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REPORT

on discharge in respect of the implementation of the European Union general budget for the financial year 2011, Section V – Court of Auditors (COM(2012)0436 – C7-0228/2012 – 2012/2171(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

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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 2011, Section V – Court of Auditors (COM(2012)0436 – C7-0228/2012 – 2012/2171(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2011¹,
 - having regard to the consolidated annual accounts of the European Union for the financial year 2011 (COM(2012)0436 – C7-0228/2012)²,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2011, together with the institutions' replies³,
 - having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2011 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
 - having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
 - 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 Communities⁵, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁶, and in particular Articles 164, 165 and 166 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 (A7-0092/2013),
1. Grants the Secretary-General of the Court of Auditors discharge in respect of the implementation of the Court of Auditors' budget for the financial year 2011;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this Decision and the resolution that forms an integral

¹ OJ L 68, 15.3.2011.

² OJ C 348, 14.11.2012, p. 1.

³ OJ C 344, 12.11.2012, p. 1.

⁴ OJ C 344, 14.11.2012, p. 130.

⁵ OJ L 248, 16.9.2002, p. 1.

⁶ OJ L 298, 26.10.2012, p. 1.

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 Union* (L series).

2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the Decision on the discharge for implementation of the European Union general budget for the financial year 2011, Section V – Court of Auditors (COM(2012)0436 – C7-0228/2012 – 2012/2171(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2011¹,
 - having regard to the consolidated annual accounts of the European Union for the financial year 2011 (COM(2012)0436 – C7-0228/2012)²,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2011, together with the institutions' replies³,
 - having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2011 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
 - having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
 - 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 Communities⁵, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁶, and in particular Articles 164, 165 and 166 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 (A7-0092/2013),
1. Notes that the Court of Auditors' annual accounts are audited by an independent external auditor - PricewaterhouseCoopers SARL - in order to apply the same principles of transparency and accountability that it applies to its auditees; takes note of the auditor's opinion that "the financial statement gives a true and fair view of the financial position of

¹ OJ L 68, 15.3.2011.

² OJ C 348, 14.11.2012, p. 1.

³ OJ C 344, 12.11.2012, p. 1.

⁴ OJ C 344, 14.11.2012, p. 130.

⁵ OJ L 248, 16.9.2002, p. 1.

⁶ OJ L 298, 26.10.2012, p. 1.

the Court";

2. Emphasises that in 2011, the Court of Auditors' commitment appropriations amounted to a total of EUR 134 337 000 (EUR 148 600 000 in 2010) and the implementation rate for those appropriations was 93% last year; notes that the Court of Auditors' budget is purely administrative;
3. Encourages the Court of Auditors to continue to assess the quality and impact of its work; calls for special attention to be given to the external experts' reviews of the content and presentation of the Court of Auditors' reports; notes that the external experts' satisfaction rate decreased in 2011 and asks the Court of Auditors to explain why this is happening;
4. Congratulates the Court of Auditors' improvement of its financial management, in particular through the introduction of systematic monitoring of the implementation of recommendations by auditees; considers the rate achieved a very positive result and would like to know the average time between the delivery of those evaluations and receipt of replies from auditees;
5. Reminds the Court of Auditors of the need to comply with time plans, even where there is no deadline, as in the case of Court of Auditors' Special Reports; considers that the compliance rate of timely adopted reports needs to be improved;
6. Calls on the Court of Auditors to provide a timeline providing information on the individual stages of a report (from initial groundwork to publication) in each of its special reports;
7. Agrees with the importance given by the Court of Auditors to the statement of preliminary findings; calls on the Court of Auditors, for that reason, to take effective measures to advance the percentage of statements issued within two months;
8. Welcomes the reinforcement of audit posts in 2011, compared to the number of staff in other services; commends the Court of Auditors' continued engagement in finding efficiency gains in the support services; regrets, however, that the number of vacant audit posts in the end of 2011 was still high (25 vacant posts), even if significantly fewer than the previous year (44 in 2010); calls on the Court of Auditors to speed up the recruitment of new staff for the vacant audit posts;
9. Finds the gender balance at the level of Directors and Heads of Units still very unbalanced (72% male and 28% female); notes with satisfaction that the proportion of women at AD level is increasing; points out, however, the importance of geographical balance at all levels of staff; requests that the Court of Auditors also provide a breakdown by nationality;
10. Calls on the Court of Auditors to maintain the best possible working environment for its staff and its Members in the future; encourages the Court of Auditors to examine what lessons can be learned from the recently revealed harassment case and whether the procedure applied during the investigation by the Court of Auditors was fully in line with its Rules of Procedure;

11. Calls for preventive measures to safeguard against workplace harassment and for details of all measures taken in respect of staff in the private offices of Members of the Court of Auditors;
12. Congratulates the Court of Auditors for the highly efficient performance of its Translation Directorate and for the conclusion of the K3 building on schedule and within the budget;
13. Calls for information as to why the Court of Auditors' new 'Assist' IT system has not been implemented and what problems there have been; calls for a breakdown of the costs which have arisen to date, and of likely costs in the future, and for information as to when the programme is likely to be introduced;
14. Notes that the Court of Auditors made a total of 379 audit visits in 2011, 343 to Member States and 36 to third countries; calls on the Court of Auditors to increase both the number and effectiveness of on-site audit visits;
15. Takes note that in 2011, the Court of Auditors reported a total of seven cases of suspected fraud arising from its audit work to the European Anti-Fraud Office (OLAF); notes that OLAF decided to open an enquiry in two of those cases and those enquiries are still ongoing; calls on the Court of Auditors to clarify whether the number of cases referred to OLAF and the percentage of those that are investigated reflect the actual level of corruption in relation to the use of Union funds and, if not, what it proposes to do to increase both these figures;
16. Notes, furthermore, that in 2011 the Court of Auditors referred 17 cases of possible suspected fraud to OLAF arising from denunciation letters received by the Court of Auditors; supports the Court of Auditors' continuous close cooperation with OLAF, and urges the Court of Auditors to assess whether – and, if so, how – this number can be increased in relation to the overall image, action and effectiveness of the Court of Auditors in this sector;
17. Welcomes the cooperation between the Court of Auditors and Parliament's Committee on Budgetary Control, the clear follow up of the discharge resolution from the previous year and the regular feedback from Parliament's demands;
18. Takes note of the follow-up exercise made by the internal audit service which identified progress with the internal controls already in place and efforts made by the audited services to implement the agreed action plans; asks to be informed of the measures implemented and the results achieved by those services;
19. Welcomes the publication of the Special Report No 19/2012 on the follow-up of the Court of Auditors' Special Reports;
20. Expects to receive the summary of the main conclusions arising from the monitoring of the internal audit service ex-post verifications and the impact results that those changes had on the Court of Auditors' internal control in the 2012 annual activity report;
21. Acknowledges that the mid-term review of the Court of Auditors' Outline Strategy for

2009 to 2013 concluded that the key processes are monitored and the progresses made to date are accurately reported;

22. Awaits with interest the second peer review that the Court of Auditors is launching in 2013, focusing particularly on the practice of performance audit at the Court of Auditors; requests information about the implementation of the conclusions of the first introductory peer review in 2012;
23. Agrees with the internal audit service recommendations to create a new set of key performance indicators to measure the implementation of that strategy.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	19.3.2013
Result of final vote	+: 17 -: 3 0: 0
Members present for the final vote	Jean-Pierre Audy, Inés Ayala Sender, Zigmantas Balčytis, Zuzana Brzobohatá, Ryszard Czarnecki, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Ingeborg Gräßle, Cătălin Sorin Ivan, Bogusław Liberadzki, Jan Mulder, Eva Ortiz Vilella, Crescenzo Rivellini, Petri Sarvamaa, Bart Staes, Georgios Stavrakakis, Søren Bo Søndergaard
Substitute(s) present for the final vote	Philip Bradbourn, Esther de Lange, Derk Jan Eppink, Ivailo Kalfin, Derek Vaughan