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RECOMMENDATION

on the decision of the Representatives of the Governments of the Member States concerning the discharge to be granted to the Secretary-General of the Convention in respect of the implementation of its budget for the financial year 2003

(C6-0210/2004 – 2004/2177(AVC))

Committee on Budgetary Control

Rapporteur: Alexander Stubb

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the decision of the Representatives of the Governments of the Member States concerning the discharge to be granted to the Secretary-General of the Convention in respect of the implementation of its budget for the financial year 2003 (C6-0210/2004 – 2004/2177(AVC))

(Assent procedure)

The European Parliament,

- having regard to Article 20 of the Decision of the Representatives of the Governments of the Member States meeting within the Council, of 21 February 2002, setting up a Fund for the financing of the Convention on the future of the European Union and laying down the financial rules for its management (2002/176 EU)¹,
 - having regard to the revenue and expenditure account and balance sheet of the Convention for the financial year 2003, forwarded to the European Parliament by letter dated 11 June 2004 (SGS4 07099/2004 - C6-0210/2004),
 - having regard to the report by the Court of Auditors of 13 May 2004 on the accounts drawn up by the Secretary-General of the Convention on the future of the European Union for the financial year ended 31 December 2003, together with the Secretary-General of the Convention's comments ² (00-3520/2004),
 - having regard to the consultation by the Council,
 - having regard to Rule 75(1) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on Budgetary Control (A6-0054/2004),
- A. whereas the Court of Auditors states in its report that its examination enabled it to obtain reasonable assurance that the Convention's accounts for the financial year ended 31 December 2003 were reliable and that the underlying transactions were, on the whole, legal and regular,
- B. whereas the Convention's accounts were closed on 31 December 2003 and an amount corresponding to its estimated liabilities at that date was transferred to the Council,
- C. whereas the Court's report states that the final outturn of the Convention's accounts will only be known when all outstanding liabilities have been settled and that it will follow up this question when auditing the Council accounts for the 2004 financial year,
- D. whereas it will be possible for the European Parliament to consider any further matters arising in this connection on the basis of the Court's follow-up in the context of the discharge procedure in respect of the 2004 financial year,

¹ OJ L 60, 1.3.2002, p. 56.

² OJ C 157, 14.6.2004, p. 1.

1. Gives its assent to the granting of discharge to the Secretary-General of the Convention in respect of the implementation of its budget for the financial year 2003;
2. Instructs its President to forward its position to the Council, the Commission, the representatives of the Governments of the Member States meeting within the Council and the Court of Auditors.

EXPLANATORY STATEMENT

1. The Convention on the Future of the European Union, hereafter "the Convention", was an ad hoc structure that was created following the Laeken Declaration on the future of the European Union set out in the Annex to the Conclusions of the Presidency of the European Council meeting in Laeken on 14 and 15 December 2001 on the decision to convene a Convention on the future of the European Union.
2. The rules for its financing and financial management are laid down in two texts :
 - a Decision of the Representatives of the Governments of the Member States meeting within the Council of 21 February 2002 (hereafter "the Decision"), setting up a Fund for the financing of the Convention on the future of the European Union and laying down the financial rules for its management;
 - an Interinstitutional Agreement of 28 February 2002 between the Council, the European Parliament and the Commission on the financing of the Convention on the future of the European Union.
3. Under the Decision, a Fund was set up to finance the Convention. The Fund had a budget of its own, adopted by the representatives of the governments of the Member States meeting within the Council, on the proposal of the Secretary-General of the Convention and with the agreement of Parliament, the Council and the Commission.
4. The role of the Fund was *to collect revenue and manage the expenditure of the Convention other than that relating to the infrastructure needed for its operation* (Article 2). The Decision contains no restriction as to the origin of the Fund's resources.
5. Under the Interinstitutional Agreement of 28 February 2002, Parliament, the Council and the Commission agreed to contribute to the financing of the Convention by means of a contribution from their respective Sections of the general budget.
6. The aforementioned Institutions also recorded their agreement on the financial rules for the Fund's management as laid down in the Decision (point 6 of the recitals to the Agreement).
7. The Decision provides that the budget of the Fund is implemented by the Secretary-General and lays down in Chapter III detailed implementing rules.
8. Chapter IV of the Decision, "*Presenting and auditing the accounts*", provides for rules on the establishment of the accounts and discharge of the Fund. In short,
 - a. the Secretary-General of the Convention "*shall, within two months of the end of the budget implementation period, draw up a revenue and expenditure account and a balance sheet*" (Article 18, paragraph 1);
 - b. the Court of Auditors shall carry out an audit (Article 19);
 - c. finally, as to the discharge procedure, Article 20 provides (emphasis added):

"The revenue and expenditure account, balance sheet and report by the Court of Auditors, accompanied where appropriate by the comments of the Secretary-General of the Convention, shall be submitted within four months of the end of the financial year to the representatives of the Governments of the Member States, meeting within the Council, and forwarded to the European Parliament, the Council, the Commission and the Presidium of the Convention. The Representatives of the Governments of the Member States meeting within the Council, with the assent of the European Parliament, the Council and the Commission, shall give a discharge to the Secretary-General of the Convention in respect of the implementation of the budget."

9. The Report of the Court of Auditors mentioned in Articles 19 and 20 of the Decision was adopted on 13 May 2004. The Court of Auditors' examination *"enabled it to obtain reasonable assurance that the accounts for the financial year ended 31 December 2003 are reliable and that the underlying transactions are, on the whole, legal and regular"*.

10. Paragraph 5 of the Court's report states as follows: "At the end of 2003 certain costs relating to translation and publication were still outstanding. Considering that 31 December 2003 was the deadline for closing down the Fund, an amount of €655 368, resulting from an estimation of the costs to be settled after this date, was transferred to the General Secretariat of the Council, which undertook the obligation to settle these costs. The final outturn of the Convention's accounts will only be known when all outstanding liabilities have been settled. This might result in a modification of the €120 375 foreseen to be paid back to the general budget and divided among the participating institutions. The Court will follow up this question when auditing the Council accounts for the 2004 financial year."

11. The Court's report contains the following summary of the revenue and expenditure of the Convention:

	21 February 2002 - 31 December 2003
Revenue	
Contributions from the signatory institutions	4 000 000
Bank interest received	88 524
Total Revenue	4 088 524
Expenditure paid and accrued	
Title I - Members and staff of the Convention	1 084 777
Title II - Translations and publications	* 2 883 372
Total Expenditure	3 968 149
Outturn	120 375
<i>Source:</i> summary, drawn up by the Court of Auditors, on the basis of the financial statements presented by the Secretary-General of the Convention:	
The amounts are rounded to euros.	
* This figure includes the amount of €655 368 mentioned in paragraph 5 of the Court of Auditor's report.	

12. The Council gave its assent on 8 July 2004 (Council document 10527/04). The Commission's assent was communicated in a letter dated 19 October 2004 to the Convention's Secretary-General from Mrs Schreyer, Member of the Commission responsible for the budget,

acting on behalf of the Commission. In paragraph 4 of its assent, the Commission indicates that "The Commission will follow up, with the Council, the utilisation of the amount of EUR 655,368 transferred from the Convention to the Secretary General of the Council to meet other costs of the Convention that still had to be paid in 2004."

Evaluation by the Rapporteur

13. Your rapporteur's conclusion is that taking account of the assents already given by the Council and Commission and in the light of the report by the Court of Auditors, there does not appear to be any justification for Parliament to withhold its assent to the giving of discharge for the financial year 2003 to the Secretary-General of the Convention. The Convention's accounts were closed on 31 December 2003 and the residue apportioned between the three Institutions which contributed to its budget. Should any question arise in connection with the payment of costs to be settled by the Council after 31 December 2003, the matter could be considered in the context of the 2004 discharge procedure.

PROCEDURE

Title	Decision of the Representatives of the Governments of the Member States concerning the discharge to be granted to the Secretary-General of the Convention in respect of the implementation of its budget for the financial year 2003		
References	C6-0210/2004 – 2004/2177(AVC)		
Legal basis	Article 20 of Council Decision 2002/176 EU		
Basis in Rules of Procedure			
Date of consulting Parliament	11.6.2004		
Committee responsible Date announced in plenary	CONT 30.9.2004		
Committee(s) asked for opinion(s) Date announced in plenary	None		
Rapporteur Date appointed	Alexander Stubb 22.9.2004		
Discussed in committee	22.9.2004	25.10.2004	29.11.2004
Date adopted	29.11.2004		
Result of final vote	for: 15 against: 1 abstentions: 0		
Members present for the final vote	Inés Ayala Sender, Herbert Bösch, Paulo Casaca, Petr Duchoň, Szabolcs Fazakas, Ingeborg Gräßle, Umberto Guidoni, Ona Juknevičienė, Nils Lundgren, Hans-Peter Martin, Véronique Mathieu, Margarita Starkevičiūtė, Alexander Stubb, Terence Wynn		
Substitutes present for the final vote	Daniel Caspary, Ashley Mote, Heide Rühle		
Substitutes under Rule 178(2) present for the final vote			
Date tabled – A6	1.12.2004	A6-0054/2004	