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**A7-0246/2014**

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# REPORT

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2012, Section I – European Parliament COM(2013)0570 – C7-0274/2013 – 2013/2196(DEC))

Committee on Budgetary Control

Rapporteur: Cătălin Sorin Ivan

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### on discharge in respect of the implementation of the general budget of the European Union for the financial year 2012, Section I – European Parliament (COM(2013)0570 – C7-0274/2013 – 2013/2196(DEC))

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2012<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2012 (COM(2013)0570 – (C7-00274/2013)<sup>2</sup>,
- having regard to the report on budgetary and financial management - Section I - European Parliament - Financial year 2012<sup>3</sup>,
- having regard to the Internal Auditor's annual report for the financial year 2012,
- having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2012, together with the institutions' replies<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 2012 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to Article 314(10) and Article 318 of the Treaty on the Functioning of the European Union, and Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>6</sup>, and in particular Articles 145, 146 and 147 thereof,
- having regard to 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 1605/2002<sup>7</sup>, and in particular Articles 164, 165 and 166 thereof,
- having regard to Article 13 of the Internal Rules on the implementation of the European

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<sup>1</sup> OJ L 56, 29.2.2012.

<sup>2</sup> OJ C 334, 15.11.2013, p. 1.

<sup>3</sup> OJ C 188, 29.6.2013, p. 1.

<sup>4</sup> OJ C 331, 14.11.2013, p. 1.

<sup>5</sup> OJ C 334, 15.11.2013, p. 122.

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

<sup>7</sup> OJ L 298, 26.10.2012, p. 1.

Parliament's budget<sup>1</sup>,

- having regard to Article 166(1) of Regulation (EU, Euratom) No 966/2012, 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 9 March 2011 on the guidelines for the 2012 budget procedure – Sections I, II, IV, V, VI, VII, VIII, IX, and X<sup>2</sup>,
  - having regard to its resolution of 6 April 2011 on the estimates of revenue and expenditure of Parliament for the financial year 2012 - Section I - Parliament<sup>3</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 (A7-0246/2014),
- A. whereas the audit of the Court of Auditors stated that, as regards administrative expenditure in 2012, all the institutions satisfactorily operated the supervisory and control systems required by Regulation (EC, Euratom) No 1605/2002;
- B. whereas the Secretary-General certified, on 6 September 2013, his reasonable assurance that Parliament's budget has 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;
- C. whereas the Secretary-General also certified that he is not aware of any fact which has not been stated which could damage the interest of the institution;
1. Grants its President discharge in respect of the implementation of the European Parliament budget for the financial year 2012;
  2. Sets out its observations in the resolution below;
  3. Instructs its President to forward this Decision and the resolution forming an integral part thereof 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).

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<sup>1</sup> PE 349.540/Bur/ann/def.

<sup>2</sup> OJ C 199 E, 7.7.2012, p. 90.

<sup>3</sup> OJ C 296 E, 2.10.2012, p. 226.

## 2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2012, Section I – European Parliament (COM(2013)0570 – C7-0274/2013 – 2013/2196(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2012<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2012 (COM(2013)0570 – (C7-00274/2013))<sup>2</sup>,
- having regard to the report on budgetary and financial management - Section I - European Parliament - Financial year 2012<sup>3</sup>,
- having regard to the Internal Auditor's annual report for the financial year 2012,
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2012, together with the institutions' replies<sup>4</sup>,
- having regard to the statement of assurance<sup>5</sup> 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 2012 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to Article 314(10) and Article 318 of the Treaty on the Functioning of the European Union, and Article 106a of the Treaty establishing the European Atomic Energy Community,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>6</sup>, and in particular Articles 145, 146 and 147 thereof,
- having regard to 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 1605/2002<sup>7</sup>, and in particular Articles 164, 165 and 166 thereof,
- having regard to Article 13 of the Internal Rules on the implementation of the European

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Parliament's budget<sup>1</sup>,

- having regard to Article 166(1) of Regulation (EU, Euratom) No 966/2012, 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 9 March 2011 on the guidelines for the 2012 budget procedure – Sections I, II, IV, V, VI, VII, VIII, IX, and X<sup>2</sup>,
  - having regard to its resolution of 6 April 2011 on the estimates of revenue and expenditure of Parliament for the financial year 2012 - Section I - Parliament<sup>3</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 (A7-0246/2014),
- A. whereas the President adopted Parliament's accounts for the financial year 2012 on 4 July 2013;
- B. whereas in his certification of the final accounts, Parliament's accounting officer stated his reasonable assurance that the accounts present a true and fair view of the financial position of Parliament in all material respects and that no issues requiring a reservation have been brought to his attention;
- C. whereas the Secretary-General certified on 6 September 2013 his reasonable assurance that Parliament's budget has 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;
- D. whereas the Secretary-General also certified that he is not aware of any fact which has not been stated which could damage the interest of the institution;
- E. whereas, through its audit, the Court of Auditors concluded that, as regards administrative expenditure in 2012, the supervisory and control systems applied by each institution comply with the requirements of the Financial Regulation and out of the 151 transactions audited by the Court, one was affected by error while the Court estimates the most likely error to be 0 %;
- F. whereas, in accordance with the usual procedure, a questionnaire was sent to the Parliament administration and replies were received and discussed by the Committee on Budgetary Control, in the presence of the Secretary-General and the Internal Auditor;
- G. whereas Parliament's annual discharge procedure provides added value, involving as it does a thorough examination of the accounts, the object being to enable Parliament to fulfil its responsibility to Union citizens and to act with complete transparency by giving them a detailed insight into its financial management; whereas, secondly, it

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<sup>1</sup> PE 349.540/Bur/ann/def.

<sup>2</sup> OJ C 199 E, 7.7.2012, p. 90.

<sup>3</sup> OJ C 296 E, 2.10.2012, p. 226.

affords an opportunity for self-criticism and to do better in those areas in which there is still room for improvement in terms of quality, efficiency, and effectiveness in the management of public finances and, hence, of taxpayers' money;

### ***Parliament's 2012 budgetary and financial management***

#### *Added value of Parliament's discharge procedure*

1. Highlights the added value of the parliamentary procedure leading up to the annual Parliament discharge;
2. Points out that this resolution remains principally focussed on the budget implementation and discharge for the financial year 2012 and that its main goal is to ensure that taxpayers' public money is used in the best possible way while highlighting where improvements can be made; encourages the Parliament's responsible bodies to continue to improve, at all possible levels, efficiency in Parliament's daily work;
3. Repeats its call on the Bureau to distribute more 'White Papers' regarding the policy matters to all Members which would allow for the policy items to be discussed within the political groups in advance to a final decision;
4. Notes that the Union general budget for 2012 totalled EUR 148 200 million in commitment appropriations, of which Parliament's budget accounted for EUR 1 718 million; notes, furthermore, that this figure represents just over 1 % of the Union general budget and amounts to 20 % of the amount of EUR 8 278 million set aside for the 2012 administrative expenditure of the Union institutions as a whole; notes that this is in line with the Interinstitutional Agreement between Parliament, the Council and the Commission on budgetary discipline, and sound financial management covering expenditure on buildings and infrastructure, staff salaries and pensions, information technology, and security;
5. Notes that in Parliament's budget, the four major chapters were Chapter 10 (Members of the institution), Chapter 12 (Officials and temporary staff), Chapter 20 (Buildings and associated costs) and Chapter 42 (Expenditure relating to parliamentary assistance) which accounted for 70% of total commitments;
6. Notes that authorised appropriations in Parliament's final budget for 2012 totalled EUR 1 717 868 121, representing a 1,9 % increase over the 2011 budget (EUR 1 685 829 393), and that, as in 2011, no amending budget was introduced; is of the opinion that Parliament showed its budgetary responsibility and self-restraint by staying under the 2,6 % inflation rate in 2012; expects that for the 2015 budget, the same self-restraint will prevail by keeping the budget under the 20 % of Chapter 5;
7. Points out that in 2012, 99 % (93 % in 2011) of the final current appropriations were committed, with a cancellation rate of 1 % (6 % in 2011) and that, as in previous years, a high level of budget implementation was achieved, though this was influenced by an end of the year transfer of unspent funds at the request of the Joint Working Group of the Bureau and Committee on Budgets and a positive opinion by the Committee on Budgets;

*Parliament's report on budgetary and financial management*

8. Notes that total revenue entered in Parliament's accounts at 31 December 2012 amounted to EUR 175 541 860 in 2012 (EUR 173 293 432 in 2011), which included EUR 22 274 843 (EUR 23 815 077 in 2011) in assigned revenue;
9. Notes that Parliament decided to conduct an end-of-year "mopping-up" transfer from various budget lines amounting to EUR 45 000 000 in unspent funds intended for the second instalment of the acquisition of the Trebel building in Brussels (EUR 35 000 000) and the construction of the new KAD building in Luxembourg; understands that as a result of this, an estimated EUR 10,4 million in financing charges will be saved over the construction and loan amortisation periods; deplores, nevertheless, the fact that Parliament has repeatedly requested that in the interest of budgetary clarity, buildings expenditure be entered in the budget rather than being financed through a "mopping-up" transfers as requested in several previous discharge resolutions;

*Parliament's 2012 accounts*

10. Takes note of the figures on the basis of which Parliament's accounts for the financial year 2012 were closed, namely:

<b>(a) Available appropriations (EUR)</b>	
appropriations for 2012:	1 717 868 121
non-automatic carry-overs from financial year 2011:	21 700 000
automatic carry-overs from financial year 2011:	222 900 384
appropriations corresponding to assigned revenue for 2012:	22 274 843
carry-overs corresponding to assigned revenue from 2011:	107 592 247
Total:	2 092 335 595
<b>(b) Utilisation of appropriations in the financial year 2012 (EUR)</b>	
commitments:	2 061 149 089
payments made:	1 623 172 878
appropriations carried forward automatically including those arising from assigned revenue:	412 253 714
appropriations carried forward non-automatically:	0
appropriations cancelled:	55 790 384
<b>(c) Budgetary receipts (EUR)</b>	
received in 2012:	175 541 860
<b>(d) Total balance sheet at 31 December 2012 (EUR)</b>	
	1 539 591 147

11. Points out the high level of carry-overs into 2012 (EUR 244 600 384) and urges that the planning of expenditure be improved;
12. Notes that in his certification of the final accounts, Parliament's accounting officer has stated his reasonable assurance that the accounts present a true and fair view of the financial position of Parliament in all material respects; notes further his representation that no issues requiring a reservation have been brought to his attention;
13. Recalls the decision by its President of 4 July 2013 concerning the adoption of the accounts for the financial year 2012;



***Court of Auditors' opinions on the reliability of the 2012 accounts and on the legality and regularity of the transactions underlying those accounts***

14. Welcomes the fact that the Court of Auditors found, in its specific assessment of the administrative and other expenditure as a whole, that the testing of transactions indicates that the most likely error present in the population is nil and that the supervisory and control systems of the administrative expenditure were assessed as effective; welcomes, furthermore, the fact that the audit by the Court of Auditors indicates that the payments in 2012 of accepted expenditure were not affected by a material level of error; notes that the audit involved an examination of a sample of 151 payment transactions - 91 payments of salaries, pensions and related allowances and 60 payments on contracts relating to buildings and other expenditure - against 56 payments audited in 2011;
15. Notes that administrative and other expenditure comprises expenditure on human resources (salaries, allowances and pensions), which accounts for 60 % of total administrative and other expenditure, and expenditure on buildings, equipment, energy, communications, and information technology is considered as a low risk area; points out that according to the Court of Auditors, the main risks regarding administrative and other expenditure are non-compliance with the procedures for procurement, for the implementation of contracts, for recruitment and for the calculation of salaries and allowances;

*Recruitment of temporary and contract staff*

16. Notes with satisfaction that the Court of Auditors' audit of 15 recruitment procedures in Parliament in 2012 did not reveal errors or weaknesses; calls, however, on the Secretary-General to strictly apply the rules applicable to the nomination or promotion of staff in general, and in particular those in management positions;

*Procurement*

17. Notes that the Court of Auditors' audit examined 18 of Parliament's procurement procedures; stresses that the Court of Auditors found weaknesses in the application of an award criterion in one case and in the management and documentation of the procurement procedure in another case;
18. Recommends that authorising officers improve the design, coordination and performance of Parliament's procurement framework and procedures through appropriate checks and clearer guidance; notes that the implementation of the new Financial Regulation and its Rules of Application should be accompanied by the design of new templates of contracts and invitations to tender, as well as the development of specific training courses on how to define and apply selection and award criteria;
19. Endorses the responses given by Parliament in the contradictory procedure with the Court of Auditors;

***Court of Auditors' review of progress in addressing recommendations made in previous annual reports***

### *Performance of the ex ante verification of recruitment procedures*

20. Recalls the Court of Auditors' finding that in file procedures for the recruitment of accredited parliamentary assistants (APAs), there were no documents on file proving that the ex ante checks of recruitment documents had been performed; takes note of the fact that the Court of Auditors considers that Parliament has fully implemented its recommendation to ensure that appropriate documentation is now established and the underlying documentation for those verifications is now being kept to justify the recruitment decisions of temporary and contract staff; calls on the Secretary-General to inform its Committee on Budgetary Control by September 2014 on the effectiveness of the measures taken including those based on the findings of the Internal Auditor, also in view of the recruitment of many new APAs after the elections;

### *Procurement*

21. Regrets that the Court of Auditors' examination of a sample of procurement procedures showed that errors persist in the design, coordination and performance of procurement procedures and that, therefore, the Court of Auditors' analysis of the progress made is that its previous recommendation is, in most respects, still being implemented; reiterates its call to secure real progress, without further delay, on all control mechanisms for public procurement in order to overcome the shortcomings identified by the Court of Auditors, as well as to guarantee the most competitive prices for the goods and services acquired;

### *Payment of social allowances and benefits to staff members*

22. Recalls the Court of Auditors' specific finding concerning the information available to Parliament's services on the situation of staff members; is satisfied that the Court of Auditors' audit did not show any new weakness but that the risk of making incorrect or undue payments remains; notes, furthermore, that Parliament took measures in 2012 that improved even further the response rate for the annual procedure for the electronic verification and updating of staff members' personal data and that, where necessary, staff members' declarations are accompanied by the appropriate supporting documents;

### ***Internal Auditor Annual Report***

23. Notes that at the competent committee's meeting with the Internal Auditor held on 21 January 2014, the Internal Auditor presented his annual report signed 12 July 2013, stating that in 2012, he performed the following audit work on Parliament's administration:
  - a consultation of the Internal Audit Service (IAS) on the process for selecting ToIP<sup>1</sup> telephones;
  - a transversal Follow-Up of Open Actions from Internal Audit Reports - Phase I 2012;
  - a transversal Follow-Up of Open Actions from Internal Audit Reports - Phase II 2012;

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<sup>1</sup> Telephone over Internet Protocol.

- an audit of APAs employed as other servants of the Union;
  - an audit of the Accruals Accounting Process;
  - a follow-up to the Audit of Building Policy: Planning, Assessment & Management of Accommodation Needs;
24. Points out that among the more significant conclusions set out in the Internal Auditor's annual report were the following:
- that budgetary regularisation of expenditure from certain permanent imprest funds (Information Offices & Members' Travel) remains subject to significant delays;
  - that progress was made in the area of contributions to political parties and foundations at European level;
  - that the consultation engagement of the IAS on the process for selecting ToIP telephones found weaknesses in the formalisation of decision-making on the ToIP project, for which DG ITEC indicated that it was already taking the necessary steps to mitigate any related risks;
  - that important steps were taken in the areas of IT Governance and IT applications' development, especially DG ITEC's methodological advances in applications' development;
  - that the first follow-up to the audit of Visitors' Groups showed that all actions remain open, though with a partial reduction in related residual risk;
  - that five open actions for which the measures required are beyond the decision-making powers of the Directorates-General concerned have passed to a higher authority for resolution;
25. Notes and supports the views expressed by the Internal Auditor concerning the "Follow-Up to the Audit of Building Policy: Planning, assessment & management of accommodation needs" as to:
- define appropriate planning of accommodation needs over the medium and long terms, linked to the projected growth of the population of occupants of office space;
  - realise an assignment of office space based on criteria agreed at institutional level and the existence of rules and procedures enabling these criteria to be enforced; and
  - implement the efficient and effective use of office space;
26. Notes and supports the views expressed by the Internal Auditor concerning the 'Audit of Accredited Parliamentary Assistants employed as other servants of the European Communities' that, overall, the control environment and control activities in DGs Personnel and Finance provide reasonable assurances that APAs are recruited in compliance with the statutory rules and that their financial entitlements are correctly charged to the Members' Parliamentary Assistance Allowance (PAA); asks both DGs to ensure that these guarantees become solid and unequivocal by any means necessary;
27. Takes note of the fact that in 2012, a transfer had been necessary from sub-item for local assistants (line 4220-01) to sub-item 4220-02 (Accredited assistants) for EUR 7,3

million and sub-item 4220-01 has been reduced by a total of EUR 14,1 million (14,3 %), which is due to a wrong estimation of the needs for both local assistants and accredited assistants, despite the fact that the number of accredited assistants only increased marginally in 2012 compared to 2011; believes that in the future, a better estimation of the needs for these sub-items will be necessary in order to respect the principles of good financial management and to be able to respond to real needs;

28. Notes, nevertheless, that in order to meet the internal control objectives fully and consistently and to ensure the correct application not only of Parliament's Rules of Procedure and the relevant deriving rules adopted by Parliament's competent bodies but also the Financial Regulation, there is scope for further strengthening certain management and control procedures that entail moderate exposure to residual risk and concern the following areas:

- ensuring, in a timely manner, regular information to APAs on any update or change to their applicable rules and their applicable rules by analogy, and presenting to their representatives a reasoned report on these changes or updating them in order to guarantee the transparency and the principles of equal treatment and opportunities;
- ensuring timely and adequately reporting to Members and APAs on the work rights and duties related to the end of the APAs' contracts (leave, unemployment, pension rights, etc.);
- enhancing internal controls to monitor the use of the PAA;
- ensure a smoother and more efficient administration of the recruitment of new APAs after the 2014 elections by early planning and the provision of necessary resources, in particular human resources, and to guarantee continuous assistance to Members elected for the new term by ensuring no gaps in the contracts of APAs continuing to provide assistance;

29. Recalls once more that, after five years of implementation of the new Statute of Assistants, it is necessary to carry out a full evaluation of this Statute including possible adaptations of the rules as soon as possible;

#### *Audit of the Internal Control Framework*

30. Recalls 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 aimed at improving the overall levels of:

- compliance with the institution's minimum standards of internal control,
- the achievement of the institution's key control objectives (compliance with applicable laws, regulations and policies; reliability of management information and recording; and the economy, effectiveness and efficiency of operations);

#### *Remaining "open actions"*

31. Notes that at the end of 2012, after successive follow-up audits, 15 actions still remained incomplete out of the 452 internal control framework actions initially agreed; takes note of the conclusion of the Internal auditor that for two DGs (Finance and

Infrastructure and Logistics), there was evidence of improvement in their public procurement processes;

32. Notes the Internal Audit's new transversal and monitoring process to follow-up agreed actions from its reports in which each follow-up assignment is transversal, simultaneously covering all open actions that are due to be implemented; notes, furthermore, that the assignments are now performed biannually, in line with Parliament's resolution of 10 May 2011 on its discharge for the financial year 2009;
33. Notes that by the end of 2012, the Internal Auditor considered that 73 actions have yet to be implemented, including two critical actions, 35 significant risk actions and 36 moderate risk actions; notes with satisfaction that during 2012, 80 actions have been fully implemented and therefore closed, including two critical actions; encourages all its Directorates-General concerned to continue their efforts to improve their respective management and control procedures; calls on the Internal Auditor to set stricter timetables on actions to be implemented; calls on the Internal Auditor to keep the Committee on Budgetary Control informed on all outstanding actions of the original review of the Internal Control Framework; reiterates its call on the departmental and central management to implement the remaining "open actions" before the end of the current legislative term;
34. Notes the conclusions of the Internal Audit Service that the 2012 follow-up process showed overall evidence of improvement, with the closure of 80 of the 153 open actions validated as well as a reduction in the number of high-risk critical actions (from eight to three); is concerned, however, about the relatively high number of 73 overdue actions which were carried forward to 2013; recognises that the Parliament's risk profile for the open actions at year-end shows a higher proportion of actions in the moderate risk category than at the beginning of 2012, indicating that the services made progress, even in areas where the actions have not yet been closed;

#### ***Follow-up by the Secretary-General to the 2011 discharge resolution***

35. Takes note of the written answers to the 2011 discharge resolution provided to the Committee on Budgetary Control on 25 October 2013 and, therefore, received before the start of the 2012 discharge exercise; welcomes the subsequent presentation by the Secretary-General on the replies and follow-up of Parliament's administration on 25 November 2013 to the various questions and requests of Parliament's 2011 discharge resolution and the exchange of views with Members that followed;
36. Welcomes the fact that since 2011, Parliament's translation and interpretation services are undergoing significant changes; acknowledges that throughout this process, efficiency could be considerably increased and subsequently, financial means reduced, while the quality and offer for Members is maintained; notes that in the framework of the resource-efficient full multilingualism policy, the on-demand translation of the verbatim reports of proceedings and of written questions has allowed for a reduction in external translation of EUR 11 million on a permanent basis;
37. Recalls the second decision taken by the Bureau on 12 March 2012 on resource efficient full multilingualism which provided that delegations requiring derogations for travel

during Committee weeks would only be provided with a limited language regime not exceeding interpretation into one language; notes that as result of this measure, the number of missions held during weeks set aside for external parliamentary activities increased from 36 % of all missions in 2011 to 46 % in 2012, while the number of interpreter days on mission decreased by 23 % between 2011 and 2012;

38. Notes the subsequent decision by the Secretary-General on 23 March 2013 which provided that Tuesday and Wednesday afternoons of Committee weeks became reserved for meetings of committees and of trilogues exclusively; notes positively that as a result of the measures already implemented, the share of the external interpretation costs in the total Parliament budget decreased from 3,5 % in 2011 to 2,6 % in 2012; believes that the principle of sound financial management needs to apply to interpretation as well and that with a view to ensuring the best value for money for Union taxpayers, critical analysis should continually be undertaken to assess where and how efficiency can be improved and costs controlled or limited; calls on the Secretary-General to make the annual report on the application of the Code of Conduct for Multilingualism public to Members of the responsible committee;
39. Notes the Secretary-General's reply indicating that the cost of the LUX prize was reduced, as proposed by the Committee on Budgetary Control and voted in plenary in the 2010 discharge report; notes that a series of concrete measures have been taken in order to minimise the LUX Prize expenditure, in particular cutting costs related to promotional activities at international festivals and within Parliament premises; takes note that the expenditure of LUX Prize in 2012 was EUR 434 421, which represents a reduction of 24 % as compared to 2011 (EUR 573722); calls for further efficiencies to be found;
40. Considers prizes not to be a core activity of Parliament and requests that a cost-benefit analysis be carried out before any new prize initiatives are developed;
41. Notes that in light of the ever growing amount of customers and the evolution of the institution, the Bureau adopted at its meeting on 10 June 2013 a comprehensive strategy that sets out the main orientations for the catering policy at Parliament until 2019; recalls that overall catering activities increased by around 150 % from 2002 to 2011, from 1,472 million customers in 2002 compared to 3,711 million customers in 2011; notes that Parliament's catering services continue to be marked by an operational deficit that should not be compensated exclusively by price increases; notes that price policies in Parliament should remain in line with the other institutions and that Parliament is better positioned to achieve better conditions from contractors and economies of scale in those operations, taking into account the number of customers served;

### *Parliament's 2012 discharge*

42. Notes that the scope of the discharge procedure should cover not only the budget implementation and the managerial activities of the Secretary-General and Administration for the financial year 2012, but also the decisions taken by its governing bodies, i.e. its President, Bureau and Conference of Presidents; stresses that Parliament, in a critical scrutiny of the institution's financial management, grants discharge not to the Secretary-General, but rather, to its President;

43. Welcomes, in this respect, the quality of the exchange of views between the Secretary-General and the Committee on Budgetary Control in the presence of the Internal Auditor, on 21 January 2014 in the context of the 2012 Parliament discharge; reiterates that Parliament's governing bodies and administration are held accountable throughout this process and that it is therefore essential for the entire decision-making procedure to take place in a completely transparent manner to ensure that citizens of the Union are provided with a true and accurate view of the way that Parliament takes its decisions and uses the resources placed at its disposal; calls, accordingly, for the agendas for meetings of, and the decisions taken by, Parliament's decision-making bodies to be communicated without delay both to the Members and staff of Parliament as a whole and to the general public;
44. Points out that the main references, free of any political consideration, to assess the implementation of Parliament's budget should be first and foremost the opinion of its external independent auditor and secondly the opinion provided by Parliament's Internal Auditor and his assessment of Parliament's internal control system; reiterates its satisfaction with the positive opinion provided by the Court of Auditors on the reliability of Parliament's accounts and on the legality and regularity of the transactions underlying those accounts;
45. Recalls that the Code of Conduct for Parliament's Members with respect to financial interests and conflicts of interest, adopted by the plenary on 1 December 2011, requires Members to fully disclose any remunerated activities outside Parliament, the remuneration they receive and any other function they perform which may give rise to conflicts of interest and that the code expressly prohibits Members from accepting any sum of money or other gift in exchange for influencing Parliament decisions; notes that it lays down clear rules on accepting gifts and on former Members engaging in lobbying; asks that the administration scrutinises at least 15 % of these declarations on a regular and annual basis;
46. Takes note that the implementing measures for the Code of Conduct for Members were adopted by the Bureau on 15 April 2013; notes with satisfaction that implementing measures in respect of Article 5(3), to ensure transparency with regard to Members' travel, accommodation and subsistence expenses paid by third parties, in force since 1 July 2013, stipulate that all reimbursement of travel, accommodation or subsistence expenses covered by third parties for Members' attendance at events organised by third parties shall be declared; notes, furthermore, that if no such reimbursement is made, but only the cost of a meal, entrance ticket or similar below the value of EUR 150 is paid, no declaration needs to be made;
47. Criticises the fact that an OLAF Supervisory Committee report to Parliament's Committee on Budgetary Control was not forwarded to it by the President but, rather, was held back for more than two months; criticises the fact that there was a three-month delay before Parliament's Administration forwarded witness summonses from a Belgian court to the three Members concerned; criticises the fact that the Committee on Budgetary Control was hampered in its work because a hearing on the work of the Task Force for Greece was cancelled and a hearing on 'Governance – the European Commission as administrative authority' was held up for more than a year;

48. Calls for all annexes to written parliamentary questions (Rule 117 of Parliament's Rules of Procedure) to be posted, together with the questions concerned, on Parliament's website;

### *The President's political activities*

49. Calls for detailed information on how the President, as a politically neutral figure, has kept his duties in office separate from his preparations to head the Socialists and Democrats' list in the European elections, in particular with regard to the staff in his cabinet and in Parliament's information offices and to travel expenses; is of the opinion that in connection with many of those activities, no distinction has been made between the two roles; calls for clear segregation of office holders' functions, following the Commission's approach, so that Union taxpayers do not have to pay for the election campaigns of European list leaders;

### *Working places of Parliament*

50. Notes that Protocol 6, annexed to the Treaties, on the location of the seats of the institutions, decided by common agreement of the governments of the Member States, imposes on Parliament its three working places; notes the call expressed in its resolution of 17 April 2013 on the 2011 discharge for 'the Secretary-General and the Bureau to provide Members with up-to-date figures and information on the financial and environmental impact of the multiple seat arrangement' that followed Parliament's resolution of 6 February 2013 on the guidelines for the 2014 budget procedure and the report on the location of the seats of the European Institutions adopted on 20 November 2013;
51. Recalls that significant historical reasons motivated the seat of the Parliament to be established and that the question of determination of the seat of an Union institution is the exclusive competence of the Member States; notes in this respect that any decision to change the seat arrangement of Parliament would require a change of the Treaties, a decision which would have to be taken unanimously by the Member States;
52. Notes that the expenditure arising from the geographic dispersion of Parliament constitutes an important identified area of potential savings; welcomes the Secretary-General's report<sup>1</sup> of August 2013 regarding the financial impact of the geographic dispersion of the European Parliament; underlines that the report factored in the calculations the following parameters:
- the 2014 draft budget was used as the baseline;
  - underlying calculations have been updated where more recent data have become available (for example, statistics on missions);
  - the method for assessing depreciation costs has been adapted to reflect the proposition that Brussels would be the single place of work which decreased such

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<sup>1</sup> 'The three places of work of the European Parliament – financial, environmental and regional impacts of geographic dispersion, note prepared by the Secretary General of the European Parliament on 30 August 2013.



costs;

- costs resulting from the Strasbourg and Luxembourg sites have been declared separately;
  - new estimations have been made to show any additional recurrent expenditure as a result of there being a single place of work, as well as, one-off investments and costs related to the merging of the places of work;
53. Points out that the report expresses a theoretical net saving when consolidating the three places of work into one, in Brussels, at estimated EUR 88,9 million per year which represents roughly 5 % of Parliament's budget in 2014, 1,03 % of the total administrative budget of the Union, and 0,06 % of the overall budget of the Union; takes note of the estimated net effect per Union citizen per year of EUR 0,18 if the three places of work of the Parliament were to be consolidated into one;
54. Points out that the report indicates that a possible merger of Luxembourg into Brussels would result in additional expenditure of EUR 14 million per year; stresses the reported different qualitative and quantitative level of support provided by the host states to the Parliament; notes that those potential costs have not been translated into the equation on potential savings with regard to assuming Brussels as a single seat;
55. Emphasises the fact that 10,703 tonnes of CO<sub>2</sub> emissions per year would be saved if Strasbourg (10 235) and Luxembourg (468) were no longer used as places of work; regrets the fact that this environmental impact of the geographic dispersion of Parliament in terms of carbon emissions accounts for 11,16 % of Parliament's total carbon footprint in 2011;
56. Is looking forward to the publication of the Court of Auditors study to provide a comprehensive analysis of the potential savings for the Union budget if Parliament had only one working place, as requested in its resolution of 20 November 2013 on the location of the seats of the European Union's Institutions<sup>1</sup> and asks that this analysis includes budgetary aspects and ancillary costs such as savings made through the reduced loss of working time and greater efficiency; asks not only to look into the travel costs for Parliament staff (including interim staff, external experts and temporary agents) but also to the increased travel costs for Commission and Council staff due to the multiple location sites;

#### ***Management of Parliament's administration: strengthening operational efficiency***

57. Reaffirms, yet again, that this resolution remains principally focussed on the budget implementation and discharge for the financial year 2012 and that its main goal is to ensure that taxpayers' public money is used in the best possible way while highlighting where more efficient gains may be achievable; calls on Parliament's responsible bodies to continue improving, at all possible levels, efficiency in Parliament's daily work while always aiming to deliver an enhanced service to the citizens of the Union; expects that the Secretary-General will focus more on efficiency and effectiveness of expenditure in his next annual report to the Committee on Budgetary Control ;

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<sup>1</sup> Texts adopted, P7\_TA(2013)0498.

58. Is of the opinion that during the 2009-2014 legislative term, in a difficult economic and financial context, often random and temporary, although significant, savings were achieved; believes that Parliament's administration should identify additional efficiency measures that carry systematic and definitive structural savings, firstly by reducing Parliament's budget and secondly by allowing for the redeployment of resources to Parliament's new areas of intervention, notably to reinforce the scrutiny dimension over the Commission's implementation of the Union's policies;
59. Calls on Parliament's administration to consider increasing the use of the available technologies such as teleconferences and teleworking in order to reduce the administrative and travelling costs; requests that a concrete proposal for the enlarged use of both technologies is made available; estimates that significant extra savings, without compromising the quality of actions, may be achieved and that, apart from financial gains, the use of videoconferencing and teleworking could also contribute to a more efficient use of time and a more environmentally friendly Parliament;
60. Calls on the administration to apply further smart cost-cutting measures to enable savings to be made without impairing the effectiveness, efficiency, and quality of parliamentary activities;

#### ***Directorate-General Presidency***

61. Notes that DG PRES has been reorganised, resulting in the creation of a new DG EPRS (Parliamentary Research Service) and that Parliament's security services have been internalised, resulting in the creation of DG Security; expresses satisfaction that the internalisation of security is projected to produce savings of more than EUR 11 million over the period 2013-2016; notes, however, that five members of the President's Cabinet are earmarked for posts as directors-general or directors in Parliament's administration; criticises this political hijacking of management positions and the undermining of the Staff Regulations; points out that the Union criticises political patronage around the world, and calls for that principle to be observed with regard to Parliament's administration, too; would like to be informed by the Secretary-General on an annual basis on the exact amount saved, which might be a good example leading to the internalisation of other services now provided by third parties;
62. Notes that a Director-General's post has been filled but that six months after the appointment, the staff member selected has still not taken up the post; calls for that Director-General's post to be abolished;

#### ***Directorate-General for External Policies***

63. Notes with concern that because of general calls for thrift, the interparliamentary delegations might become less able to maintain Parliament's external relations profile, enabling it to remain as visible as the other Union institutions, especially the Commission and the Council, and that the effect might be to undermine the parliamentary approach to external policy and the consolidation of parliamentary diplomacy to complement the activities of the Commission and the EEAS; considers it vital, therefore, to preserve the knowledge and experience which Parliament has acquired in overseeing European projects and making them visible and to ensure that

the measures proposed do not weaken the power and effectiveness of Parliament's interparliamentary dialogue with other countries, especially at times of political instability and danger to democracy (the Arab Spring, conflict in the Middle East, conflict in Ukraine, run-up to controversial elections, etc.);

### *Directorate-General for Communication*

64. Notes that DG COMM has a large budget under line 3242, "Publication, information and participation in public meetings"; sees more and more outsourcing with additional costs for the taxpayer; asks for a detailed list on outsourcing measures and cost thereof in DG COMM;
65. Is concerned about possible undetected conflicts of interest in connection with the award of grants from Parliament's budget; points to Article 58 of the Financial Regulation and to the Administration's obligation to verify declarations issued by grantees and contractors; calls for information as to what risk analyses are carried out by Parliament's Administration in respect of those declarations in order to verify the veracity thereof;

### *Information Offices*

66. Notes that mission expenses in 2012 for the staff of the Information Offices amounted to EUR 1,8 million with missions to Strasbourg accounting for just over EUR 1 million; insists that priority should be given to the use of videoconferences, making both structural cost reductions to the Parliament's budget and environmental improvements, which do not detract from Parliament's work;

### *Visitors' groups*

67. Notes that since January 2012, a new set of rules came into force governing the reception of visitors' groups, including the method of paying subsidies; notes that the Bureau decided to maintain the option to make cash payments to visitor groups; is concerned about the significant reputational and security risk entailed in making cash payments to visitor groups; asks for a new decision of the bureau to abolish cash payments which constitutes a violation of Directive 2005/60/EC of the European Parliament and of the Council<sup>1</sup>; takes note that out of approximately 2 000 visitor groups annually, only 365 in 2012 received more than EUR 15 000 but that the majority of these visitors' groups opt for cash payment method, although Parliament's administration encourages payment by bank transfer or a mix of both methods instead;

### *House of European History*

68. Takes note that co-financing from the Commission for the running costs of the House of European History has been secured with EUR 800 000 in commitment appropriations in its 2014 budget, assigned to Heading 3 of the Multiannual Financial Framework; notes

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<sup>1</sup> Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (OJ L 309, 25.11.2005, p. 15).

further that the amount corresponds to 30 % of the budgeted running costs for that year and is also intended to cover the expenditure allowing a seventh opening day every week;

69. Notes that on 22 October 2012, the Bureau fundamentally endorsed the concept for the permanent exhibition at the House of European History;

#### *EuroparlTV*

70. Notes that in the 2012 budget adopted by Parliament in plenary, EUR 8,5 million was earmarked for the EuroparlTV under the budget line 3246; recognises that whereas the budget for the EuroparlTV has been substantially reduced from EUR 9 million in 2008 to EUR 5 million in 2014, the performance of this service has been improved with a number of new activities and projects, inter alia, a larger proportion of ready to use audio-visual products with a longer lifespan, and a series of exclusive co-productions with national TV channels in several Member States, resulting in increasing audiences numbers; welcomes the ever increasing number of Parliament's followers on social media, in particular on Facebook with its current more than 1,2 millions 'friends', for which exclusive EuroparlTV productions are developed; looks forward to receiving the independent evaluation study of Parliament's online multimedia production commissioned in accordance with the decision of the Bureau of 3 December 2012;
71. Expresses concern that despite the expense of equipping Parliament with state-of-the-art studios and its employment of a large team of communications professionals, media coverage of the Parliament's work may be discouraged by the requirement that broadcasters using Parliament's studios pay satellite charges; requests the Secretary-General to assess whether a change in arrangements would promote greater coverage of parliamentary debates and discussions involving Members and to report thereafter;
72. Considers EuroparlTV not to be a core activity of Parliament and requests that a cost-benefit analysis be carried out before any new EuroparlTV activities are developed;

#### *Directorate-General for Personnel*

73. Points to the difficulties in recruiting officials or agents from certain Member States such as Germany, the UK, Austria or the Netherlands, for which the proportion of staff in Parliament's Secretariat is significantly lower than the 'demographic weight' of the given country within the Union and observes the relatively high numbers of staff of holding the nationality of Belgium (13,6 %) or Luxemburg (2,2 %) as a result of the working places of Parliament; asks the Bureau to review recruitment procedures and requirements to ascertain what part they may play in creating difficulties to recruit staff from these Member States;
74. Calls for information on the employment arrangements for local ushers in Strasbourg and the employment arrangements for ushers in Brussels during Strasbourg weeks; calls for a report by Parliament's administration on whether, in the case of local ushers in Strasbourg, Union labour and social security law is complied with and on the precautions taken against bogus self-employment; calls for a cost comparison, with a view to establishing the best option for the taxpayer;

75. Takes good note of the Civil Servants Tribunal Decision of 12 December 2013 on Case F-129/12 and deeply regrets the fact that Parliament was condemned for being unable to provide assistance in cases of harassment and irregular lay-offs; therefore instructs the competent services to take all necessary measures in order to avoid similar situations in the future;
76. Asks for a report on the increase in AD and AST posts in Parliament's administration between 2005 and the current financial year; asks for a breakdown by grade and nationality;
77. Asks for a report on the increase in posts for Directors and Directors-General in Parliament's administration since 2005; asks for a breakdown by nationality;
78. Asks for a report on how many political group staff have become officials since 2009 (a) under a conventional selection procedure and (b) on the basis of the 'passarelle' clause;
79. Points out that over 1 500 members of Parliament's staff have children enrolled at the European Schools; maintains that Parliament has to play a leading role within the organisational structure of the schools;

### ***Directorate-General for Infrastructure and Logistics (DG INLO)***

#### *Parliaments' Buildings policy*

80. Highlights the fact that the Parliament has become, over the years, a property owner and that this strategy has inherent risks and that costs for the operation and maintenance of the technical facilities will necessarily increase in the future years to cope with ageing buildings; stresses in particular that any property and buildings strategy must also take into account those rising costs and the necessity over the medium term of building renovations; points out that the property and buildings strategy must ensure the sustainability of Parliament's budget and conserve a certain degree of flexibility with a combination of acquisitions, renting or usufruct in order to ensure the best value for money for Parliament; underlines that purchasing a building may not be always the best solution;
81. Takes note that during 2012, a series of contractual revisions began, case by case, concerning the financial terms, particularly in light of trends on the property rental market; welcomes that these renegotiations will result in the following structural savings in the years ahead:
  - usufruct of the Wiertz Building translated into a cost reduction of EUR 0,45 million per annum on property tax and charges;
  - removal to the Geos Building in 2014 translated into a cost reduction of EUR 5 million over 45 months;
  - contractual revision of the lease on the Goldbell Building translated into a cost reduction of EUR 2,5 million up to the end of 2017;
  - contractual revision of the lease on the Madrid Information Office translated into a

cost reduction of EUR 0,27 million;

*Konrad Adenauer building (KAD)*

82. Recalls the initial failure to select candidates in connection with the invitation to tender for the Konrad Adenauer Building project because the proposed prices submitted in response to the invitation to tender were considerably higher than the estimates; notes the subsequent decision of the Bureau in 2012 to redesign the calls for tenders for the KAD building, which led to considerably lower offers, allowing for the budget initially agreed upon for this building project to be respected; takes note that works began in September 2013 with a new project manager and enhanced partnership arrangements involving the Luxembourg Government support; expects that the initially agreed global budget for the construction of the project is respected, in spite of the unavoidable delay;

*Parliament's Brussels Chamber*

83. Takes note that repairing the ceiling support frame in Parliament's Brussels Chamber will involve costs just above EUR 2 million, a figure below the EUR 3 million estimated and that due to the age of the building, no legal proceedings could subsequently be taken; acknowledges that the regular on-going inspection and preventive maintenance policy for Parliament's buildings introduced in 2012 detected the structural defects in the wooden ceiling beams, thus preventing a major disaster, potentially including the loss of life and huge damage to the building in question; takes note that it was possible to relocate the displaced services to Parliament's other buildings, with zone A of the Paul-Henri Spaak (PHS) being temporarily closed and that the Chamber is available for use again since the beginning of April 2014;

***Directorate-General for Interpretation and Conferences and Directorate-General for Translation***

84. Notes with satisfaction that the implementation of the Bureau decision on a Resource efficient multilingualism produced in 2012 savings of EUR 10,9 million and EUR 10 million in the interpretation and in the translation services respectively, without affecting the principle of multilingualism or impairing the quality of parliamentary work; reiterates that interinstitutional cooperation is essential in order to exchange best practices that promote effectiveness and allow savings to be made;

***Directorate-General for Finance***

*Voluntary Pension Fund*

85. Notes that in 2012 the value of the assets of the Voluntary Pension Fund<sup>1</sup> increased with investment returns of 9,4 % as the investment markets continued to recover from the global financial crisis,
86. Notes, however, that the Voluntary Pension Fund increased its estimated actuarial deficit, calculated on the basis of the assets of the Fund, to EUR 207, 9 million at the

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<sup>1</sup> The Voluntary Pension Fund was established as an Association sans but lucrative (ASBL) formed under Luxembourg law on 14 July 1993.

end of 2012; emphasises that these projected future liabilities are spread over several decades;

87. Notes, nevertheless, that this raises concerns about the possible exhaustion of the Fund and that Parliament is guaranteeing the payment of pension rights for all former and some current Members of this Fund, when and if this fund is not able to meet its obligations; recalls that the Voluntary Pension Fund was conceived as a transitory solution before the new Statute for Members of the European Parliament that was effective as of 14 July 2009;
88. Takes note that the Court of Justice of the European Union ruled in 2013 that the decisions taken by the Bureau in 2009, notably to increase the age of retirement for the Fund subscribers from 60 to 63 years, in order to avoid the early exhaustion of the capital and to align it with the new Statute for Members of the European Parliament were valid; recalls that two-thirds of payments into the fund were made directly by Parliament, rather than by individual members;

#### ***Directorate-General for Innovation and Technological Support***

89. Is deeply worried that personal and confidential individual mail-boxes of selected Members, parliamentary assistants and officials have been compromised after the Parliament has been subject to a man-in-the-middle attack where a hacker has captured the communication between private smartphones and the public Wi-Fi of the Parliament; insists that an independent third party ICT security audit be carried out on all parliamentary ICT and telecommunications systems in accordance with the specifications laid down in Annex I with a view to completing a clear roadmap towards a more robust ICT security policy in 2015;
90. Considers that guest users should have access to a Wi-Fi network that cannot grant access to the intranet or internal IT services of the Parliament such as the webmail, thus separating the functionalities of the private Wi-Fi network and the guest Wi-Fi network; is of the opinion that an independent security audit should be carried out on the whole of Parliament's IT and telecommunication infrastructure that reassures that Parliament operates within the highest available security standards against hacking and telephone tapping activities;
91. Considers that important advancements must be supported by adequate investments in support and maintenance activities for these projects, as well as the appropriate cooperation with members and staff; points out in particular the successful launch of the AT4AM system; regrets the discontinuation of the Parliament Linux distribution configuration, which was never marketed or targeted towards members and staff who would have had an interest in such a project; notes that the introduction of new working tools for Members and staff assumes that pilot-phase testing of such working tools is done only in cooperation with such members and staff that are willing to endure the additional work that pilot-phase testing entails;
92. Insists in the same spirit that Parliament cooperation collaborates further with the Commission's Directorate-General for Informatics to identify not only new, disruptive ICT tools from non-incumbent vendors, but also suitable replacements for old ICT tools

and infrastructures that go in the direction of open, interoperable and non-vendor dependent solutions with a view to social, ethical and economical responsibility;

93. Takes note of the process of internalisation of staff in the Directorate-General for Innovation and Technological Support and the promised reduction of costs and the increased level of expertise corporate identity among the staff in the IT area; recalls that the increased level of expertise concerning permanent innovations was also the reason given to externalise this sector several years ago; questions the argument of reduced costs; is aware of the constraints and challenges with regard to the recruitment of the best professionals available on the market; calls on the Secretary-General to cooperate with the European Personnel Selection Office to find ways how to accelerate the recruitment procedure and to attract the best experts in the area of IT technologies and security;
94. Maintains that Parliament itself must have the final say in all ICT-related matters;
95. Notes that the existing ICT infrastructure of Parliament is only partially open-source based and therefore limits Parliaments' use of hardware and software applications; calls for a gradual transition to an open-based ICT infrastructure leading to more cost efficiency and interoperability while allowing for the highest level of security; calls in this respect also for sufficient technical and administrative support that ensures an adequate maintenance;
96. Proposes that new information and communication technologies be used to a greater extent in the translation and interpretation services;
97. Urges the Secretary-General to additionally secure that ICT support staff are available to members and staff at the work location, to enable both ICT support staff and parliamentary staff and members with the security and comfort of interacting face-to-face; reminds the Secretary-General that remote-access ICT support can be uncomfortable and less appropriate for the establishment of trust relationships between IT maintenance staff and those in need of IT maintenance; points also to the unsuitability of relying entirely on remote solutions until the above-mentioned security audit is adequately carried out;
98. Demands that the Secretary-General ensures that by 1 December 2014, at least the following auditing actions will have been undertaken:
  - black box penetration testing
  - white box penetration testing
  - review of crypto protocols
  - review of applications
  - review of the Access Control Lists to the applications
  - review of the Access Control Lists to the physical infrastructures
  - review of compilation chain for applications
  - review of source code for applications;



Expects the results of the audit to be presented to the Committee on Budgetary Control and the Committee on Budgets together with an estimation of expenditures, staff resources and time necessary to remedy any security deficiencies found in the audit;

99. Takes the view that the availability of data must not be constrained by the use of platform- or system-specific architecture and that the data format must be based on widely used and freely accessible standards and be supported and maintained by organisations which are independent of manufacturers; stresses that full documentation relating to format and all extensions must be made freely available;

***Travel agency***

100. Welcomes the fact that as called for by the Committee on Budgetary Control, the new travel agency contract, which entered into force on 1 January 2014, allows financial and performance audits to be carried out; notes that the only company to bid for the contract was BCD Travel N.V., the agency which held the previous contract and that the present contract is to run for two years;
101. Insists that for Members' air travel within Europe, only the cost of economy class tickets should be reimbursable from Parliament's budget;

***Annual report on contracts awarded***

102. Recalls that the Financial Regulation (FR) and its Rules of Application (RAP), which came into force on 1 January 2013, lay down the information to be provided to the budgetary authority and to the public concerning the award of contracts by the institution; notes that the new FR requires to publish the contracts awarded with a value of more than EUR 15 000 (as against EUR 25 000 previously), a value that corresponds to the new threshold above which a competitive tendering became compulsory;
103. Notes that all of Parliament's Directorates-General awarded contracts with a value greater than EUR 25 000 in 2012 and that the combined value of those contracts was EUR 724 million (EUR 603 million in 2011); further notes that central services established, on the basis of information entered by the authorising departments in the register of contracts awarded, the annual report to the budgetary authority on contracts awarded in 2012;
104. Notes the breakdown of contracts awarded in 2012 and 2011 by type of contract used as follows:

Type of contract (between EUR 15 000 and EUR 25 000)	2012	
	Number	Value (EUR)
Services	66	1 363 733
Supplies	13	246 663
Works	15	289 561
Building	0	0
<b>Total</b>	<b>94</b>	<b>1 899 957</b>

Type of contract (worth EUR 25 000 or more)	2012		2011	
	Number	Percentage	Number	Percentage
1.				
Services	167	73 %	168	68 %
Supplies	39	17 %	43	18 %
Works	21	9 %	29	12 %
Building	3	1 %	5	2 %
<b>Total</b>	<b>230</b>	<b>100 %</b>	<b>245</b>	<b>100 %</b>

Type of contract (worth EUR 25 000 or more)	2012		2011	
	Value (EUR)	Percentage	Value (EUR)	Percentage
1.				
Services	478 867 118	66 %	372 679 542	61 %
Supplies	20 050 555	3 %	181 515 814	30 %
Works	48 097 311	7 %	33 142 238	6 %
Building	177 282 082	24 %	15 881 213	3 %
<b>Total</b>	<b>724 297 066</b>	<b>100 %</b>	<b>603 218 807</b>	<b>100 %</b>

(Annual report on the contracts awarded by the European Parliament, 2012, p. 6)

105. Notes the breakdown of contracts awarded in 2012 and 2011 by type of procedure used as follows:

Type of procedure (between EUR 15 000 and EUR 25 000)	2012	
	Number	Value (EUR)
Open	0	0
Restricted	0	0
Negotiated	94	1 899 958
Competition	-	-
Exception	-	-
<b>Total</b>	<b>94</b>	<b>1 899 958</b>

Type of procedure (worth EUR 25 000 or more)	2012		2011	
	Number	Percentage	Number	Percentage
1.				
Open	93	40 %	90	37 %
Restricted	4	2 %	12	5 %
Negotiated	133	58 %	138	56 %
Competition	-	-	2	1 %
Exception	-	-	3	1 %
<b>Total</b>	<b>230</b>	<b>100 %</b>	<b>245</b>	<b>100 %</b>

Type of procedure (worth EUR 25 000 or more)	2012		2011	
	Value (EUR)	Percentage	Value (EUR)	Percentage
1.				
Open	268 775 678	37 %	436 253 061	72 %
Restricted	245 111 639	34 %	126 420 563	21 %
Negotiated	210 409 749	29 %	31 283 089	5 %
Competition	-	-	4 668 600	1 %
Exception	-	-	4 593 494	1 %
<b>Total</b>	<b>724 297 066</b>	<b>100 %</b>	<b>603 218 807</b>	<b>100 %</b>

(Annual report on the contracts awarded by the European Parliament, 2012, pp. 8)

106. Notes that of a total of 230 contracts awarded in 2012, 97, with a value of EUR 514 million, were based on open or restricted procedures, and 133, with a value of EUR 210 million, were based on negotiated procedures; takes note that the considerable increase in the use of negotiated procedures, from 2011 to 2012, in terms of value, lay in the three building contract procedures, with a combined value of EUR 177,28 million, which substantially increased the overall amount;

107. Regrets that due to a reduction in administrative burden for low value contracts, aimed at increasing SME participation in tenders for these contracts, the administration does not dispose of the number of SMEs that secured low value contracts; therefore the Secretariat-General is not able to show whether or not the reduction in administrative

burden actually led to an increased SME participation and thus the effectiveness of the measures taken; requests to monitor the number of SMEs that secured low value contracts;

108. Is of the opinion that for contracts below the threshold of EUR 60 000, full transparency should be given on the award criteria and a conflicts of interest check should be provided for;

*Exceptional negotiated procedures*

109. Signals that the use of exceptional negotiated procedures by Parliament fell in terms of numbers in 2012 (from 59 in 2011 to 43 in 2012), a reduction of 27 % for the institution and five Directorates-General did not use this type of procedure in 2012, while one Directorate-General awarded the same number of contracts under it as in 2011, while two of them awarded more; points out, furthermore, that since 2012, the authorising officer responsible must systematically state the reasons, in an annex attached to the annual activity reports, for making use of an exceptional negotiated procedure;

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

110. Is of the opinion that the political groups are key actors for Parliament and the Union as a whole as their transnational nature represents a unique model in the world and their role is crucial in order to guarantee a strong democratic accountability of all Union institutions;
111. Notes that in 2012, the appropriations entered under budget item 4 0 0 were used as follows:

Group	2012					2011				
	Annual appropriations	Own resources and carried-over appropriations	Expenditure	Rate of use of annual appropriations	Amounts carried over to next period	Annual appropriations	Own resources and carried-over appropriations	Expenditure	Rate of use of annual appropriations	Amounts carried over to next period (2011)
EPP	21 128	2 024	18 974	89,81 %	4 178	20 336	1 918	20 442	100,42 %	1 832
S&D	14 908	6 313	14 520	97,40 %	6 702	14 302	5 499	13 696	95,76 %	6 105
ALDE	6 673	2 281	6 855	102,72 %	2 100	6 477	2 416	6 676	103,07 %	2 217
Greens/EFA	4 319	1 460	4 002	92,65 %	1 778	4 025	1 242	3 820	94,91 %	1 447
GUE/NGL	2 563	1 094	2 602	101,52 %	1 055	2 535	1 088	2 553	100,71 %	1 070
ECR	3 765	1 219	3 407	90,51 %	1 577	3 831	720	3 375	88,09 %	1 176
EFD	2 538	881	2 494	98,29 %	925	2 088	835	2 046	98,03 %	876
Non-attached Members	1 362	413	963	70,73 %	367	1 270	409	924	72,72 %	413
<b>Total</b>	<b>57 255</b>	<b>15 687</b>	<b>53 817</b>	<b>94,00 %</b>	<b>18 680</b>	<b>54 866</b>	<b>14 126</b>	<b>53 514</b>	<b>97,53 %</b>	<b>15 137</b>
* <i>all amounts in thousand EUR</i>										

### *European Political Parties and European Political Foundations*

112. Notes that in 2012 the appropriations entered under budget item 4 0 2 were used as follows<sup>1</sup>:

Party	Abbreviation	Own resources*	EP grant	Total revenue	EP grant as % of eligible expenditure (max. 85 %)	Revenue surplus (transfer to reserves) or loss
European People's Party	EPP	1 471	6 483	8 863	85 %	242
Party of European Socialists	PES	977	4 323	5 514	85 %	91
Alliance of Liberals and Democrats for Europe Party	ALDE	440	1 950	2 784	85 %	60
European Green Party	EGP	397	1 333	1 908	84 %	127
Alliance of European Conservatives and Reformists	AECR	216	1 139	1 701	85 %	13
Party of the European Left	EL	269	835	1 263	79 %	47
European Democratic Party	EDP/PDE	79	363	630	84 %	0
European Free Alliance	EFA	91	382	530	85 %	23
EUDemocrats	EUD	29	195	271	85 %	-6
European Christian Political Movement	ECPM	44	242	285	85 %	0,6
European Alliance for Freedom	EAF	65	357	428	85 %	2
European Alliance of National Movements	AEMN	44	186	333	85 %	-2
Movement for a Europe of Liberties and Democracy	MELD	81	458	702	85 %	0
<b>Total</b>		<b>4 203</b>	<b>18 247</b>	<b>25 214</b>	<b>84 %</b>	<b>598</b>
(*) all amounts in thousands EUR						

<sup>1</sup> Source: PV BUR. 09.09.2013 (PE 512.496/BUR) point 14 and PV BUR. 07.10.2013 (PE 516.110/BUR) point 12

113. Notes that in 2012 the appropriations entered under budget item 4 0 3 were used as follows<sup>1</sup>:

Foundation	Abbreviation	Affiliated to party	Own resources*	EP grant	Total revenue	EP grant as % of eligible expenditure (max. 85 %)
Centre for European Studies	CES	EPP	786	3 719	4 505	83 %
Foundation for European Progressive Studies	FEPS	PES	517	2 795	3 312	85 %
European Liberal Forum	ELF	ALDE	183	996	1 179	85 %
Green European Foundation	GEF	EGP	156	865	1 020	85 %
Transform Europe	TE	EL	120	550	671	83 %
Institute of European Democrats	IED	PDE	48	238	286	85 %
Organisation For European Interstate Cooperation	OEIC	EUD	20	132	152	85 %
Centre Maurits Coppieters	CMC	EFA	36	200	235	85 %
New Direction	ND	AECR	141	679	820	85 %
European Christian Political Foundation	ECPF	ECPM	30	167	197	82 %
European Foundation for Freedom	EFF	EAF	44	234	279	84 %
Foundation for a Europe of Liberties and Democracy	FELD	MELD	56	194	250	78 %
<b>Total</b>			<b>2 136</b>	<b>10 768</b>	<b>12 905</b>	<b>84 %</b>
(*) all amounts in thousands EUR						

<sup>1</sup> Source: PV BUR. 09.09.2013 (PE 512.496/BUR) point 14, SG Note to the Bureau: D(2013)33164

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	18.3.2014
<b>Result of final vote</b>	+: 17 -: 2 0: 2
<b>Members present for the final vote</b>	Marta Andreasen, Jean-Pierre Audy, Inés Ayala Sender, Zuzana Brzobohatá, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Cătălin Sorin Ivan, Rina Ronja Kari, Monica Luisa Macovei, Jan Mulder, Eva Ortiz Vilella, Monika Panayotova, Crescenzo Rivellini, Bogusław Sonik, Bart Staes, Georgios Stavrakakis, Michael Theurer, Derek Vaughan
<b>Substitute(s) present for the final vote</b>	Amelia Andersdotter, Philip Bradbourn, Esther de Lange, Vojtěch Mynář, Jan Olbrycht, Markus Pieper