit Service carried out a comprehensive audit of the management and control of the public procurement process in Parliament in 2004 and 2005 and that the final report adopted on 31 March 2006 comprised 144 specific measures for implementation over the period to 31 March 2008;
26. Welcomes the fact that the Internal Audit Service in 2008 commenced a new series of audits in order to re-assess the level of achievement of the 144 specific measures and notes that these new audits were in progress at the end of 2009;
27. Draws attention to the fact that as interface between the public and the private sector, public procurement is a high-risk area and that Parliament must devote even more efforts to ensure:
  - compliance with applicable laws, regulation and policies - including the principles of transparency, proportionality, equal treatment and non-discrimination,
  - reliability of management information and recording, and
  - economy, effectiveness and efficiency of operations;
28. Recalls that at each stage of the procurement process - initial assessment of needs, preparing the call for tender, drawing up the calls for tender and the specifications, contacts with tenderers, opening of tenders, evaluation of tenders, award decision, conclusion of contracts - there are significant risks to the achievement of the abovementioned objectives and that action needs to be taken by the authorising officers by delegation, with the assistance of Parliament's central services, to reduce exposure to risk;

*Urgent actions*

29. Invites the Secretary-General to take urgent action in regard to the following areas:
  - (a) Training: Recognises that progress has been made in the provision of training courses on procurement; considers the drafting of full, clear and precise technical specifications and particularly of adequate exclusion, selection and award criteria a priority;
  - (b) Specialist function: Takes the view that procurement needs to be recognised as a 'specialist function' in Parliament's register of professional skills because full expertise is needed to deal with all the complex requirement of procurement procedures; stresses that 'full expertise' cannot be expected by staff whose main concern is their core operational tasks; recommends the creation of 'specialist procurement officers';

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<sup>1</sup> OJ L 187, 15.7.2008, p. 3.

- (c) Sensitive posts: Recommends that posts entailing significant decision-making powers in the procurement area should be considered as 'sensitive posts' and should therefore be made subject to appropriate rotation and/or to additional internal control measures;
- (d) External staff - Code of Conduct: Recommends - on the basis of Article 57 of the Financial Regulation - that staff from external service providers should, as a general rule, be excluded from performing tasks linked to management of the procurement process; notes that the former Secretary-General issued "Guidelines on relations with external staff" on 2 July 2008; invites the Secretary-General to clarify the status and enforceability of those 'guidelines' and to make them mandatory in all procurement procedures by having them adopted by the Bureau;
- (e) Procurement compliance function: Believes that adequate 'checkpoints' must be built into the procurement process at all critical stages and finds that the performance of this function could be entrusted to a 'procurement compliance function', which should be understood as a set of control activities to be carried out during the procurement process and not as an additional post;
- (f) Organisation of procurement: Stresses that Parliament's strategic challenge is to determine how the benefits of decentralisation can be maintained while maximising 'cross-departmental' efficiency and effectiveness in the interest of fair and open procurement; recommends a strategic shift aiming at creating a central Parliament support unit that would act as a service provider to the contracting departments; takes the firm view that there is scope for combining a degree of centralisation of expertise with the maintenance of departmental control over the subject of the tender, specifications, evaluation and award;

*Annual report on contracts awarded*

30. Notes that the central services, on the basis of information provided by authorising departments, establish the annual report<sup>1</sup> to the budgetary authority on contracts awarded in 2008 and the following breakdown of all contracts awarded in 2008 and 2007:

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<sup>1</sup> available at:  
<http://www.europarl.europa.eu/document/activities/cont/200911/20091120ATT64961/20091120ATT64961EN.pdf>

Type of contract	2008		2007	
	Number	Percentage	Number	Percentage
Services	240	67%	161	65%
Supplies	59	17%	48	19%
Works	44	12%	28	11%
Building	15	4%	12	5%
Total	358	100%	249	100%

Type of contract	2008		2007	
	Value (EUR)	Percentage	Value (EUR)	Percentage
Services	454 672 969	67%	218 201 103	66%
Supplies	22 868 680	3%	42 443 126	13%
Works	81 247 056	12%	16 449 758	5%
Building	123 429 315	18%	54 387 707	16%
Total	682 218 020	100%	331 481 694	100%

(Annual report on the contracts awarded by the European Parliament, 2008, page 4)

31. Notes the breakdown of contracts awarded in 2008 and 2007 by type of procedure used as follows:

Type of procedure	2008		2007	
	Number	Percentage	Number	Percentage
Open	126	35%	85	34%
Restricted	14	4%	10	4%
Negotiated	218	61%	154	62%
Total	358	100%	249	100%

Type of procedure	2008		2007	
	Value (EUR)	Percentage	Value (EUR)	Percentage
Open	345 415 316	51%	162 124 519	49%
Restricted	139 782 362	20%	59 593 905	18%
Negotiated	197 020 342	29%	109 763 270	33%
<b>Total</b>	<b>682 218 020</b>	<b>100%</b>	<b>331 481 694</b>	<b>100%</b>

(Annual report on the contracts awarded by the European Parliament, 2008, page 6)

32. Notes that of a total of 358 contracts awarded in 2008, 140, with a value of EUR 485,2 million, were based on open or restricted procedures, and 218, with a value of EUR 197 million, were based on negotiated procedures;

*Exceptional negotiated procedures*

33. Notes in particular the big increase in 2008 in the number of exceptional negotiated procedures as shown in the following breakdown:

	2008		2007	
	Number	% of DG's total contracts	Number	% of DG's total contracts
DG PRES (except DIT)	8	44.44%	6	37.50%
DG IPOL	0	0.00%	0	0.00%
DG EXPO	3	75.00%	1	20.00%
DG COMM (except Library Dir.)	16	16.00%	9	13.64%
DG PERS	0	0.00%	1	9.09%
DG INLO (except Interpreting Dir.)	35	34.31%	19	21.84%
DG INTE (formerly Interpreting Dir.)	9	56.25%	3	33.33%
DG TRAD (except Publishing Dir.)	0	0.00%	1	25.00%
DG ITEC (formerly Publishing and IT Directorates)	9	56.25%	2	33.33%
DG FINS	0	0.00%	0	0.00%
Legal Service	0	0.00%	0	0.00%
<b>Parliament, total</b>	<b>80</b>	<b>22.35%</b>	<b>42</b>	<b>16.87%</b>

(Annual report on the contracts awarded by the European Parliament, 2008, p. 9)

34. Notes that the proportion of exceptional negotiated procedures increased both in number and proportion in the case of six authorising officers by delegation;

*Article 54 of the Implementing Rules<sup>1</sup> - "reverse that trend"*

35. Recalls that Article 54 of the Implementing Rules provides: *"If the proportion of negotiated procedures in relation to the number of contracts awarded by the same authorising officer by delegation increases appreciably in relation to earlier years or if that proportion is distinctly higher than the average recorded for the institution, the authorising officer responsible shall report to the institution setting out any measures taken to reverse that trend"*;
36. Takes the view that the increase registered between 2007 and 2008 clearly obliges the authorising officers to take measures to 'reverse the trend'; is unhappy with the administration's remark that "it is difficult to reduce further the use of negotiated procedures" (Annual report on the contracts awarded by the European Parliament, 2008, paragraph 39);
37. Invites the authorising officers to present to the discharge authority - for the financial year 2009 and onwards - more information allowing for a more thorough supervision of the institution's use of exceptional negotiated procedures (Articles 126 and 127 of the Implementing Rules) by including in their Annual Activity Report an annex providing clear information as regards:
- why it was necessary in the first place to conclude a contract under Article 126 or 127 of the Implementing Rules,
  - why the authorising officer found a specific contract to fall under one of the established categories ("no suitable tenders", "technical or artistic reasons", "urgency", etc) in Article 126(1) and in Article 127(1),
  - the number of candidates with which negotiations have been carried out, and
  - the criteria for the acceptability of the offer;
38. Further, invites the Central Financial Unit to consolidate the information to be given in that new annex in the "Annual report on the contracts awarded by the European Parliament";

***Management representations in Parliament***

39. Recalls that Article 8(9) to (11) of the Implementing Rules provides that the Secretary-General shall, as Principal Authorising Officer by Delegation, issue a declaration as to whether Parliament's budget has been implemented in accordance with the principles of sound financial management and as to whether the control framework put in place

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<sup>1</sup> Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying out detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities. (OJ L 357, 31.12.2002, p.1) See also: [http://ec.europa.eu/budget/library/documents/implement\\_control/fin\\_rules/syn\\_pub\\_rf\\_modex\\_en.pdf](http://ec.europa.eu/budget/library/documents/implement_control/fin_rules/syn_pub_rf_modex_en.pdf)

provides the necessary guarantees concerning the legality and regularity of the underlying operations;

40. Further recalls that the declaration issued by the Principal Authorising Officer by Delegation is based on the declarations issued by the Directors-General in their capacity as Authorising Officers by Delegation;
41. Notes that the former Secretary-General in his declaration of 4 March 2009<sup>1</sup>
  - *noted* that no authorising officer had entered formal qualifications in his or her declaration, and
  - *certified* that he had a reasonable assurance that Parliament's budget had 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;
42. Further notes that the Principal Authorising Officer by Delegation also stated that the declaration "is based on my own judgement, on the internal audit reports received, on the central monitoring and support of financial management activities carried out on my behalf and at my behest, and on all other information at my disposal";

*Article 60(4) and (7) of the Financial Regulation<sup>2</sup>*

43. Notes that Article 60(4) of the Financial Regulation requires each Authorising Officer by Delegation to "put in place (...) the internal management and control procedures suited to the performance of his/her duties (...)" and that the second paragraph of Article 60(7) of the Financial Regulation requires the same actor in the financial management to report on "the efficiency and effectiveness" of the systems he/she has put in place; takes the view that the two functions are incompatible and that they should be carried out by different actors;
44. Draws attention to the fact that the Financial Regulation as adopted by the EU legislator is a political text and not a professional one, that it is drafted by the Commission and that its wording mainly reflects the interests of the Commission's Directors-General which are not necessarily the same as the interests of Parliament's Secretary-General in his capacity as the institution's Principal Authorising Officer;

*Second opinion on management representations needed*

45. Believes that Parliament could - on its own initiative - take measures to mitigate the risks inherent in the Authorising Officers' role as both 'manager' and 'controller' following Article 60(4) and (7) of the Financial Regulation and thereby strengthen (i) the *protection*

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<sup>1</sup> Available at:  
[http://www.europarl.europa.eu/document/activities/cont/200911/20091118ATT64756/20091118ATT64756\\_EN.pdf](http://www.europarl.europa.eu/document/activities/cont/200911/20091118ATT64756/20091118ATT64756_EN.pdf)

<sup>2</sup> See also:  
[http://ec.europa.eu/budget/library/documents/implement\\_control/fin\\_rules/syn\\_pub\\_rf\\_modex\\_en.pdf](http://ec.europa.eu/budget/library/documents/implement_control/fin_rules/syn_pub_rf_modex_en.pdf)

of Parliament's political leadership and its Secretary-General and (ii) its internal accountability chain;

46. Expects initiatives aiming at giving the Secretary-General the possibility to *demonstrate* - on the basis of further *analysis* - that the management representations contained in the annual activity reports and the declarations of the Directors-General present a complete and reliable picture and that any problems have been brought to his attention;
47. Takes the view that management representations and declarations in general should be considered with healthy scepticism if a second opinion on such documents is not available; invites its Committee on Budgetary Control to deal with this matter in the upcoming revision of the Financial Regulation;
48. Notes the Secretary-General's reply to question No 4.6 in the Committee's "Questionnaire" according to which the Secretary-General, as Principal Authorising Officer by Delegation has the "responsibility for the overall internal control system";

*Not all Annual Activity Reports complied with the Financial Regulation*

49. Further notes - and strongly regrets - that only some Directors-General "indicated the risks associated with their operations or reported on the working of their internal control systems" (reply to Question 4.2.<sup>1</sup>) while the Financial Regulation in the second paragraph of Article 60(7) clearly states that Authorising Officers shall indicate in the annual activity report "the efficiency and effectiveness of the internal control system";

*Reporting requirements too loose?*

50. Notes with surprise that that failure was "no doubt due to the fact that the instructions for the drafting of the 2008 annual activity reports left the Authorising Officers by delegation greater latitude in the manner in which they reported, notably on their internal control systems" (reply to Question No 4.2.); is pleased however to note that the instructions in this regard for the 2009 reports were stricter;

*Protection of the institution's leadership*

51. Recalls that the objective of an internal control system is to protect the institution's political and administrative leadership from unpleasant surprises;
52. Further recalls that such protection will only be efficient if decentralisation of financial management is carried out in full recognition of the fact that central, institutional interests may be different from those of individual Authorising Officers;

*Better checks and balances*

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<sup>1</sup> Available at:

<http://www.europarl.europa.eu/document/activities/cont/201001/20100119ATT67625/20100119ATT67625EN.pdf>



53. Stresses that in any system of financial management there must be a counterweight to those who authorise expenditure and is of the opinion that the present counterweight function only offers Parliament's political and administrative leadership a minimum degree of protection;

*Measures to be taken*

54. Invites the Secretary-General, therefore, to inform the discharge authority as soon as possible and no later than 1 July 2010 about the precise measures - and deadline for implementation - he has taken or will take in view of reinforcing the internal control system and in particular as regards:
- obtaining a second opinion at random on management representations,
  - reinforcing the Central Financial Unit allowing it fully to shoulder its central responsibility for the systemic adequacy of the internal control system on behalf of the Principal Authorising Officer by Delegation,
  - ensuring full compliance with Article 60(7) of the Financial Regulation by all Authorising Officers,
  - strengthening the counterweight function,
  - achieving clearer, shorter, more precise, more relevant, more professional annual activity reports aiming at providing the discharge authority with relevant information on the institution's use of public money,
  - adopting any other measure necessary for the Secretary-General to issue a meaningful declaration of assurance;

*Parliament's budget too big to be implemented on trust?*

55. Recalls that Parliament's budget for 2008 amounted to EUR 1 453 million and takes the firm view that a statement of assurance on such an amount of *public money* must be based on solid *systems*;

***Risk management***

56. Notes the Secretary-General's objectives for 2008 - 2009 as follows:
- preparing for application of the Lisbon Treaty,
  - preparing for the 2009 European elections so as to help reverse the voter turnout trend,
  - stepping up services for Members, and
  - reforming and consolidating Parliament's General Secretariat;
57. Recalls that the financial resources of Parliament comprise taxpayers' money and that any institution using public funds has an obligation to explain how those funds have been used and to give comprehensive, objective and relevant information on the degree to which the funds have been used for the intended purposes and in accordance with the principles of sound financial management (economy, efficiency, effectiveness);

*A missed opportunity?*

58. Believes that in this context and having regard to the well-known reputational risk involved in the activities of Parliament it would have been ambitious and forward-looking to include in the abovementioned objectives new ideas and strategies aimed at strengthening Parliament's accountability towards European taxpayers;
59. Notes that the identification and achievement of world-class, risk-based, sound financial management in Parliament and full transparency towards European citizens on how Parliament uses public funds were not among the objectives for 2008 - 2009;

#### *Reputational risks*

60. Stresses that some reputational risks are much more dangerous than financial risks and invites the Secretary-General together with the authorising officers to take the opportunity to make Parliament the first public sector institution in the world to be up-front about its own risk profile;
61. Notes that the creation of the post of risk manager is in the administrative work programme 2009 - 2011 and stresses that the post should be created as soon as possible and no later than 1 May 2010 due to the size of Parliament's budget and the well-known, high reputational risk involved in the activities of Parliament;
62. Notes that risk management is primarily a matter for the responsible managers and that the role and function of a specific risk manager should be to assist Authorising Officers in their managing of risks by advice and coordination;
63. Stresses that the independence, role and functioning of the risk manager is more important than his/her placing in the establishment plan; notes and agrees that the risk manager will be attached directly to the office of the Secretary-General;

#### ***Court of Auditors' Annual Report for financial year 2008***

##### *Multiplication factor applicable to salaries*

64. Notes that Parliament and the European Economic and Social Committee continue to apply the provisions of the Staff Regulation concerning the multiplication factor as in previous years while waiting for the Court of Justice's final ruling in cases brought in this respect by their staff;

##### *Reimbursement of accommodation costs incurred on mission*

65. Notes that, since the financial year 2004, the Court has invited Parliament to ensure that accommodation costs incurred on mission are reimbursed in compliance with the Staff Regulations; acknowledges the efforts made by DG Personnel to simplify and rationalise the management of missions;

66. Notes the administration's reply and draws attention to the fact that a "budgetary basis" cannot be used for overturning the regulatory framework; considers that this matter should receive special attention in the upcoming review of the Staff Regulations;
67. Expects that its principal decision-makers in this area - the Bureau, the Secretary-General and the Director-General for Personnel - take, as soon as possible, the necessary measures to ensure that Parliament's internal rules and procedures as regards missions fully and consistently comply with the principle of sound financial management and the Staff Regulations;

#### *Allowances for assistance to Members*

68. Notes and congratulates the services for the considerable amount of work carried out in the regularisation exercise for parliamentary assistance expenses paid during the years 2004 - 2008;
69. Further notes that the new system which commenced on 14 July 2009 is expected to ensure proper compliance with the relevant rules and principles and to provide the best guarantee of transparency, legality and sound financial management of the parliamentary assistance allowance;
70. Takes the view that this budget line should not be increased before an evaluation has provided evidence that the system in fact provides for transparency, legality and sound financial management;
71. Welcomes the newly established framework as a step in the right direction; stresses that European citizens have a right to be informed about Members' use of public funds;

#### *Members as public persons*

72. Supports the right of taxpayers to scrutinise the use that Members, as public persons, make of their contribution, and invites Members to pay particular attention to the public interest in their use of European public funds;
73. Believes that Members are to be considered as "final beneficiaries" of EU funds and that they consequently have to make the use of those funds public by means of an easily accessible database and in line with the Commission's Transparency Initiative (COM(2006)0194);
74. Invites - having regard to the considerable reputational risks in this area of public politics - both its Internal Auditor as well as the European Court of Auditors to follow closely the functioning and efficiency of the new framework and to indicate any shortcomings and/or possibilities for improving the public access to information on payments to Members, including expenditure for assistance;

#### *Additional pension scheme for Members*

75. Recalls - as stated in paragraph 104 of its resolution of 23 April 2009<sup>1</sup> accompanying the discharge decision in respect to the financial year 2007 - that the Members' additional voluntary pension scheme (the fund) originally should have been established as a self-governing entity outside the structure of Parliament and that ultimate financial responsibility for the fund should be carried by the fund and its members and not by Parliament;
76. Recalls the European Court of Auditors' remarks in its 2006 and 2007 Annual Reports on the need to establish clear rules to define the liabilities and responsibilities of Parliament and of the members of the fund in the event of a deficit;
77. Is shocked that on 31 December 2008, the Fund incurred an actuarial deficit of EUR 121 844 000 and that, on the same date, the fund evaluated the remaining benefits to be paid to the members of the fund as EUR 276 984 000 (ECA Annual Report Annex 11.2);
78. Notes that Parliament's liabilities are reflected in the financial statements as at 31 December 2008;
79. Notes the independent auditor's report according to which "the provision for pensions and similar obligations has been calculated based on a return of investment of 6,5% per year";

*Bureau takes a different position from Plenary*

80. Notes that in this particular case the Bureau has on several occasions taken a different position from that expressed by Plenary in its resolutions on discharges in respect of the implementation of the Parliament's budget for the financial years 2004, 2005, 2006 and 2007;

*Practical meaning of political responsibility*

81. Regrets that the recommendations in its resolutions of 21 April 2004<sup>2</sup> and 26 September 2006<sup>3</sup> accompanying the discharge decisions in respect to the financial years 2002 and 2004 concerning the identification and definition of "the precise practical meaning of the political responsibility attaching to the members of Parliament's governing bodies as regards the exercise of powers and the taking of decisions with significant financial consequences" have not been fully acted upon;
82. Believes that the difference of opinion between Plenary and the Bureau is an example of the risks involved in the multilayered governance structure of Parliament;

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<sup>1</sup> OJ L 255, 26.9.2009, p. 3.

<sup>2</sup> OJ L 330, 4.11.2004, p. 160.

<sup>3</sup> OJ L 177, 6.7.2007, p. 1.

83. Regrets the present situation which allows the Bureau - contrary to the opinion expressed by the Plenary - to take decisions with enormous financial consequences for Parliament without corresponding and adequate provision for accountability;

*Towards adequate provision for accountability*

84. Stresses that the only way to reduce this reputational risk is to provide full transparency concerning decisions to be taken by its governing bodies, namely, the President, the Bureau, the Questors and the Conference of Presidents;
85. Invites the Vice-President responsible for budgetary affairs together with the competent service to consider in which way he/she can improve the information on decisions with major budgetary consequences to the discharge authority; takes the view that oral information as given to the Committee at present is not adequate and does not satisfy European taxpayers' need for comprehensive and relevant information;
86. Takes the view that the Bureau as the body competent within Parliament for financial and administrative decisions affecting Members and the running of the institution, has a particular responsibility to foster democratic accountability and recommends, therefore, that the Vice-Presidents of its Committee on Budgetary Control be appointed permanent observer of the Bureau with a speaking right but no voting right;
87. Takes the view that amending budget proposals covering only the actual budget year are insufficient as a management tool and invites the Bureau to present a five-year estimate of the expected consequences of major financial decisions;
88. Draws attention to the fact that matters concerning accountability in public politics and management of public institution's reputational risks are issues which cannot and should not be reduced to legal considerations and that its Legal Service should not, therefore, be dealing with such questions;

*The Annual Report of Parliament's Internal Auditor*

89. Notes that the Internal Audit Service was, since its creation, part of the Directorate-General for Finance, which accounts for about 30% of the institution's budget and welcomes the fact that the Internal Audit Service is now, since 1 September 2009, following a decision of the Secretary-General, attached directly to the Secretary-General because both the effectiveness of the internal audit activity and the perception of its independent and objective role from the audited departments will be enhanced by this move;
90. Stresses that its former position within the organisation did not prevent the Internal Audit Service from performing its functions in accordance with professional and regulatory requirements; expects that its new position will improve the flow of essential information on risk issues from the Secretary-General and thereby facilitate the Internal Auditor's role of advising the institution on dealing with risks;

*Audit of the Internal Control Framework*

91. Notes with satisfaction that the Internal Audit Service has given priority to monitoring and advising upon the implementation of the new decentralised systems of internal control introduced by the Financial Regulation, which took effect on 1 January 2003;
92. Further notes that the original review of the Internal Control Framework in 2003 and 2004 resulted in 14 audit reports covering all departments and the central services and containing 452 agreed actions;
93. Notes that a series of first follow-up audits in 2005 and 2006 showed that management had implemented 225 of the 452 original actions and that the 227 uncompleted actions included 20 deemed to be 'critical' as they addressed areas with high exposure to risk and necessitated urgent corrective action by the services concerned;

*Too many open actions?*

94. Also notes that following a second series of follow-up audits in 2007 and 2008 the result of end of 2008 showed that of the 452 original actions, 88 remained open, and that those actions were distributed among the different DGs as follows:

DG PRES:	5
DG TRAD:	1
DG ITEC:	22 + four uncompleted <i>critical</i> actions
DG INTE:	5
DG INLO	10
DG COMM:	6
DG PERS	9
DG FINS	12
Sec-Gen	18 (Central Actions)

95. Welcomes the improvements in the DG's management and internal control systems but questions the high number of uncompleted actions showing an overall completion rate of only 80,53% over a relatively long time period which should have given the responsible services sufficient time to undertake corrective action;
96. Is fully aware that some departments have been moved to other Directorates-General in the period under consideration; recalls that the "institution shall ensure that action is taken on recommendations resulting from audits" in accordance with Article 86(3) of the Financial Regulation and finds it unsatisfactory that audit recommendations issued in 2003 and 2004 not yet have been implemented in 2008;
97. Stresses that the 88 uncompleted actions indicate the persistence of residual risks in some specific areas and recommends strongly appropriate measures be taken swiftly to implement the outstanding recommendations as soon as possible; invites the Secretary-General to inform the competent committee on progress made;

***Political groups (budget item 4 0 0 0)***

98. Notes that in 2008 the appropriations entered under budget item 4 0 0 0 were used as follows:

<i>(in EUR)</i>								
Total available under the 2008 budget						81.625.415		
Non-attached Members						1.485.287		
Amounts available for the groups						80.140.128		
Group	Appropriations allocated under Parliament's budget	Reallocation (*)	Supplementary allocation 2008 (**)	Own resources and carried-over appropriations of groups	Expenditure 2008	Rate of use of available appropriations	Carry-over ceiling (***)	Amounts carried over to 2009
PPE	19.457.497	-19.262	2.256.382	9.768.471	24.057.411	76,46%	11.985.131	7.405.677
PSE	14.417.268	45.992	1.685.892	7.254.341	16.555.599	70,74%	8.894.526	6.847.894
ALDE	6.685.814	-35.299	768.650	3.008.933	7.409.623	71,05%	4.111.557	3.018.475
VERTS/ALE	2.765.269	45.912	330.540	1.070.615	3.191.911	75,78%	1.713.175	1.020.425
GUE/NGL	2.809.780	-2.357	325.919	971.528	2.627.939	64,02%	1.730.809	1.476.931
UEN	2.764.733	-26.557	315.066	968.265	2.770.796	68,90%	1.697.433	1.250.711
IND/DEM	1.621.041	-51.389	176.408	760.676	1.924.007	76,75%	986.929	582.729
NI	1.226.937		141.143	117.207	1.019.401	68,63%	754.612	392.949
<b>Total</b>	<b>51.748.339</b>	<b>-42.960</b>	<b>6.000.000</b>	<b>23.920.036</b>	<b>59.556.687</b>	<b>72,96%</b>	<b>31.874.170</b>	<b>21.995.791</b>

(\*) Due to modifications in the composition of the Groups and Non-attached Members

(\*\*) Decision of the Bureau of 3 December 2008

(\*\*\*) In accordance with Article 2.1.6 of the Rules on the use of appropriations from budget Item 4000 and with decision of the Bureau of 15 December 2008; supplementary allocation to be used by 30 March 2009

### *Additional appropriations*

99. Recalls that at its meeting of 19 November 2008 the Bureau decided to enter additional appropriations totalling EUR 6 million against budget item 4 0 0 0 to fund an information campaign concerning the 2009 European elections (D(2009)28076 of 15 June 2009);

100. Notes that on 15 December 2008 the Bureau decided:

- "that the limit of 50% provided for in Articles 2.1.6 and 2.9.2 of the Rules on the use of appropriations from budget Item 4000 did not apply to the additional appropriations of EUR 6 million that it had decided to reallocate at its meeting of 19 November 2008 and that, as a consequence, this supplementary amount could be carried over in full to 2009,
- nevertheless, that the groups must use these supplementary appropriations before the end of March 2009 and that any unused amounts must be repaid to Parliament's budget; and that, therefore,
- the use of these additional appropriations should be considered in connection with

the closure of the accounts for the first half of 2009, given that election years are split into two six month periods"(D(2009)28076 of 15 June 2009);

101. Recalls that the President at the Bureau's meeting on 16 June 2009 "noted with concern the overall decline in turnout in these elections to 43,2%, which (...) was a matter upon which the next Bureau would have to reflect carefully" (PE 426.193/BUR);

*Closure of the accounts - without debate?*

102. Notes that pursuant to Article 2.7.3 of the Rules on the use of appropriations from budget item 4 0 0 01, the President forwarded the audited reports submitted by the political groups on the use of appropriations to the Committee on Budgetary Control on 8 July 2009 (letter 311812);

103. Points out that the Secretary-General in his note to the members of the Bureau of 15 June 2009 (D(2009)28076) stated that "(in) all the reports the auditors have certified without reserve that the accounts submitted complied with the rules";

104. Notes that at its meeting of 16 June 2009(Minutes of the meeting of 16 June 2009, PE 426.193/BUR):

- when considering its decision on the closure of accounts of the political groups 2008, the Bureau, *without debate*, noted and approved the documents submitted by the groups,
- when considering its decision on the closure of the ITS Group's accounts, the Bureau, *without debate*, endorsed the conclusions contained in the Secretary-General's note on the matter,
- the Bureau instructed the Secretary-General to establish the definitive amount of the claim against a Member and carry out any regularisations required;

*Management's responsibilities*

105. Stresses that the management of the groups are responsible for the preparation and presentation of the annual accounts and that this responsibility includes designing, implementing and maintaining internal control systems relevant to the preparation and presentation of annual accounts;

106. Recalls that in accordance with Article 2.2.3 of the Rules on the use of appropriations from budget item 4 0 0 0 each group "must introduce an internal control system"; invites the management of the groups to issue a formal declaration on the effectiveness of the groups' internal control systems as well as to ask the external auditor to deliver an opinion on that declaration;

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<sup>1</sup> PE 335.475/BUR/Rev2



107. Repeats its worries as regards the highly disparate nature of the internal financial rules drawn up by the various political groups (paragraph 86 of its resolution of 23 April 2009) and recommends for the sake of transparency and effective risk management that the groups' financial management be subject to the general Financial Regulation;

**European political parties**

108. Notes that in 2008 the appropriations entered under budget item 4 0 2 0 were used as follows:

(EUR)				
Execution of 2008 budget under the agreement				
Party	Own resources	Total EP subsidies	Total revenue	Subsidies as % of eligible expenditure (max. 85%)
PPE	1.169.574,08	3.354.754,00	4.524.328,08	79%
PSE	859.853,00	3.027.647,00	3.887.500,00	82%
ELDR	420.721,36	1.115.665,00	1.536.386,36	83%
EFGP	272.909,63	641.534,00	914.443,63	70%
GE	176.454,75	536.539,11	712.993,86	76%
PDE	78.746,17	407.693,22	486.439,39	83%
AEN	36.619,20	206.376,01	242.995,21	85%
ADIE	80.187,00	303.051,35	383.238,35	85%
EFA	65.390,25	226.600,00	291.990,25	83%
EUD	50.094,08	153.821,06	203.915,14	85%
<b>Total</b>	<b>3.210.549,52</b>	<b>9.973.680,75</b>	<b>13.184.230,27</b>	<b>80%</b>

109. Notes that the Bureau, without debate, at its meeting on 17 June 2009 approved the final reports on the implementation of the respective programmes of activities and the financial statements of the seven out of 10 European political parties (Minutes of the meeting of 17 June 2009, PE 426.231/BUR);

110. Further notes that the Secretary-General in his note to the members of the Bureau - (D(2009)30444 of 15 June 2009) - gave the following information:

"8. By and large, the parties' activity reports correspond to the programmes of activities submitted by the parties when the grant was applied for. The parties made changes in relation to the original programmes, particularly as regards the subjects, dates and places of meeting or conferences. However, these changes do not affect the substance of the programmes of activities and should be accepted in order to give the parties the necessary flexibility to respond to a changing political environment during the year. The parties also made changes to their provisional budgets by means of transfers

...

10. In all the reports, the auditors certified unreservedly that the accounts submitted were in conformity with the statutory provisions of Regulation (EC) No

2004/2003 and that they presented a true and faithful picture of the situation of the political party at the close of the 2008 financial year";

111. Notes that the Bureau, *without debate*, at its meeting on 14 September 2009 approved the final reports on the implementation of the respective programmes of activities and the financial statements of the three European political parties whose reports were not available for the Bureau meeting of 17 June 2009, namely ADIE (Alliance of Independent Democrats in Europe), AEN (Alliance for Europe of the Nations) and EUD (EUDemocrats) (Minutes of the meeting of 14 September 2009, PE 426.393/BUR);
112. Further notes that the Bureau, *without debate*, established that the authorising officer was required to recover a balance of EUR 90 604,58 from the three parties concerned (ADIE, AEN and EUD), taking account of the final amount of the grants to be awarded to those parties;
113. Notes the Secretary-General's reply to paragraph 96 in its resolution of 23 April 2009 concerning the follow-up to the findings in the Internal Auditor's report on the implementation of the rules on contributions to political parties at European level<sup>1</sup> and the reference to three actions which have been "abandoned";

*"Maximum transparency" still to be achieved*

114. Recalls that *"It is necessary to ensure maximum transparency and financial control of political parties at European level funded from the general budget of the European Union"* as stated in recital 11 of Regulation (EC) No 2004/2003<sup>2</sup>;
115. Stresses that *"maximum transparency"* cannot be achieved without (i) a thorough implementation of *all* the Internal Auditor's recommendations and in particular the introduction of a model structure for the description of programme activities and for the final activity reports and (ii) a sufficient number of *ex-post* on-the-spot checks of those grants by the authorising officer;
116. Is unable to understand how the Bureau - *without debate* - can comply with its responsibility under Rule 209(2) (to "decide whether to suspend or reduce funding and whether to recover amounts which have been wrongly paid") and Rule 209(3) (to "approve the beneficiary political parties' final activity reports and final financial statements") of the Rules of Procedure without introducing of the abovementioned model structures which are crucial to achieving a transparent evaluation and payment process;

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[http://www.europarl.europa.eu/document/activities/cont/200911/20091120ATT64976/20091120ATT64976\\_EN.pdf](http://www.europarl.europa.eu/document/activities/cont/200911/20091120ATT64976/20091120ATT64976_EN.pdf)

2 Regulation (EC) No 2004/2003 of the European Parliament and of the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding (OJ L 297, 15.11.2003, p. 1).

117. Expects the Bureau to take the necessary measures in order to bring itself in a position in which it is able to comply fully with the obligations given to it by Parliament's Rules of Procedure as soon as possible;

### ***European political foundations***

118. Notes that in 2008 the appropriations entered under budget item 4 0 3 0 were used as follows:

Budget item 4030 - execution financial year 2008 (in EUR)					
Foundation	Abbreviation	Own resources	Final grant	Total income	Subsidies as % of eligible expenditure (max. 85%)
Centre for European Studies	CEE	262.293	1.344.892	1.607.184	84%
Foundation for European Progressive Studies	FEPS	221.835	1.208.436	1.430.271	85%
European Liberal Forum	ELF	39.315	172.187	211.502	81%
Green European Institute	GEI	48.442	270.836	319.278	85%
Transform Europe	TE	23.800	147.090	170.890	85%
Institute of European Democrats	IED	18.079	101.108	119.188	85%
Europa Osservatorio Sulle Politiche Dell'unione	EUROPA	61.901	232.900	294.801	84%
Center Maurits Coppieters	CMC	21.881	106.608	128.489	83%
Fondation Politique Europeenne Pour La Democratie	FPED	16.635	120.501	137.136	85%
Foundation for EU Democracy*	FEUD				
Total		714.181	3.704.558	4.418.739	84%

\*: final report not yet approved

119. Notes that the Bureau, *without debate*, at its meeting on 17 June 2009 approved the final reports on the implementation of the programmes of activities and the financial statements of six of the ten foundations and established that the authorising officer was required to recover the surplus of EUR 85 437,44 from the Institute of European Democrats and to pay a balance of EUR 482 544,35 to the other five foundations (Minutes of the meeting of 17 June 2009, PE 426.231/BUR);

120. Further notes that the Secretary-General in his note to the members of the Bureau - (D(2009)31289 of 15 June 2009) - gave the following information:

"9. In March 2008, shortly before the deadline for submitting grant applications, most of the foundations said at an information meeting with the departments responsible in the Secretariat that they could not submit a detailed work programme, e.g. with the place, date and subject of a conference or the exact subject of a study. Consequently it was not possible to check whether the activities carried out correspond to the work programmes presented with the grant application. In cases where the application was fairly detailed, it was

noted several times that major changes had been made, e.g. several events had been dropped or the subjects of studies had been changed.

10. As this is the first financial year for funding, shortly after the creation of the beneficiary foundations, it is proposed to accept the final reports. Nevertheless, it would seem useful for the Bureau to ask the President to remind the foundations, in his letter on the closure of the 2008 financial year, that in future the work programming must be improved and that any changes during the year must be justified in the final reports.

...

12. In all the reports, the auditors certified unreservedly that the accounts submitted were in conformity with the statutory provisions of Regulation (EC) No 2004/2003 and that they presented a true and faithful picture of the political foundations' situation at the close of the 2008 financial year (...)"
121. Notes that the Bureau *without debate*, at its meeting on 14 September 2009 approved the final reports on the implementation of the programmes of activities and the financial statements of three of the four European political foundations which had been unable to send in their reports for consideration at the meeting on 17 June 2009 (European Liberal Forum - ELF, Transform Europe - TE and Alliance of Independent Democrats in Europe - FPED) (Minutes of the meeting of 14 September 2009 and note to the members of the Bureau D(2009)40444 of 9 September 2009);
122. Further notes that the Bureau, *without debate*, also established that the authorising officer is required to recover the surplus of EUR 15 144,39 from ELF and EUR 32 178,58 from FPED and to pay a balance of EUR 21 965,56 to TE and has deferred its decision concerning closure of FEUD's financial year until a later meeting;
123. Supports fully the creation of European political parties and European political foundations and their activities; believes that full transparency as regards the parties' and foundations' financial management and achievement of planned results is of utmost importance for the European citizens;
124. Takes the view that the information presented to the discharge authority does not convincingly demonstrate that management and internal control systems operate effectively and that the information and documentation submitted by the parties and the foundations are not sufficient in order to comply with citizens' and taxpayers' justified expectations concerning transparency; expects Authorising Officers to establish a programme of *ex-post* controls which is a major pre-condition for obtaining assurance;
125. Welcomes that the Internal Audit Service has commenced a follow-up of the implementation of its recommendations from 2007 and that this new report will also include an examination of the European political foundations;

### ***Implementation of the statutes for Members and assistants***

126. Notes that the Bureau by decision of 14 September 2009 established a temporary evaluation group on implementation of the statutes for Members and assistants chaired by Mrs Dagmar Roth-Behrendt, Vice-President, to look at solutions to practical problems which have emerged;
127. Welcomes this initiative and draws the attention to the need to carry out any adjustments of administrative procedures and current rules with due regard to possible reputational and financial risks and without generating undue additional costs;
128. Expects that the Secretary-General has set out the risks associated with the new schemes and the costs of administration and control necessary to contain those risks;

### ***Vacancies***

129. Is critical of the fact that several Head of Unit and Director posts have been vacant for several months; stresses that the establishment plan for a service is the expression of the will of the political authorities and the expectations of the performance of that service;
130. Expects the Secretary-General to take all necessary measures to limit the vacancy of posts to a strict minimum - and not more than three months - and thereby significantly contribute to improving the services to Members by allowing staff to deliver the expected quality of work;
131. Invites the Secretary-General to ensure that vacancy notices regarding Head of Unit posts and above are open to officials from other EU institutions;

### ***Eco-Management and Audit Scheme (EMAS)***

132. Notes with satisfaction that the International Organisation for Standardisation has awarded Parliament an ISO certificate - ISO 14001:2004 - for its environmental management systems for its three main working places;
133. Welcomes the fact that Parliament:
- is the first European institution to have received this certificate for all its technical and administrative activities,
  - has reduced its gas and fuel consumption by almost 25% over the last three years,
  - has decided to use 100% green electricity in its three main places of work, which has made it possible to cut carbon dioxide (CO<sub>2</sub>) emissions by 17%, and
  - recycles, composts or reuses more than 50% of all waste;
134. Invites the Secretary-General to take measures aiming at creating - *at all levels* - greater understanding for the need to avoid unnecessary waste in general and in particular as regards the number of paper dossiers produced - but not used - for different meetings;
135. Invites the competent authorities to renew Parliament's own fleet of cars for protocol and representational purposes with hybrid cars which are less polluting and to reserve the use of those cars to the President, political group Chairs and high-profile visitors;

136. Expects, as a general rule, all decision-making bodies to give high priority to environmental requirements in all decisions concerning, inter alia, buildings (including insulation, geothermic, bio fuels and photovoltaic panels), transport and office supplies;
137. Recommends that Parliament - as is already the case in some Member States - participate in reimbursing staff expenses on public transport between their home and place of work against accepting losing access to Parliament's garages because such a system would reduce the number of cars driving into Brussels every morning and the corresponding carbon dioxide emissions;
138. Fully supports the principle of multilingualism and notes Parliament's decision of 24 October 2007<sup>1</sup> to reinstate the complete translation of the Verbatim Report of Proceedings into all the official languages and the additional expenditure of EUR 14 840 000; calls for analyses of ways of identifying the use made of the different linguistic versions of the Verbatim Report of Proceedings;
139. Is of the opinion that the EMAS team should be functionally independent and have sufficient financial resources to carry out its activities; invites the EMAS team to forward its annual report to the Chair of the Committee on Budgetary Control;

#### *Independence of parliamentary committees*

140. Calls for initiatives enabling the Committees to decide their delegation visits on the basis of a two-year programme ;

#### *Coordination of studies*

141. Notes that in 2008 DG IPOL committed EUR 7,1 million and DG EXPO EUR 499 423 for external studies (reply to Question 24); invites the responsible services to check - before commissioning a new study - whether a similar study is already available and/or undertaken by another institution of the Union;
142. Calls on its Secretary General to contact the other institutions in order to establish a central database for studies conducted, which is also available for consultation for the wider public;

#### *Access to databases*

143. Notes that the total costs of subscriptions to commercial electronic information services was EUR 804 987 in 2008 and EUR 970 484 in 2009; invites the competent services when renewing the contracts to improve the access conditions and thereby allow a greater number of users - including Members - to benefit from those information services.

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<sup>1</sup> European Parliament decision of 24 October 2007 on amendment of Rule 173 and insertion of Rule 173a of Parliament's Rules of Procedure on verbatim reports and audiovisual record of proceedings (OJ C 263 E, 16.10.2008, p. 409).

