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*Plenary sitting*

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**A8-0132/2016**

8.4.2016

# **REPORT**

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section VII – Committee of the Regions  
(2015/2160(DEC))

Committee on Budgetary Control

Rapporteur: Monica Macovei

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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 2014, Section VII – Committee of the Regions (2015/2160(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2014<sup>1</sup>,
  - having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0205/2015)<sup>2</sup>,
  - having regard to the Court of Auditors' annual report on the implementation of the budget concerning the financial year 2014, together with the institutions' replies<sup>3</sup>,
  - having regard to the statement of assurance<sup>4</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 2014, 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 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>5</sup>, and in particular Articles 55, 99, 164, 165 and 166 thereof,
  - having regard to Rule 94 of and Annex V to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A8-0132/2016),
1. Grants the Secretary-General of the Committee of the Regions discharge in respect of the implementation of the budget of the Committee of the Regions for the financial year 2014;
  2. Sets out its observations in the resolution below;
  3. Instructs its President to forward this decision and the resolution forming an integral part of it to the Committee of the Regions, the European Council, the Council, the Commission and the Court of Auditors, the European Ombudsman, the European Data Protection Supervisor and the European External Action Service, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 51, 20.2.2014.

<sup>2</sup> OJ C 377, 13.11.2015, p. 1.

<sup>3</sup> OJ C 373, 10.11.2015, p. 1.

<sup>4</sup> OJ C 377, 13.11.2015, p. 146.

<sup>5</sup> OJ L 298, 26.10.2012, p. 1.

## 2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section VII – Committee of the Regions (2015/2160(DEC))**

*The European Parliament,*

- having regard to its decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section VII – Committee of the Regions,
  - having regard to Rule 94 of and Annex V to its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A8-0132/2016),
1. Notes that in its 2014 annual report, the Court of Auditors (“Court”) observed that no significant weaknesses had been identified in respect of the audited topics relating to human resources and procurement for the Committee of the Regions (“the Committee”);
  2. Notes that on the basis of its audit work, the Court concluded that the payments as a whole for the year ended 31 December 2014 for administrative and other expenditure of the institutions and bodies were free from material error;

### ***Budget and financial management***

3. Notes that in 2014, the Committee had an approved budget of EUR 87 600 000 (EUR 87 373 000 in 2013), of which EUR 86 300 000 were commitment appropriations with a utilisation rate of 98,5 %; welcomes the increase of the utilisation rate in 2014;
4. Notes that Objective 4 of the Directorate for Administration and Finance "to ensure effective internal control environment and monitor the implementation of the Financial Regulations" was not achieved for two out of three impact indicators: the rate of return for correction of legal or budgetary commitments or payments falls below the 4 % target, while the number of financial exceptions increases by 6 % in 2014, instead of decreasing by 3 %;
5. Is concerned with the increase in the number of exception reports: 87 financial exceptions and three administrative exceptions; stresses that those three administrative exceptions were related to non-compliance with internal procedures; notes that four derogations were made in 2014 (compared to one in 2013) on procurement rules or contract management and that most of the derogation reports (58 out of 81) are related to absence or insufficiency of legal commitments; asks for detailed information on how those derogations occurred and on the amounts involved; requires a full report on corrective measures taken to prevent similar situations by the end of June 2016;
6. Notes the 13 transfers between budget lines during the financial year 2014; is of the opinion that the transfers concerning the political groups' communication budget and printing in the *Official Journal of the European Union* could have been foreseen in the

initially approved budget;

### *Savings and administrative expenditure*

7. Stresses that the Committee's budget is purely administrative, with a large amount being used for expenditure relating to persons working within the institution and the remaining amount relating to buildings, furniture, equipment and miscellaneous running costs;
8. Notes nevertheless that a total of EUR 8 277 556 was spent in 2014 only on travel and meeting allowances for Members and alternate members of the Committee plus EUR 409 100 on missions and travel costs of staff; considers the number of missions to be extremely high (787), as is the expenditure generated by members for travel and meeting allowances; considers that missions undertaken by Members should be clearly described in the annual activity report ("AAR"), with detailed expenses and a cost-benefit analysis; stresses that the reference to Members' missions is vague, imprecise and does not provide clear figures; urges the Committee always to include data on Members' missions in its AAR;
9. Considers that the total amount of EUR 9 594 089 paid by the Committee for 2014 lease expenses (external lessors) to be too high; recalls that even after withdrawing the contribution from the European Economic and Social Committee ("EESC") of EUR 1 181 382, the net amount paid by the Committee remained higher than the accounting share of those lease payments, the difference being recorded as building expenses (EUR 852 464); stresses that most of the liabilities of the Committee result from transactions generated by the leased buildings (95,6 % in 2014) and that at the end of 2014 the financial lease debt amounted to EUR 65 051 695; calls on the Committee to identify solutions jointly with Parliament and the Commission, such as extensive joint use of buildings and meeting and conference rooms, to reduce costs;
10. Requests that the Committee's building policy be attached to its AAR, especially given that it is important that the costs of such a policy be properly rationalised and not excessive;
11. Notes the savings in interpretation services; regrets that thorough information on the utilisation and cancellation rate of interpretation services is not provided in the AAR; requests that those data are included in the Committee's AAR for 2015;
12. Notes with satisfaction that the Committee included information on unused interpretation services in its AAR for 2013; considers it positive that the unused rate of the interpretation services has decreased from 3,23 % in 2012 to 2,51 % in 2013, and believes that this rate can still be improved; calls on the Committee to plan its meetings better;
13. Notes the increased use of videoconferencing by the Committee; regrets however the delay in the introduction of portable videoconferencing facilities and asks to be informed of developments in the Committee's AAR for 2015; takes note that, according to the Committee, the videoconferencing tool has been used in the meetings where no interpretation is needed; encourages the Committee to use the language training effectively in order to ensure that less interpretation is needed and thus the work of the

institution is more effective and efficient; calls on the Committee to update the discharge authority in this regard by the end of June 2016;

14. Urges extensive use of videoconferencing and all related tools in order to significantly cut costs; does not understand how such a high number of missions to Greece or Italy (77 and 125, respectively) translates into added value for the citizen of those countries or other Union citizens;

### *Cooperation and agreements*

15. Welcomes the adoption of the Charter for Multilevel Governance in Europe in 2014, launched with a commitment to developing new forms of dialogue and partnership between all public authorities within the Union, so as to optimise public policies, public spending and increase policy delivery; asks to be informed of the project's strategy in that regard and results thereof;
16. Notes that a cooperation agreement between the Parliament, the Committee and the EESC was signed on 5 February 2014 with the objective of developing political cooperation; notes that an Annex on administrative cooperation was also agreed;
17. Finds that there is still room for improvement in the collaboration between Parliament and the Committee based on the cooperation agreement, in particular with regard to political aspects; invites both institutions to examine whether further synergies that enhance productivity in the domains covered by the cooperation agreement can be found and asks to be kept informed of developments in this regard; calls for the establishment of specific detailed provisions on the functioning of the services shared by Parliament, the Committee and the EESC;
18. Calls for Committee Members to be polled on their satisfaction with the services provided for them by the EPRS; asks to continue to be informed of developments with regard to the agreement;
19. Asks for a detailed breakdown per institution of the budgetary savings and increased budgetary costs resulting from the cooperation agreement to be included in the mid-term review;
20. Notes that in 2014 the Committee and the EESC had a positive budgetary position within the framework of the cooperation agreement between the EESC, the Committee and Parliament; notes with concern that 36 officials from the EESC and 24 from the Committee, all from the translation services and for the most part very near to retirement age, were transferred under the agreement, with the result that both institutions will make significant savings in budget chapters for staff (salaries and pensions) while Parliament's costs will increase considerably both in the short term (salaries) and in the long term (pensions);
21. Takes note that a new administrative bilateral cooperation agreement between the Committee and the EESC was signed in 2015; requests to be kept informed of this bilateral cooperation in the context of the mid-term assessment;
22. Takes note of the cooperation between the Committee and Parliament's Committee on

Budgetary Control, in particular in relation to the discharge exercise;

### ***Human resources management***

23. Regrets that Objective 2 of the Directorate for Translation - "improve working methods and optimise human and financial resources management" - was not achieved; is concerned at the low execution rate for budget line 1420 (translation outsourcing and translation tools); notes in particular that the budget execution rate for several of the translation lines was well below the average of previous years;
24. Acknowledges the results reached by the inter-institutional committee for translation and interpretation settling a harmonised methodology which enables direct comparisons of the translation costs of all institutions; welcomes the fact that the Committee is providing data according to this methodology;
25. Notes the continued shortage of women holding senior Committee posts; calls for an equal opportunities plan to be established with regard to management positions, with the aim of correcting this imbalance as quickly as possible;
26. Regrets that less than 35 % of managers is women while more than 60 % of the staff is composed of women; stresses therefore that only 28 % of senior management posts are occupied by women; calls upon the Committee to correct this imbalanced situation concerning women;

### ***Procurement and contract management***

27. Stresses that the audit committee analysed the Committee's current procurement practices and made recommendations relating to the improvement of the financial circuits, accompanied by 15 measures to reinforce control systems; requests detailed information on the procurement quality assurance group and its effectiveness and a description and follow-up of the recommendations of the audit committee in this respect, by the end of June 2016;
28. Regrets that the number of derogations from procurement rules or contract management increased from 1 in 2013 to 4 in 2014; notes that one such derogation arose from a procedural error in a joint Committee-Parliament continuity of IT services procedure; calls on the Committee to take the necessary measures to ensure this type of situation does not recur; asks the Committee to address, without delay, the ongoing issue of all exception reports due to non-compliance with the provisions of the Financial Regulation or the internal rules of procedure; notes that the number of exceptions represents, however, only 0,4 % of the operations concerned;

### ***Internal audit***

29. Notes that the audit committee, which was created in 2013, met twice in 2014; is concerned with the results of the follow-up of the audit on the performance of IT projects; considers that the performance of IT projects and applications is a clearly identified weakness, for which little to no measures were taken; strongly regrets that only one of the 15 recommendations of the audit authority was closed; requests an impact analysis of those IT projects and their added value for the Union citizens by the

end of June 2016;

30. Notes with satisfaction that 16 out of 18 recommendations made by the auditors on the performance of external written communication were closed and that, according to the second follow-up report, risks of lack of efficiency and effectiveness due to the remaining open recommendations are considered as low;
31. Notes the approval by the Secretary General (in 2015) of the audit on the adequacy of the statutory rights definition system and requests supplementary information on the 19 recommendations on revision of subdelegation procedures, improvement of risk analysis in connection with verification results, definition or revision of procedures and checklists, the application of the training policy, publication of decisions on appointments, transfer and status; urges the Committee to come up by the end of June 2016 with an action plan designed by the audited service, which should include deadlines on implementing necessary corrective measures;

### ***Rules on whistleblowing, conflicts of interests and "revolving doors" situations***

32. Welcomes the adoption by the Committee of a decision laying down rules on whistleblowing<sup>1</sup>, which entered into force on 1 January 2016; considers that it took too long to implement those rules; calls on the Committee to publish and enforce them without further delay and to inform the discharge authority of its progress on the implementation in the Annual Activity Report;
33. Finds it unacceptable that the Committee has been dealing with the same whistleblowing case since 2003 and that, despite the Civil Service Tribunal judgments of 2013<sup>2</sup> and 2014<sup>3</sup>, and Parliament's discharge resolution of 29 April 2015<sup>4</sup>, it has not yet complied with those judgments, recognised the plaintiff's action as being legitimate, or finally closed the case; urges the Committee to take all necessary steps to resolve this situation without further delay and to admit publicly that the whistle-blower's findings were correct, as stated by the European Anti-Fraud Office and other Union bodies; calls on the Committee to update Parliament of progress with regard to the whistle-blowing case by the end of June 2016;
34. Acknowledges that, according to the Committee, no situations of conflict of interests occurred during the financial year 2014; urges the Committee to publish the CVs and declarations of interests of all members and senior staff management and to adopt an internal policy and clear rules on the prevention and management of conflicts of interests and "revolving doors" situations, in accordance with the guidelines published by the Commission; expects the Committee to provide those CVs, declarations of interest and rules to Parliament by the end of June 2016;

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<sup>1</sup> Decision No 508/2015 of the Committee of the Regions, of 17 December 2015, laying down rules on whistleblowing.

*Overall performance, planning and strategic management*

35. Takes note of the Committee's efforts and achievements in stepping up its information and communication policy;
36. Stresses that the risks identified during the audits and risk analyses that have been performed, particularly in the areas of financial management and operational or organisational matters, need to be addressed without delay; requests a detailed presentation of the mitigation measures that the Committee proposes, and a clear calendar for their implementation, by the end of June 2016;
37. Calls on the Committee to notify Parliament of actions taken to 'engage participation' of Union citizens, such as in situations where mutual exchanges with citizens and their involvement have occurred and where direct results - measurable, focused and with a visible impact - have been obtained through such participation;
38. Concludes that, while the 2014 list of Committee activities in support of Union policies is quite comprehensive, their practical outcome is vaguely and imprecisely addressed; calls for a thorough SWAT analysis of the outcomes and SMART indicators for the Committee's objectives, along with an outline of a number of direct benefits for Union citizens to be obtained as a result of its mandate and activities.

## RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	4.4.2016
<b>Result of final vote</b>	+: 14 -: 7 0: 0
<b>Members present for the final vote</b>	Louis Aliot, Inés Ayala Sender, Dennis de Jong, Martina Dlabajová, Ingeborg Gräßle, Verónica Lope Fontagné, Monica Macovei, Dan Nica, Gilles Pargneaux, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Tomáš Zdechovský
<b>Substitutes present for the final vote</b>	Marian-Jean Marinescu, Miroslav Poche
<b>Substitutes under Rule 200(2) present for the final vote</b>	Birgit Collin-Langen, Bodil Valero