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Committee on Budgetary Control

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DRAFT REPORT

on discharge in respect of the implementation of the European Union general budget for the financial year 2009, Section I – European Parliament (C7-0212/2010 – 2010/2143(DEC))

Committee on Budgetary Control

Rapporteur: Ville Itälä

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the European Union general budget for the financial year 2009, Section I – European Parliament (C7-0212/2010 – 2010/2143(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2009¹,
- having regard to the final annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 - C7-0212/2010)²,
- having regard to the report on budgetary and financial management - financial year 2009, Section I - European Parliament³,
- having regard to the Internal Auditor's annual report for 2009,
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2009, together with the institutions' replies⁴,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union⁵,
- having regard to Article 272(10) and Article 275 of the EC Treaty, Article 314(10) and Article 318 of the Treaty on the Functioning of the European Union, and Article 179a of the Euratom Treaty,
- 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 Communities⁶ (the Financial Regulation), and in particular Articles 145, 146 and 147 thereof,
- having regard to Article 13 of the Internal Rules on the implementation of the European Parliament's budget⁷,
- having regard to Article 147(1) of the Financial Regulation, 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 10 April 2008 on the guidelines for the 2009 budget

¹ OJ L 69, 13.3.2009.

² OJ C 308, 12.11.2010, p. 1.

³ OJ C 172, 30.6.2010, p. 1.

⁴ OJ C 303, 9.11.2010, p. 1.

⁵ OJ C 308, 12.11.2010, p. 129.

⁶ OJ L 248, 16.9.2002, p. 1.

⁷ PE 349.540/Bur/Ann/fin.

procedure - Sections I, II, IV, V, VI, VII, VIII and IX¹,

- having regard to its resolution of 20 May 2008 on Parliament's estimates of revenue and expenditure for the financial year 2009²
 - 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 (A7-0000/2011),
- A. whereas the audit of the Court of Auditors states that, as regards administrative expenditure in 2009, all the institutions satisfactorily operated the supervisory and control systems required by the Financial Regulation and the transactions tested were free from material error³,
- B. whereas the Secretary-General certified, on 2 July 2010, 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,
1. Grants its President discharge in respect of the implementation of the European Parliament budget for the financial year 2009;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this Decision and the resolution that forms an integral part 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).

¹ OJ C 247 E, 15.10.2009, p. 78.

² OJ C 279 E, 19.11.2009, p. 163.

³ OJ C 303, 9.11.2010, p.198.

2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, Section I – European Parliament (C7-0212/2010 – 2010/2143(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2009¹,
- having regard to the final annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 - C7-0212/2010)²,
- having regard to the report on budgetary and financial management- financial year 2009, Section I - European Parliament³,
- having regard to the Internal Auditor's annual report for 2009,
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2009, together with the institutions' replies⁴,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union⁵,
- having regard to Article 272(10) and Article 275 of the EC Treaty, Article 314(10) and Article 318 of the Treaty on the Functioning of the European Union, and Article 179a of the Euratom Treaty,
- 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 Communities⁶ (the Financial Regulation), and in particular Articles 145, 146 and 147 thereof,
- having regard to Article 13 of the Internal Rules on the implementation of the European Parliament's budget⁷,
- having regard to Article 147(1) of the Financial Regulation, 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 10 April 2008 on the guidelines for the 2009 budget

¹ OJ L 69, 13.3.2009

² OJ C 308, 12.11.2010, p. 1.

³ OJ C 172, 30.6.2010, p. 1

⁴ OJ C 303, 9.11.2010, p. 1.

⁵ OJ C 308, 12.11.2010, p. 129.

⁶ OJ L 248, 16.9.2002, p. 1.

⁷ PE 349.540/Bur/Ann/fin.

procedure - Sections I, II, IV, V, VI, VII, VIII and IX¹,

- having regard to its resolution of 20 May 2008 on Parliament's estimates of revenue and expenditure for the financial year 2009²,
 - 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 (A7-0000/2011),
- A. whereas the audit of the Court of Auditors states that, as regards administrative expenditure in 2009, all the institutions operated satisfactorily the supervisory and control systems required by the Financial Regulation, and the transactions tested were free from material error³,
- B. whereas the Secretary-General certified, on 2 July 2010, 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,

Major changes in Parliament's budget management during 2009

1. Recalls that, in its resolution of 5 May 2010⁴, on discharge to Parliament for the financial year 2008, Parliament deplores the great number (88 out of 452) and significant proportion of outstanding actions in respect of the audit carried out by the Internal Auditor on the internal control framework; notes with satisfaction the replies by the Secretary-General to the discharge questionnaire according to which, in the opinion of the Directors General, considerable progress took place in the implementation of the action items adopted by them: by the end of 2010 they considered 51 actions to have been fully implemented (including all of the 4 critical actions), 31 actions to have been partially implemented, whilst for 6 actions most of the work still needed to be done; requests however that the assessment and validation by its Internal Auditor of these self-assessments be included in its forthcoming annual report; also requests the Secretary-General to report to the Committee on Budgetary Control by 30 September 2011 on all outstanding actions;
2. Recalls that DG ITEC was the most concerned, with 22 open actions; notes with satisfaction that, according to the Internal Auditor, the Directorate for Information Technology within DG ITEC, has implemented 19 of the 22 open actions and, in the process, has made significant progress in developing its control framework; encourages all its Directorates general concerned to continue their efforts to improve their respective management and control procedures;

¹ OJ C 247 E, 15.10.2009, p. 78.

² OJ C 279 E, 19.11.2009, p. 163.

³ OJ C 303, 9.11.2010, p.198.

⁴ OJ L 252, 25.9.2010, p. 3.

3. Notes that 2009 was the first year of implementation for the Statute for Members of the European Parliament and for the Statute for Accredited Parliamentary Assistants; observes a certain number of initial problems with the implementing measures for the Assistants' Statute, welcomes however the fact that a Temporary Evaluation Group, set up within the Bureau, on the Members' and Assistants' Statutes has proposed amendments to the implementing measures for the Members' Statute concerning (i) Members' travel, (ii) Members' sickness insurance and reimbursement of medical expenses, (iii) travel by assistants on mission, (iv) duration and renewal of assistants' contracts, (v) assistants' professional training, and (vi) rules concerning Members' trainees as well as other amendments to the Assistants' Statute, in particular on (i) use of the parliamentary assistance and general expenditure allowances, (ii) paying agents, and (iii) revision of the complaints and appeals procedure for Members;
4. Notes the significant increase in the workload registered by the administration, relating to the entry into force of the new Statutes; notes with concern the more complicated procedure as regards accredited assistants' missions outside the three places of work and considers that, in spite of considerable increase in staffing, there are insufficient staff members in the Members' service and the services dealing with assistants and requests, therefore, the redeployment by the administration of additional staff in order to cope with the increased workload; requests, moreover, that an evaluation/assessment be made and forwarded to its competent committees by 30 September 2011 on the experience gained of the implementation of the two Statutes following the first full year of their implementation, as well as on their financial implications for Parliament's budget;
5. Notes with satisfaction the improvements in the management of Parliament's services; welcomes, in particular, the Bureau decisions of 1 April 2009 on the restructuring, from 1 January 2010, of the Directorate-General for Personnel and on the restructuring and reinforcing of the Directorate-General for Infrastructure and Logistics in order to enable it to start work immediately on improving the maintenance of Parliament's premises;
6. Welcomes the recent adoption by the Bureau on 24 March 2010 of the long-awaited medium-term strategy in the IT and the buildings sectors;
7. Applauds especially the medium- and long-term property policy (buildings strategy) approved by the Bureau on 24 March 2010, which takes into account Parliament's increased responsibilities under the Treaty of Lisbon, the rules governing allocation of space, the need for accommodation of certain external staff and the need for maintenance/renovation of buildings;
8. Notes with satisfaction the improvements in Parliament's Information and Communication Technologies (ICT) governance, the envisaged generalised use of open source software and the fact that urgent IT development to support both the procurement process and the management of contracts has been recognised in the recently adopted ICT Strategy, as well as the need for:
 - clear specifications at the start of projects;
 - a comprehensive management information system;

- the avoidance of excessive outsourcing of ICT services;
- a clearer separation of duties in the fields of development and maintenance; as well as
- additional resources in DG ITEC in order to achieve a stronger control of projects;

Main remaining challenges

Security

9. Finds it astonishing that around 900 people work in Parliament's security services, most of them as external contract staff and also points to the steady increase in total security costs (some EUR 43 000 000 in 2009); requests, in the light of recent security incidents, the overhaul of these services in order to increase their efficiency;
10. Welcomes in this respect the establishment, from 1 January 2010, of a new Directorate in charge of Security and requests the newly established Directorate to conduct an in-depth review of Parliament's security policy and to work on proposals to adopt security solutions for Parliament which are more technology-oriented and cheaper , resulting in considerable savings in terms of staff and budget;
11. Considers that the new security policy should aim to strike a balance which is cost effective between internal staff and external agents and between security concerns, on the one hand, and accessibility and openness, on the other hand, in order to enable Parliament to remain, as much as possible, an open and accessible institution;
12. Stresses the need for a clear security strategy offering a smart, modern, state-of-the-art security service with the following possible elements:
 - i) electronic signature for Members (instead of the current, archaic system of signatures on paper with data entered manually by staff);
 - ii) technical solutions enabling security staff to deal efficiently with emergency situations by providing them with reliable data concerning the number and identity of people present on Parliament's premises;
 - iii) an updated crisis management plan;
 - iv) an internalised accreditation system for visitors, to provide an improved and more consistent service;
13. Notes the large quantity of cameras installed at Parliament's three places of work¹; requests the Secretary-General to provide the Committee on Budgetary Control by 30 June 2011 with detailed information specifying:
 - i) how the video recordings are used; and
 - ii) how and for how long they are stored .

¹ 1001 cameras in Brussels, 238 in Luxembourg and 364 in Strasbourg.

14. Notes with concern the increasing difficulties encountered by Members and staff in carrying out their work caused by a great number of visitors' groups entering Parliament's premises in the working areas, not originally intended for visitors; requests the Questors to apply the relevant rules more strictly, especially for periods where there is a heavy workload;
15. Deplores the lack of security in Parliament's vicinity and is of the opinion that improved cooperation with local police forces (including establishing joint security/police units) would result in a more efficient use of resources; encourages the institutions' to reach an agreement with the Belgian authorities on improving security within the EU district in Brussels by inter alia intensifying police patrols;

Internalisation vs. Externalisation

16. Notes with great concern the high number (some 990) of external members of staff who are being accommodated in Parliament's offices; takes the view that the need for such accommodation should be written into the original specifications and the services should duly justify why they need to have external IT or buildings experts on site; is of the opinion that greater use should be made of open plan offices;
17. Deplores the overdependence on external (technical) expertise, especially in the IT and buildings sectors resulting from structural imbalances between internal and external resources and calls for a cost-effective balance to be struck between in-house and external expertise in each area of parliamentary activity;

Buildings policy

18. Stresses the need to develop, in-house, the high-quality property expertise that is essential in order significantly to improve the planning and procurement of the future purchases and long-term leases of Parliament's buildings; points out the crucial importance of improved inter-institutional cooperation;
19. Calls on the Secretary-General, with the assistance of DG INLO and all DGs to carry out a in-depth analysis of the actual use of Parliament's buildings and of the need for rules applicable to all categories of users and to develop, as a matter of priority, a single, reliable database containing all relevant information about all the persons accommodated in Parliament's buildings; observes that the Bureau decision on Parliament's medium- and long-term property policy constitutes a good starting point in this respect; calls on DG INLO to scrupulously implement the action plan agreed with the Internal Auditor;
20. Notes the two priority projects necessitating important new office surfaces to be found: a second crèche in Brussels and a second assistant's office; stresses in this context the need for Parliament's buildings to be located close to each other in order to achieve more efficiency and also for environmental reasons;
21. Encourages its administration to negotiate an inter-institutional agreement with the Commission on the financial arrangements for the purchase of 'Europe Houses' (EP Information Offices);

Information and Communication Technologies (ICT) sector

22. Welcomes the more structured approach to ICT and the elaboration of a comprehensive strategy in this field;
23. Highlights, in relation to the IT applications' development process, the structural problem of a high-degree of reliance on external experts which poses serious legal and operational risks; advocates therefore the need for significant changes to the management and control systems in the Directorate for Information Technologies, including the closer and earlier involvement of other DGs in all aspects of application development, which are capable of increasing users' ownership of and responsibility for each project's outcome;
24. Calls therefore on DG ITEC to scrupulously implement the action plan agreed with the Internal Auditor and to aim to achieve an adequate mix of Parliament staff and external resources as well as an appropriate balance between internal application development and deliverables-based contracting; supports also the suggestion to urgently organise separate AD7 competitions in this field;
25. Draws attention to the fact that, for Parliament, the increasing use of external companies for implementing IT projects, in addition to being financially detrimental, runs the risk that it will lose important parts of its know-how as well as its ability to manage and supervise projects delivered by external contractors;

Exceptional negotiated procedures

26. Recalls its view, expressed in its resolution of 5 May 2010, that the increase in the number and proportion of exceptional negotiated procedures registered between 2007 and 2008 clearly obliges the authorising officers to take measures to 'reverse the trend' and its invitation to the Secretary-General to report to its Committee on Budgetary Control on measures taken before 1 September 2010;
27. Is concerned to see the continuing upward trend in the number of exceptional negotiated procedures and reiterates its call to the Secretary-General and the Authorising Officers by delegation to take effective and efficient measures in order to reverse that trend and to report to its competent committee by 30 September 2011 on the measures taken ;

Rules of procedure

28. Notes that the internal organisation and distribution of powers between Parliament's internal structures is defined by its rules of procedure; stresses that this is a key element in the democratic process of good law-making;

Report on budgetary and financial management

29. Notes that, in 2009, Parliament received revenue amounting to EUR 141 250 059 (151 054 374 EUR in 2008) which included EUR 27 576 932 in assigned revenue;

Presentation of Parliament's accounts

30. Takes note of the figures on the basis of which Parliament's accounts for the financial

year 2009 were closed, namely:

(a) Available appropriations (EUR)	
appropriations for 2009:	1 529 970 930
non-automatic carry-overs from financial year 2008:	8 315 729
automatic carry-overs from financial year 2008:	196 133 738
appropriations corresponding to assigned revenue for 2009:	27 576 932
carry-overs corresponding to assigned revenue from 2008:	36 808 922
Total:	1 798 806 251
(b) Utilisation of appropriations in the financial year 2009 (EUR)	
commitments:	1 670 143 804
payments made:	1 466 075 267
appropriations carried forward automatically including those arising from assigned revenue:	201 826 738
appropriations carried forward non-automatically	10 100 000
appropriations cancelled:	120 804 246
(c) Budgetary receipts (EUR)	
received in 2009:	141 250 059
(d) Total balance sheet at 31 December 2009 (EUR)	
	1 709 216 709

31. Notes with satisfaction that for the first time in 2009 no mopping-up transfer took place at the end of the financial year, after a number of years when the possibility of mopping-up was used (mostly to purchase buildings by making advance payments against the annual lease payments), which suggests a better budget planning and discipline which is to be praised; encourages its administration to pursue this objective in the future as well and to avoid, as far as possible, using the technique of mopping up;

Statement of assurance by the Secretary-General

32. Welcomes the Secretary-General's statement dated 2 July 2010 in his capacity as Principal Authorising Officer by delegation, concerning the authorising officers' annual activity reports for 2009, in which he certifies that he has a 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;

Activity reports by the Directors-General

33. Notes that, currently, each Director-General (Authorising Officers by delegation) prepares his/her own Annual Activity Report, and that no overall Activity Report for the Institution as a whole is drafted and adopted; invites the Secretary-General to consider issuing a more readable, consolidated version (a summary) of the Annual Activity Reports, as is already the case with other institutions; takes the view that the report on budgetary and financial management is distinct from the suggested synthesis of annual activity reports;
34. Notes that Article 8(4) to (7) of the Internal rules on the implementation of the Parliament's budget requests Authorising officers by delegation (AODs) to report to the Principal authorising officer by delegation (PAOD), on the performance of his other duties by providing three reports over the course of the year (one at the start of the

financial year, the second on 15 June and the third on 15 October) in addition to the annual activity report produced for the previous year; advocates the need to lessen this reporting burden with the view of simplification, so that DGs prepare only one version of their Annual Activity Report;

35. Stresses however, that this simplification in the AODs' reporting obligations should not affect their obligation of keeping the PAOD informed about any substantial transactions likely to have financial implications for the budget and about any significant event that might jeopardise the sound management of appropriations or prevent the objectives set from being achieved;
36. Notes some weaknesses in reporting regarding the minimum Internal Control Standards in the annual activity reports; proposes, in order to improve reporting, to review these standards and to establish an integrated internal reporting system;
37. Reiterates its request¹ that the Secretary-General inform the Committee on Budgetary Control of the precise measures, including the deadlines for implementation, that he has taken or will take in order to reinforce Parliament's internal control system; recalls that the provision of this information has been due since 31 December 2010;
38. Suggests that, in order to increase transparency within Parliament, the mission statements, the work programme and the organigramme of Parliament's administrative entities, including units and services, should be made available on Parliament's internal website as is already the case at the Commission;

Annual report on contracts awarded

39. Notes that central services, on the basis of information provided by authorising departments, established the annual report² to the budgetary authority on contracts awarded in 2009 and the following breakdown of all contracts awarded in 2009 and 2008:

¹ Point 61 of its resolution of 5 May 2010 (OJ L 252, 25.9.2010, p. 11).

² Available at:

<http://www.europarl.europa.eu/document/activities/cont/201004/20100406ATT72127/20100406ATT72127EN.pdf>

Type of contract	2009		2008	
	Number	Percentage	Number	Percentage
Services	157	62%	241	67%
Supplies	56	22%	59	17%
Works	34	14%	44	12%
Building	5	2%	15	4%
Total	252	100%	359	100%

Type of contract	2009		2008	
	Value (EUR)	Percentage	Value (EUR)	Percentage
Services	415 344 963	75%	454 987 532	67%
Supplies	34 980 727	6%	22 868 681	3%
Works	36 045 314	6%	81 247 056	12%
Building	70 394 138	13%	123 429 315	18%
Total	556 765 142	100%	682 532 584	100%

(Annual report on the contracts awarded by the European Parliament, 2009, pages 3-4)

40. Notes the breakdown of contracts awarded in 2009 and 2008 by type of procedure used as follows:

Type of procedure	2009		2008	
	Number	Percentage	Number	Percentage
Open	73	29%	126	35%
Restricted	13	5%	14	4%
Negotiated	166	66%	219	61%
Total	252	100%	359	100%

Type of procedure	2009		2008	
	Value (EUR)	Percentage	Value (EUR)	Percentage
Open	415 996 418	75%	345 415 316	51%
Restricted	9 458 434	2%	139 782 362	20%
Negotiated	131 310 290	23%	197 334 906	29%
Total	556 765 142	100%	682 532 584	100%

(Annual report on the contracts awarded by the European Parliament, 2009, p. 5)

Exceptional negotiated procedures

41. Notes in particular the steady increase in 2009 (although at a slower pace than in 2008 as compared to 2007) in the number of exceptional negotiated procedures as shown in the following breakdown:

General Directorate	2009		2008	
	Number	% of DG's total contracts	Number	% of DG's total contracts
DG PRES (except DIT)	14	53,85%	8	44,44%
DG IPOL	0	0,00%	0	0,00%
DG EXPO	1	50,00%	3	75,00%
DG COMM (except Library Dir.)	29	42,03%	16	16,00%
DG PERS	1	16,67%	0	0,00%
DG INLO (except Interpreting Dir.)	37	38,14%	36	34,95%
DG INTE (formerly Interpreting Dir.)	3	21,43%	9	56,25%
DG TRAD (except Publishing Dir.)	0	0,00%	0	0,00%
DG ITEC (formerly Publishing and IT Directorates)	4	36,36%	9	56,25%
DG FINS	0	0,00%	0	0,00%
Legal Service	0	0,00%	0	0,00%
Parliament, total	89	35,32%	81	22,56%

(Annual report on the contracts awarded by the European Parliament, 2009, p. 9)

Annual Report of the Court of Auditors for 2009

General findings

42. Notes that the audit of the Court of Auditors found the payments as a whole to be free from material error and the Court of Auditors found no material weaknesses when assessing the compliance of supervisory and control systems with the Financial Regulation;

Engagement of temporary and contractual agents

43. Notes the finding of the Court of Auditors that, in five cases out of 20, documents providing evidence of compliance with the rules relating to the classification of staff as members of the temporary or of the contractual staff and to the fulfilment of linguistic, military and other obligations were not provided; takes note of the responses given by Parliament in the contradictory procedure with the Court of Auditors;

Allowances for staff

44. Notes that the Court of Auditors found¹ that in 16 cases out of 30, information available to Parliament's services in order to ensure that allowances provided for by the Staff Regulations are paid to staff in compliance with relevant Community regulations and

¹ Point 9.14 of the 2009 Annual Report(OJ C 303, 9.11. 2010, p.199).

national legislation was not up-to-date; agrees with the Court of Auditors that there is therefore a risk of making incorrect and undue payments if the circumstances of the individual have changed;

45. Notes with satisfaction the replies of Parliament's administration to the effect that, in 2009, a campaign was launched in order to verify whether the benefit of the household allowance to personnel not having dependent children was still justified and that it now proceeds to a regular verification of the situation of its staff and that, from 2010, this verification was automated (through use of a '*fiche électronique*') which makes at least an- annual verification of the staff personal and administrative data possible;

Organisation and functioning of political groups

46. Notes that Article 12(9) of the Parliament's Internal Rules for the implementation of the budget, adopted on 27 April 2005, provide that the Internal Auditor's area of competence does not include the appropriations from Parliament's budget managed by political groups; further notes that the specific rules on the use of those appropriations require each political group to establish its own internal financial rules and to implement an internal control system but no mention is made of the internal audit function;
47. Observes that only the rules of one out of seven political groups provide for the appointment of an internal auditor; agrees with the Court of Auditors¹ that the functional independence of groups does not justify the non-application of regulatory provisions on the internal audit function;
48. Stresses that it is the responsibility of the political groups to put in place their internal audit system and that this should not be the responsibility of Parliament's Internal Auditor and calls on the Bureau to integrate, as a matter of priority, this obligation in the rules following after consulting the political groups;

Follow-up by the Secretary General to the 2008 discharge resolution

49. Notes with satisfaction the good quality of written answers to the 2008 discharge resolution provided to the Committee on Budgetary Control on 19 November 2010; regrets however that it was not possible to receive those answers before the start of the 2009 discharge exercise; expects that for the 2010 discharge exercise an exchange of views between the Secretary-General and the Committee on Budgetary Control can take place before the end of October 2011;
50. Recalls its request, in its resolution of 5 May 2010, that the Secretary-General contact the other EU institutions in order to establish a central database for the studies that they are conducting which is also available for consultation by the wider public; encourages its Secretary-General to follow up on this request, in particular by proposing to the Commission that that institution establish such a central database; requests to be duly informed of this initiative;
51. Notes with satisfaction that the Secretary-General has sent letters reminding the

¹ Points 9.15 and 9.16 of the 2009 Annual Report (OJ C 303, 9.11.2010, p.200).

Directors-General to implement the critical actions agreed between the Internal Auditor and their services;

52. Is satisfied with the actions taken following its criticism in its discharge resolution of 5 May 2010 of the skiing holidays organised by the Staff Committee; recalls that according to the new rules, Parliament's financial contribution can only be granted for children of officials in grades up to AST 4 and that the subsidy is now dependent on the number of children¹;

The Internal Auditor's annual report

53. Welcomes the fact that, with effect from 1 September 2009, the Internal Audit Service has been attached, for administrative purposes, to the Secretary-General; notes with satisfaction that this important change is in line with the professional standards on the organisational independence of the Internal Audit Service and it enhances both the effectiveness of the internal audit activity and the perception of its independent and objective role by the audited departments;
54. Notes that, at the competent committee's meeting held on 13 January 2011, the Internal Auditor presented his annual report and explained that, in 2009, he performed the following audit work:
- audits of the public procurement process in DG Presidency, DG Infrastructure and Logistics and DG Finance as well as follow-up of the central actions from Internal Audit Report No 05/02 adopted on 31 March 2006;
 - audit of Building Policy: Planning, Assessment and Management of Accommodation Needs;
 - second follow-up of the uncompleted actions from the audits of imprest accounts, inventory and budgetary management in certain Information Offices;
 - third follow-up to the review of the Institution's Internal Control Framework;
 - audit of the IT Applications' Development Process; and
 - follow-up to the review of contributions to political parties at European level and New Review of political foundations and of the application of the rules on reserves and carry-over of surpluses
55. Notes and supports the views expressed by the Internal Auditor as to:
- the general need to improve the preparation and planning of procurement procedures and the prior assessment of needs;
 - the fact that in spite of improvements in central guidance and support for the

¹ Minutes of the meeting of the Bureau of 19.04.2010, PE 439.765/BUR.

procurement process, and useful tools and standard documents devised, departments are not using these systematically; the fact that there is also a need for urgent IT development to support both the procurement process and the management of contracts;

- the need, as a prerequisite for any IT project, for compulsory business process modelling by user departments, which would help to improve the efficiency and effectiveness of the departments' internal control frameworks and risk management processes;
- the importance of risks associated with overdependence on external service providers of consulting and specialised technical expertise;

Risk Manager

56. Notes with satisfaction that the Risk Manager took up his function on 1 June 2010 and reports directly to the Secretary-General; understands that it is not possible to staff the service fully in 2011 and that the first risk profile is expected to be presented during the first half of 2011 and the approach and strategy for risk management will be developed under the authority of the Secretary-General by summer 2011; expects its competent committee to be fully informed of any new development and strategic document regarding Parliament's risk management and to be provided with the Risk Manager's annual activity report from the 2010 discharge exercise;
57. Takes the view that, even if there is no financial risk, Parliament should as far as possible aim to avoid reputational risks, to identify strategic risks (in particular in its IT and buildings sectors), to ensure that an effective risk management system is in operation at central level, with an agreed procedure to identify and assess risks, to formulate and to report on the responses to those risks, and to guarantee the oversight and decision-making bodies that risk management is effective and that all responses to risks, including internal controls, are appropriate;
58. Urges the Secretary-General to establish, with the assistance of the Risk Manager, a consistent institution-wide approach to the identification and management of sensitive posts;

MANAGEMENT OF PARLIAMENT'S ADMINISTRATION

DG Presidency

59. Notes the cost of measures to prevent a possible H1N1 influenza outbreak implemented between mid-September 2009 and the end of March 2010, amounting to some EUR 1 261 000;

DG Internal Policies (IPOL) and External Policies (EXPO)

60. Points to the costs of parliamentary delegations (DG EXPO) in 2009 which amounted to

some EUR 4 301 000;

61. Stresses the fundamental importance of specific knowledge management, in particular in the work of the committees, and the need for permanent and up-to-date knowledge in their fields of operation; recalls the high number of newly elected Members in recent parliamentary terms; asks the Bureau to reflect on the possibility of providing further specific information and training for Members;
62. Welcomes the establishment of a support system for the security of delegations outside the three places of work of which the main objective is to furnish Parliament's hierarchy with all the relevant information needed to provide assistance to delegation members in case of an emergency situation; points out the importance of the 24/7 Hotline, the post of Security Unit Duty Officer and appropriate security training and security briefings, as well as the creation of a future crisis cell;

DG Communication

63. Notes that the human resources available to DG Communication consisted of 722 posts as at 31 December 2009 and the final appropriations managed amounted to EUR 80 935 000; asks to review the number of posts and give a detailed explanation of the underlying need for these posts;

Visitors' centre,

64. Deplores the very long delay in the opening of the Visitors' Centre (originally foreseen for the 2009 European elections) and the poor planning and insufficient support in the start phase from the administration; notes the opening date that is currently envisaged of October-November 2011; reiterates its request for a detailed explanation of the specific reasons for such a considerable delay and the precise increase in the cost of the project;
65. Stresses the need to ensure an easy link (a corridor) for visitors groups between the Visitors' Centre, the Hemicycle and the future House of European History; requests the Secretary-General to provide its Committee on Budgetary Control, by 30 September 2011, with concrete plans to realise such a link;

Visitors' groups

66. Recalls its requests, expressed in its discharge resolution of 5 May 2010, that the costs of a sponsored group visit should always be reimbursed to the group leader by bank transfer and not in cash and that a study should be conducted by the Parliament to examine whether the flat rate system for the reimbursement of travel expenses borne by official visitor groups is adequate in view of their different departure points and destinations for their visits or whether the system of reimbursement of real costs, subject to a ceiling, would be more suitable for that type of group;

WebTV

67. Deplores the fact that EuroparlTV cannot be considered to be a success story in view of

its very low number of direct users¹ (excluding viewers through partnership agreements with regional TVs) in spite of the considerable annual appropriations that it receives, amounting to some EUR 9 000 000;

Prizes

68. Observes that, in the last few years, Parliament has greatly increased the number of and the budget for its prizes²; expresses doubts as to whether those prizes represent at their best Parliament's core competences and the tasks which stem from its legislative, budgetary and budgetary control prerogatives; calls on its Bureau to refrain from initiating the funding of new prizes;
69. Deplores the fact that, in spite of its opinion, expressed in its resolution³, that the Prize for Journalism is inappropriate, as Parliament should not award prizes to journalists whose task is critically to examine the EU institutions and their work, DG COMM has already launched the procedure for the 2011 prize;

2009 election campaign

70. Notes with concern the overall decline in turnout in the 2009 European Elections to 43,2%, in spite of the considerable efforts made to reinforce Parliament's institutional election campaign which cost some EUR 5 676 000;

Washington Liaison Office

71. Notes that the total cost of setting-up the European Parliament Congressional Liaison Office in Washington in 2009 and 2010 is estimated to be some USD 400 000 annually as a result of an administrative arrangement with the Commission; notes that setting up the Office has not entailed the creation of any new posts, the postings being the result of redeployments, long-term missions and a system of one-year missions; is concerned about the possible future cost and requests that its competent committees be informed regularly about any future plan having significant financial implication concerning this Office;

DG Personnel

72. Notes that the level of outstanding commitments (a little less than EUR 6 000 000 or 1,4%) for Item 1 2 0 0 (Remuneration and allowances) can be explained by the decision taken by the Council in December 2009 to award an annual salary adjustment of only 1.85%, whilst the budget had been revised on the basis of the figure of 3.7% as indicated and proposed by the Commission;
73. Notes that, following the introduction of the new rules governing accredited parliamentary assistants, DG Personnel had to deal with 1770 new contracts concluded

¹ Between 25 000 and 30 000 visits monthly.

² Lux Prize: some EUR 321 000, Charlemagne Youth Prize: some EUR 24 000, European Journalist Prize: some EUR 105 500, Sakharov Prize: some EUR 300 000 (all amounts are from 2009).

³ Point 91 of its resolution of 5 May 2010 (OJ L 252, 25.9.2010, p. 15).

under the new rules, the bulk of the work being concentrated in 2009; observes that, in overall terms, this operation can be said to have been a success;

74. Deplores the fact that the employment of family members as assistants is still permitted under the derogations to the Members' Statute adopted by the Bureau at its meeting of 23 November 2009;

Missions to the three places of work

75. Stresses the need to further rationalise the missions between the three working places, justifying and monitoring them better in order to avoid unnecessary missions and costs;

DG Infrastructures and Logistics (DG INLO)

76. Expresses its concern at the case of irregular invoicing where there is no evidence of fraudulent intent, since it shows the failure of DG INLO's internal control system to prevent such cases occurring; reiterates its call on DG INLO to scrupulously implement the action plan agreed with the Internal Auditor;

Transport of Members

77. Observes that the cost of Parliament's official car service amounted to EUR 1 272 932 in Strasbourg and EUR 2 352 756 in Brussels; further notes that Parliament signed a new contract for the official car service with an estimated total value of EUR 5 250 000 (over four years);

Canteens and restaurants (CBRS = canteens, bars, restaurants, shops)

78. Is of the opinion that facilities within Parliament's buildings which are not required in connection with the Institution's activities must be economically self-supporting and should not be financed with subsidies from Parliament's budget; any exceptions for imputed costs must be shown separately;
79. Requests supplementary information concerning the operation of the canteens and restaurants sector, in particular concerning the relationship between the annual subsidy and the profit/loss situation;

DG Translation and DG Interpretation and Conferences

80. Stresses that, while maintaining a high standard of work, it is also necessary to achieve a more efficient use of language resources and to control their costs by looking at the overall workload for each language section and by ensuring that costs generated by the late cancellation of meeting requests, delegation visits with interpretation and the non-respect of the translation deadlines laid down in the Code of Conduct are reduced; insists that committees, delegations and political groups which persistently ignore the deadlines set in the Code of Conduct should more strictly observe them;
81. Considers that the externalisation of translation can result in important cost savings, efforts should, however, be made to increase the quality of external translations; supports the increasing use of the Euramis database, common to all EU institutions, and other

technological developments in the field of translation (such as a single integrated system of DocEP and Euramis/translation memories) which aim to avoid double translations and to lower the cost of translation; stresses, however, that no machine translation system can totally replace translators;

82. Is worried by the lack of available human resources in some languages and by the fact that new supplies of interpreters and translators may be put at risk by lack of university curricula in some Member States; also stresses the future problem of upcoming generation change concerning EU-15 languages interpreters/translators of which a great number are expected to retire in the next 5 to 10 years;

DG Finance

83. Notes with concern the weaknesses in the procurement procedure in DG Finance identified by the Internal Auditor in the course of the procurement process audit according to which, in the case of procurement for banking services, a lack of sufficient prior-needs assessment led to problems with tender specifications and also pointed to substantial risks, although the audit also showed that current arrangements provided appropriate levels of protection against key risks; stresses the urgent need to improve the operation of controls so that they address the identified risks more effectively;
84. Notes with satisfaction that for the first time in 2009 provision for pensions for MEPs are entered in the budget;

Travel Agency

85. Stresses the importance of ensuring business continuity in the case of bankruptcy or the end of contract of a travel agency; expects the introduction of electronic invoicing, which should result in important simplification and cost-savings;
86. Notes that Parliament has a contract with only one travel agency and sees a certain risk that such a monopolistic situation might prevent Members and Parliament obtaining the best available prices;

DG Innovation and Technological Support

87. Notes the Bureau decisions of 17 June 2009 and of 18 October 2010 to extend the areas with wireless network access (Wi-Fi) in the European Parliament covering the chamber, committee rooms, Members' offices and public spaces both in Brussels and Strasbourg;
88. Stresses the need for more and better IT tools to support the procurement process; welcomes in this context the launch by DG ITEC on 20 December 2010 of WebContracts Version 2.3 which supports the framework contracts, specific order forms and specific contracts for services linked to a framework contract;
89. Requests the Secretary-General to provide the Committee on Budgetary Control with a note on the timetable envisaged for the implementation of the Knowledge Management System as well as on the savings that it is envisaged will result from the rationalisation of information sources by 15 July 2011;

90. Notes with satisfaction the considerable reduction (49%, from 8690 to 4446) during 2010 of IT items in stock (printers, PCs, portable computers, screens etc.) in the different DGs; calls, however, for a further reduction of this still large stock, which also represents a considerable residual value (some EUR 880 000); considers that the creation of a central storage place for printers, faxes and PCs should be seriously considered;

Political Groups (budget item 4 0 0 0)

91. Notes that, in 2009, the appropriations entered under budget item 4 0 0 0 were used as follows:

Group	2009 first half-year					2009 second half-year				
	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
EPP (formerly EPP-ED)	9.929	7.762	15.078	152%	2.613	9.786	2.633	10.237	105%	2.182
S&D (formerly PSE)	7.357	6.936	9.857	134%	4.436	6.877	4.499	6.893	100%	4.483
ALDE	3.382	3.034	4.750	140%	1.667	3.058	1.698	2.578	84%	2.178
Greens/EFA	1.453	1.049	1.953	134%	548	1.907	554	1.282	67%	1.179
GUE/NGL	1.432	1.484	1.649	115%	1.267	1.240	1.270	1.453	117%	1.057
UEN	1.417	1.251	2.473	174%	195	-	201	79	-	-
IND/DEM	775	586	925	119%	436	-	437	123	-	-
ECR	-	-	-	-	-	1.788	3	1.415	79%	376
EFD	-	-	-	-	-	1.113	1	701	63%	413
Non-attached Members	601	349	512	85%	204	568	204	414	73%	248
Total	26.348	22.450	37.196	141%	11.367	26.338	11.500	25.177	96%	12.116

(*) all amounts in thousand EUR

European Political Parties and European Political Foundations

92. Notes that in 2009 the appropriations entered under budget items 4 0 2 0 and 4 0 3 0 were used as follows:

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	1.486	3.486	4.971	68%	-303
Party of European Socialists	PES	913	3.100	4.013	77%	-71
European Liberal Democrat and Reform Party	ELDR	377	1.179	1.556	79%	10
European Green Party	EGP	568	644	1.211	60%	129
Party of the European Left	EL	165	562	728	76%	-16
Alliance for Europe of the Nations	AEN	68	385	453	85%	0
European Democratic Party	EDP/PDE	58	249	307	85%	6
European Free Alliance	EFA	67	227	294	72%	-21
EUDemocrats	EUD	139	217	356	85%	36
Total		3.841	10.048	13.890	73%	-230

(*) all amounts in thousand EUR

93. Supports the Internal Auditor's conclusions and recommendations in its Audit Report No 10/01 (*'follow-up to the review of contributions to political parties at European level and new review of the European Political foundations and of the rules on reserves and carry-over of surpluses'*) and urges the relevant services to implement the 30 required actions and, in particular, the critical actions, concerning:

- introduction of a compulsory model structure for reporting the implementation of the activities of the European Political Parties and the related eligible expenditure (two critical actions) in order to have adequate tools to assess eligibility of activities and/or costs;
- correctly applying the rules on contributions in kind;
- performing *ex post* controls on the spot, based on risk-assessment;

- making the compulsory model structure obligatory for foundations too;
 - setting down criteria for the acceptance of contributions in kind;
94. Welcomes in this context the establishment of an internal working group with the task of examining the practical measures to be undertaken by DG Finance;
95. Stresses, moreover, the need for the parties and foundations to have a system of standard external auditing instead of the current free choice in the appointment of external auditors, as well as the need for the Parliament's administration to strictly apply accounting rules in particular on contributions in kind, carry-overs and reserves;

Voluntary Pension Fund

96. Notes that, at its meeting of 1 April 2009, the Bureau decided inter alia that Parliament would assume its legal responsibility to guarantee the right of members of the Scheme to the additional pension; welcomes the fact that:
- i) the option of drawing a reduced pension from the age of 50 and the option of receiving a lump sum equivalent to 25% of pension rights would be abolished in order to improve the liquidity of the Fund and avoid premature dissipation of the capital;
 - ii) the retirement age for the Scheme would be raised from 60 to 63;
 - iii) the managers of the Fund would be called upon to adopt a more prudent and balanced investment strategy and to avoid exposing the Fund to risks of fluctuations in exchange rates;
97. Observes that the huge actuarial deficit at the end of 2008 (some EUR 120 000 000) has been greatly reduced (although it was still some EUR 84 500 000 as at 31 December 2009) thanks to the improvements in the markets; stresses, however, that a new actuarial study should be carried out in order to assess the impact of the decisions made by the Bureau concerning the measures applicable to the members of the scheme;
98. Takes the view that the Secretary-General should provide the Committee on Budgetary Control with a note clarifying Parliament's role in the management and supervision of the Fund's assets; recalls that according to Pension Funds estimates, even after the implementation of the restrictive measures adopted in 2009 regarding the payment of entitlements, it will incur a considerable actuarial deficit and the Fund will exhaust its assets between 2020 and 2025.

Places of work

99. Stresses that real savings could be achieved if Parliament only had one seat; indeed, in the report of the Secretary-General on Parliament's preliminary draft estimates for 2011, the estimated annual cost arising from the geographical dispersion of Parliament has been estimated at around EUR 160 000 000, accounting for about 9% of Parliament's total budget; draws the attention to the fact that currently the decision to change this situation -

and to make some EUR 160 000 000 of savings annually as well as to considerably lessen Parliament's carbon footprint - lies exclusively with the European Council (Member States);

100. Also points to the reply given by the Secretary-General to the discharge questionnaire, according to which the two sessions held in Brussels instead of Strasbourg in September 2008, due to the repair of the ceiling in the Strasbourg hemicycle, resulted in savings estimated at some EUR 2 500 000 ;

Green Parliament

101. Reiterates its request that the Committee on Budgetary Control be provided with a copy of the EMAS annual report;

102. Encourages Parliament's administration to replace official cars with environmentally friendly vehicles by constantly modernising its fleet with less polluting cars and organising grouped transport with VIP minibuses to airports in Brussels and Strasbourg in order to reduce Parliament's carbon footprint;

103. Welcomes the agreement on a 'third-party payment system' with STIB¹ by which Parliament contributes 50% to the cost of annual season tickets in Brussels for its staff as an environmental measure in order to reduce Parliament's carbon footprint by promoting the use by its staff of public transport; encourages its administration to negotiate similar agreements with the National Railway Company of Belgium (SNCB-NMBS) and the regional bus companies;

104. Takes the view that the higher fees paid by Members for transport on school buses represent a form of discrimination against Members as compared to EU officials and that they are therefore not acceptable; calls on the Council to modify the rules in order to bring to an end this discrimination;

¹ Société de transports intercommunaux de Bruxelles.