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*Committee on Budgetary Control*

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**2009/2072(DEC)**

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## **DRAFT REPORT**

on discharge in respect of the implementation of the European Union general budget for the financial year 2008, Section V – Court of Auditors  
(C7-0176/2009 – 2009/2072(DEC))

Committee on Budgetary Control

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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 V – Court of Auditors (C7-0176/2009 – 2009/2072(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 (C7-0176/2009)<sup>2</sup>,
  - having regard to the Court of Auditors' annual report to the discharge authority on internal audits carried out in 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>3</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>4</sup>,
  - having regard to the Council's recommendation of ..... (xxx – C7-xxx),
  - having regard to Article 272(10) and Articles 274, 275 and 276 of the EC Treaty and Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the EU,
  - 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>5</sup>, and in particular Articles 50, 86, 145, 146 and 147 thereof,
  - having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A7-0000/2010),
1. Grants the Court of Auditors' Secretary-General discharge in respect of the implementation of its budget for the financial year 2008;
  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 of the European Union, 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

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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 269, 10.11.2009, p. 1.

<sup>4</sup> OJ C 273, 13.11.2009, p. 122.

<sup>5</sup> OJ L 248, 16.9.2002, p. 1.

Union (L series).

## 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 V – Court of Auditors (C7-0176/2009 – 2009/2072(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 (C7-0176/2009)<sup>2</sup>,
- having regard to the Court of Auditors' annual report to the discharge authority on internal audits carried out in 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>3</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>4</sup>,
- having regard to the Council's recommendation of ..... (xxx – C7-xxx),
- having regard to Article 272(10) and Articles 274, 275 and 276 of the EC Treaty and Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the EU,
- 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>5</sup>, and in particular Articles 50, 86, 145, 146 and 147 thereof,
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A7-0000/2010),

1. Notes that in 2008 the European Court of Auditors had commitment appropriations available amounting to a total of EUR 133 million (2007: EUR 122 million<sup>6</sup>), with a utilisation rate of 90,66 %, below the average of the other institutions (95,67 %);

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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 269, 10.11.2009, p. 1.

<sup>4</sup> OJ C 273, 13.11.2009, p. 122.

<sup>5</sup> OJ L 248, 16.9.2002, p. 1.

<sup>6</sup> 2006: EUR 114 million

2. Recalls that, as regards the financial year 2008, the Court's accounts were audited by an external firm, *PricewaterhouseCoopers* (as well as in 2007; before that — *KPMG*), which reached the following conclusions:
  - (a) in relation to the accuracy of the accounts for the financial year 2008, that "*in our opinion, these financial statements give a true and fair view of the financial position of the European Court of Auditors as of December 31, 2008, and its financial performance and its cash flows for the year then ended in accordance with Council Regulation (EC, EURATOM) No. 1605/2002 of 25 June, Commission Regulation (EC, EURATOM) No. 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the said Council Regulation, and the European Court of Auditors' Accounting Rules*"; and
  - (b) in relation to the use of financial resources assigned to the Court and the adequacy of control procedures in place during the financial year 2008, that "*nothing has come to our attention that causes us to believe that in all material respects and based on (identified) criteria, (a) the resources assigned to the Court have not been used for their intended purposes, and (b) the control procedures in place do not provide the necessary guarantees to ensure the compliance of financial operations with the applicable rules and regulations*";
3. Recalls its suggestion to consider a possibility to devise a more rational structure for the Court, and asks the Court to consider alternative models with a view to reducing the total number of members;;
4. Notes that the current procedure of the publication and presentation of the Court's special reports, while adding to the Court's identity and visibility, raises some concerns: while the Parliament fully respects the right of the Court to submit the observations in the form of special reports at any time, it considers that current procedure, which commences with the special report's public presentation and the Court's press conference well in advance of the presentation of the special report to the Committee on Budgetary Control, may not fully reflect the Court's role as a reporting institution assisting the Parliament and Council in exercising their powers of control over the implementation of the budget;
5. Welcomes the fact that a "peer review" report by an international peer review team (delivered in December 2008) reached an overall conclusion, and that the report recognised that most of the recommendations had been anticipated in the framework of the action plan made prior to the review; welcomes the Court's intention to integrate the other recommendations into the 2009–2012 Audit Strategy and its endeavour to implement them during the period;
6. Notes that although the Court recruited 97 employees in 2008 (48 officials, 18 temporary staff, 31 contract staff), the overall number of vacant posts at the end of 2008 (69) was higher than at the end of 2007 (56); takes into account that the Court obtained 22 additional posts (853 total), and the shortage of suitable laureates which prevented the Court to recruit as many new staff as planned; requests the Court to report on its progress in shortening delays in its recruitment process;
7. Welcomes the setting up of the Joint Committee on equal opportunities, the progress made in the areas of IT and telecommunications, and effective management of office space;

8. Notes that the 2008 report of the Court's Internal Auditor was largely positive, and welcomes in this context the fact that most recommendations put forward by the internal auditor have been accepted and integrated into corrective action plans; welcomes the establishment of framework monitoring effectiveness of internal controls, as well as the adoption of Key Performance Indicators;
9. Welcomes the new integrated system for management and financial control (SAP), in operation since 1 January 2008, which enabled budget savings and gains in efficiency for the three institutions involved (the Council, the Court of Auditors and the Court of Justice);
10. Welcomes the ongoing successful interinstitutional cooperation with the Court of Justice of the European Union as regards training;
11. Recalls, in relation to declarations of members' financial interests, that, in compliance with the Court's Code of Conduct, Court members communicate a declaration of their financial interests to the President of the Court, who keeps them under confidential custody, and that these declarations are not published; reconfirms its position that in the interests of transparency, declarations of financial interests of members of all EU institutions should be accessible on the Internet via a public register, and calls upon the Court to take the necessary steps in this regard;
12. Commends the Court for the quality of its annual activity report, and welcomes the inclusion of a chapter giving an account of the follow-up during the year to Parliament's previous discharge decisions.