

**Discharge 2005: Section I - European Parliament**

**1. European Parliament decision of 24 April 2007 on the discharge for implementation of the European Union general budget for the financial year 2005, Section I – European Parliament (C6-0465/2006 – 2006/2071(DEC))**

*The European Parliament,*

- having regard to the European Union general budget for the financial year 2005<sup>1</sup>,
- having regard to the final annual accounts of the European Communities for the financial year 2005 - Volume I (SEC(2006)0915 – C6-0465/2006)<sup>2</sup>,
- having regard to the Report on budgetary and financial management for the financial year 2005, Section I - European Parliament<sup>3</sup>,
- having regard to the Internal Auditor's annual report for 2005,
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget for the financial year 2005, together with the institutions' replies<sup>4</sup>,
- 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 248 of the EC Treaty<sup>5</sup>,
- having regard to Articles 272(10) and 275 of the EC Treaty 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 Communities<sup>6</sup>, and in particular Articles 145, 146 and 147 thereof,
- having regard to Article 13 of the Internal Rules for the implementation of the European Parliament's budget<sup>7</sup>,
- having regard to Article 147(1) of the Financial Regulation, which requires each Community institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
- having regard to Rules 71 and 74(3) of and Annex V to its Rules of Procedure,

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<sup>1</sup> OJ L 60, 8.3.2005.

<sup>2</sup> OJ C 264, 31.10.2006, p. 1.

<sup>3</sup> DV/614096EN.doc.

<sup>4</sup> OJ C 263, 31.10.2006, p. 1.

<sup>5</sup> OJ C 263, 31.10.2006, p. 10.

<sup>6</sup> OJ L 248, 16.9.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

<sup>7</sup> PE 349.540/Bur/ann/def.

- having regard to the report of the Committee on Budgetary Control (A6-0094/2007),
- A. whereas the Court of Auditors' audit did not reveal any material errors (paragraph 10.4),
- B. whereas the Court of Auditors pointed to persistent weaknesses in supervisory and control systems (paragraphs 10.5 - 10.10),
- C. whereas the Parliament in its replies outlined the measures taken to overcome the weaknesses observed by the Court of Auditors,
- D. whereas Parliament's Rules of Procedure were amended on 23 October 2002 to provide that discharge is to be given to the President rather than to the Secretary-General,
- 1. Grants its President discharge for implementation of the European Parliament budget for the financial year 2005;
- 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 of it to the Council, the Commission, the Court of Justice, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor and to arrange for their publication in the Official Journal of the European Union (L series).

**2. European Parliament resolution of 24 April 2007 with observations forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2005, Section I – European Parliament (C6-0465/2006 – 2006/2071(DEC))**

*The European Parliament,*

- having regard to the European Union general budget for the financial year 2005<sup>1</sup>,
- having regard to the final annual accounts of the European Communities for the financial year 2005 - Volume I (SEC(2006)0915 – C6-0465/2006)<sup>2</sup>,
- having regard to the Report on budgetary and financial management for the financial year 2005, Section I - European Parliament<sup>3</sup>,
- having regard to the Internal Auditor's annual report for 2005,
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget for the financial year 2005, together with the institutions' replies<sup>4</sup>,
- 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 248 of the EC Treaty<sup>5</sup>,
- having regard to Articles 272(10) and 275 of the EC Treaty 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 Communities<sup>6</sup>, and in particular Articles 145, 146 and 147 thereof,
- having regard to Article 13 of the Internal Rules for the implementation of the European Parliament's budget<sup>7</sup>,
- having regard to Article 147(1) of the Financial Regulation, which requires each Community institution to take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision,
- having regard to Rules 71 and 74(3) of and Annex V to its Rules of Procedure,
- having regard to the report of the Committee on Budgetary Control (A6-0094/2007),

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<sup>1</sup> OJ L 60, 8.3.2005.

<sup>2</sup> OJ C 264, 31.10.2006, p. 1.

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<sup>5</sup> OJ C 263, 31.10.2006, p. 10.

<sup>6</sup> OJ L 248, 16.9.2002, p. 1. Regulation as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

<sup>7</sup> PE 349.540/Bur/ann/def.

- A. whereas the Court of Auditors' audit did not reveal any material errors (paragraph 10.4),
- B. whereas the Court of Auditors pointed to persisting weaknesses in supervisory and control systems (paragraphs 10.5 - 10.10),
- C. whereas the Parliament in its replies outlined the measures taken to overcome the weaknesses observed by the Court of Auditors,
- D. whereas Parliament's Rules of Procedure were amended on 23 October 2002 to provide that discharge is to be given to the President rather than to the Secretary-General,
- E. whereas its resolution of 26 September 2006<sup>1</sup> on the discharge for the financial year 2004 should be followed up and progress in implementing its recommendations assessed,
- F. whereas the Statute for Members of the European Parliament of 28 September 2005<sup>2</sup>, following the Council's agreement on 19 July 2005, will enter into force on the first day of the parliamentary term commencing in 2009,
- G. whereas the Codex for Parliamentary Assistants was adopted by the Bureau on 25 September 2006<sup>3</sup>,

***The European Parliament's accounts, focusing in particular on property policy***

- 1. Notes that in 2005 Parliament received revenue amounting to EUR 112 393 557 (2004: EUR 117 409 824);
- 2. Takes note of the figures with which Parliament's accounts for the financial year 2005 were closed, namely:

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<sup>1</sup> OJ L 177, 6.7.2007, p. 3.

<sup>2</sup> OJ L 262, 7.10.2005, p. 1.

<sup>3</sup> PE 377.686/BUR.

(in EUR)

Use of appropriations	Appropriations for the 2005 financial year		Appropriations carried over from the 2004 financial year
	Appropriations 2005	Appropriations from assigned revenue	Article 9(1) and 9(4) of Financial Regulation
Appropriations available	1 264 024 722 (100 %)	31 412 881 (100 %)	281 461 344 (100 %)
Commitments entered into	1 249 096 468 (98,82 %)		-
Payments made	941 932 832 (75,40 %)	29 679 028 (94,48 %)	259 853 230 (92,32 %)
Appropriations carried over to 2006			
Article 9(1) and (2) of the Financial Regulation	307 163 636		
Article 9(1), 9(2)(a) and 9(5) of the Financial Regulation	200 000		
Cancelled appropriations	14 728 254	-	21 608 114 (7,68 %)
Balance sheet at 31 December 2005: 1 520 822 777			

3. Notes that, in 2005, 98,82 % of the appropriations entered in Parliament's budget were committed with a cancellation rate of 1,18 % and that, as in previous years, a very high level of budget implementation was achieved;
4. Recalls, however, that this high level of implementation is partly attributable to the consistent practice since 1992 of making 'mopping-up' transfers for the purposes of transferring any appropriations available at year-end to the budget lines for buildings and, in particular, for advance capital payments to reduce future interest payments; in this context EUR 124 144 556 (approximately 10 % of the appropriations) were made available by means of a mopping-up transfer at the end of 2005; of this amount
  - EUR 75,7 million were used to for the purchase of the 'Winston Churchill' (WIC) and Salvador de Madariaga (SDM) buildings in Strasbourg,
  - EUR 46,2 million were transferred for an early disbursement against the annual lease payment due for the D4 and D5 buildings in Brussels,
  - and EUR 2,3 million were set aside for the Europe House in Valetta;in addition, by means of normal transfers, the Parliament purchased - jointly with the Commission - the Europe Houses in Copenhagen (EUR 10,6 million) and The Hague (EUR 7,4 million);
5. Reminds its competent bodies of its decision that "... repayment on buildings... should be set as part of the budgetary strategy"<sup>1</sup>; criticises therefore its competent bodies for continuously failing to budget with sufficient clarity Parliament's property policy for future acquisitions (the budget line 'acquisition of immovable property' only shows token entries for 2005, 2006 and 2007);
6. Restates its demand to amend Article 16 of the Internal Rules for the implementation of the European Parliament's budget with a view to making building projects with significant

<sup>1</sup> See paragraph 7 of the above mentioned resolution of 26 September 2006.

financial implications for Parliament's budget subject to the agreement of the Committee on Budgets;

7. Calls yet again on the budgetary authority to establish budget forecasts ensuring that the amounts entered in the draft budget reflect real requirements in Parliament's various policies; asks the authorising officers by delegation to state clearly in their annual activity reports the annual appropriations received, commitments entered into, payments made and unused amounts; furthermore calls on authorising officers by delegation to set out the reasons - as has already occurred to some extent - why budget appropriations have not been fully utilised;
8. Is aware of the fact that the Court of Auditors will publish a special report on the buildings policies of the Institutions in the near future; calls for its competent committee to draw up an own-initiative report on the basis of this special report; is furthermore of the opinion that this committee should have the right to draw up own-initiative reports without prior authorisation and outside the set quota for such reports, on any special report of the Court of Auditors should the committee so decide;
9. Regrets that the budget line for the EP Information Offices remains undifferentiated and expresses its wish for having a best practices review of all the Information Offices taking into account the cost-benefit ratio;

#### ***Court of Auditors' comments on the financial year 2005***

10. Welcomes that the Court's audit did not reveal any material errors (paragraph 10.4);
11. Notes the Court's observations with regard to the new computer application for the calculation of staff remunerations and also the reply of the competent Parliament service underlining that systematic ex-post controls have been in place since March 2006;
12. Acknowledges the Court's criticism with regard to the flat-rate payments for staff travels between the three usual work-places; accepts, however, that it was the intention of Parliament's administration to strike a balance between the requirements of the regulatory framework and the demands of the institution's particular working environment; asks the Court to monitor the functioning of the flat-rate system and alert the discharge authority if it finds any indication of misuse;
13. Notes that the Court pointed to weaknesses in supervisory and control systems (paragraph 10.9) relating to the payment of allowances of Members of the European Parliament; considers it worrying that by mid-2006 only 54 % of the service providers, and only 29 % of the paying agents had submitted invoices relating to the period July 2004 to June 2005; notes that the internal audit of Members' parliamentary assistance allowance will be finalised in time for the 2006 discharge procedure;

#### ***The Internal Auditor's annual report***

14. Notes that, in 2005, the Internal Audit Service finalised 7 reports: the Internal Auditor's annual report, reports on the follow-up to its review of the Internal Control Framework of directorates-general, on the procurement process, and on two of Parliament's Information Offices (it also adopted two reports on the European Ombudsman);

15. Welcomes the fact that the Internal Auditor was not only prepared to assist Parliament's discharge rapporteur, but also to present - for the first time in person - the findings of his 2005 annual report officially to the Committee on Budgetary Control, thereby establishing that his report is not only an internal management tool, but an important point of reference in the annual discharge;
16. Underlines that the audits have confirmed that the institution is still in a phase of transition between two fundamentally different concepts of internal control, and that it will take more time for full implementation of the Internal Control Framework (ICF) in all departments;
17. Welcomes the fact that the Internal Auditor concentrated his work in 2005 on the procurement process and on the follow-up to the agreed action plans resulting from the review of the ICF in 2003 and 2004;
18. Highlights in the area of procurement the following:
  - reasonable assurance must be obtained that the tender will meet underlying needs, be regular, cost-effective and transparent,
  - clear and comprehensive tender documentation must be provided,
  - adequate exclusion, selection and award criteria must be established,
  - timeliness, equal treatment and transparency in contacts with tenderers must be ensured,
  - transparent and consistent decisions by the opening committee must be guaranteed,
  - the evaluation of tenders must be based on the announced criteria,
  - a complete audit trail in the awarding of contracts must be kept,
  - contractual provisions must comply with the tender specifications,
  - achievement of these objectives implies adequate controls at the early critical stage of the procurement process,
  - the effectiveness of the ex-ante verification of budgetary commitments for procurements must be enhanced;
19. Asks the Court of Auditors to assess, at the latest in the financial year 2008, to what extent these targets in the area of procurement have been achieved;
20. Reiterates that ICFs put in place by authorising officers by delegation have the following control objectives: compliance with applicable legislation, rules and practices, the reliability of management information and records, and the economy, effectiveness and efficiency of operations;
21. Recalling furthermore that authorising officers must comply with 22 minimum standards in order to realise the control objectives; those standards can be grouped into five control categories: control environment, performance and risk management, information and

communication, control activities and monitoring (audit and evaluation);

22. Underlines in the area of the ICF the following (the Internal Audit Service agreed 454 actions with authorising departments in 2003/2004 and has carried out follow-up procedures to determine whether these were properly implemented; so far, the status of 341 actions has been thus validated):
  - of the 37 actions from the review of the computerised system used to manage budgetary transactions, only 3 were not yet implemented by the end of 2005, and a further 9 were partly implemented
  - of the 304 actions reviewing the degree of compliance with minimum standards of internal control and control objectives 150 were fully implemented, 86 implemented in part and no action had yet been taken by departments on the other 68;
  - for all other actions that have not yet been fully implemented, the Internal Audit Service has agreed a revised schedule with the authorising departments, which it will follow up in 2007;
23. Regrets that the audit of Members' parliamentary assistance allowances was not ready in time for the 2005 discharge procedure; calls on its competent committee to pay due attention to the findings of this audit at a later stage;

### ***The European Parliament's financial management***

24. Notes that the analysis of financial management accompanying the 2005 accounts provides a useful statement of the principal financial events of the year under review;
25. Points out that a proportion of management activity in Parliament in 2005 was still geared to adjusting to the new requirements of the Financial Regulation, setting up new control systems, methodologies and working methods, devising training programmes and establishing new lines of responsibility;
26. Notes that initial experience with applying the terms of the new Financial Regulation in an institution such as Parliament, with an administrative budget to manage, indicates in some cases that overly complex systems and financial circuits have been set up;
27. Notes that some directorates-general continue to hold the view that certain provisions of the Financial Regulation and its implementing rules lead to excessive bureaucratisation of the overall internal control process and constitute an undue burden on management;
28. Notes that in the former Directorate for Financial Control 18 staff members (out of a total staff complement of 20) were engaged in control duties, whereas under the new structure, introduced by the new Financial Regulation, 44 staff members are assigned to these tasks in the different directorates-general; in addition to which there are 10 auditors (out of a total staff complement of 12) working in the Internal Audit Service;
29. Reaffirms, yet again, the view expressed in its resolutions of 26 September 2006, 12 April 2005<sup>1</sup>, 21 April 2004<sup>1</sup> and 8 April 2003<sup>2</sup> that 'the scope of the discharge procedure should

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<sup>1</sup> OJ L 196, 27.7.2005, p. 28.



cover not only the management activities of Parliament's Secretary-General and Administration, but also the decisions taken by its governing bodies, i.e. its President, Bureau and Conference of Presidents';

30. Emphasises that Parliament grants discharge not to the Secretary-General, but, rather, to the President as it is elected members, not officials, who are ultimately politically responsible for the preparation and implementation of the budget; therefore invites the President and the Vice-President responsible for the budget to participate in future meetings of the Committee on Budgetary Control as appropriate and to agree with the Committee on an appropriate format to have a fruitful political dialogue during the discharge procedure;
31. Welcomes that the Bureau has started discussions about its relations with the budgetary and discharge authority with a view to clarifying the precise practical meaning of the political responsibility attaching to the Members of Parliament's governing bodies as regards the exercise of powers and the taking of decisions with significant financial consequences; calls on the newly-elected Bureau to resume this discussion involving the committees concerned in this debate;
32. Welcomes the fact that the Secretary-General has drawn up a brief and easy-to-read document explaining the budget of 2004 and 2005, which is also available on Parliament's website;

#### *The activity reports of the directors-general*

33. Points out that Parliament's Secretary-General forwarded the 2005 activity reports of the directors-general to the Committee on Budgetary Control on 10 April 2006; in that connection the Secretary-General, in his capacity as authorising officer by delegation, declared that he had reasonable assurances that Parliament's budget had been implemented in accordance with the principles of sound financial management and that the control framework put in place afforded the requisite guarantees as to the legality and regularity of the underlying transactions;
34. Welcomes the fact that all directors-general have issued an unqualified declaration of assurance for their departments' financial transactions;
35. Appreciates the progress which has been made in harmonising the presentation and structure of the annual activity reports; remains however of the opinion that further progress should be possible to improve readability and comparability; asks its services to include a one-page executive summary stating the appropriations received, commitments entered into, payments made and what use was made of amounts not spent (i.e. carry-overs, transfers, mopping-up etc), as well as major events of the past financial year;
36. Notes that the conclusions in the activity reports identify the following general challenges:
  - putting the internal control framework into practice is more time-consuming than was originally assumed,

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<sup>1</sup> OJ L 330, 4.11.2004, p. 160.

<sup>2</sup> OJ L 148, 16.6.2003, p. 62.

- implementing the budget execution under the new Financial Regulation,
- implementing political requests at short notice,
- recruiting and integrating new staff;

### **Procurement**

37. Recalls that according to Articles 54 and 119 of the implementing rules for the Financial Regulation<sup>1</sup> institutions forward reports to the budgetary authority on negotiated procedures and on contracts not coming under public procurement directives; a list of contractors awarded contracts worth more than EUR 50 000, but less than the threshold under the directives referred to, is published in the Official Journal, and contracts worth between EUR 13 800 and EUR 50 000 are published on institutions' websites; in addition, in 2003 Parliament called on its Secretary-General to report annually on contracts concluded<sup>2</sup>;
38. Notes that the annual report contains the following information on contracts of a value equal to or greater than EUR 13 800 awarded in 2005:

Type of contract	Number [2004 in ( )]	Percentage [2004 in ( )]	Amount in EUR [2004 in ( )]	Percentage [2004 in ( )]
Services	199 (229)	64% (58%)	89 551 639 (180 927 304)	44% (75%)
Supplies	53 (99)	17% (25%)	29 036 604 (26 500 867)	14% (11%)
Works	48 (60)	15% (15%)	13 763 856 (18 876 271)	7% (8%)
Buildings	12 (4)	4% (2%)	73 149 658 (15 593 025)	35% (6%)
Total	312 (392)	100%	205 501 756 (241 897 467)	100%

Type of procedure	Number [2004 in ( )]	Percentage [2004 in ( )]	Amount in EUR [2004 in ( )]	Percentage [2004 in ( )]	Avg amount [2004 in ( )]
Open	64 (95)	21 % (24 %)	94 187 176 (157 909 034)	71 % (70 %)	1 471 675 (1 662 200)
Restricted	112 (110)	37 % (28 %)	26 676 276 (39 897 441)	20 % (18 %)	238 181 (362 704)
Negotiated	124 (183)	42 % (48 %)	11 488 646 (28 497 967)	9 % (12 %)	92 650 (155 727)
Total	300 (388)	100 %	132 352 098 (226 304 442)	100 %	441 174 (585 259)

<sup>1</sup> Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 1).

<sup>2</sup> Paragraph 90 of its 2001 discharge resolution (OJ L 148, 16.6.2003, p. 62).

39. Points out that of the 312 contracts awarded 147 were worth at least EUR 50 000 whereas 165 were worth between EUR 13 800 and EUR 50 000; asks its administration whether it considers the procedures in place to award the latter kind of contracts under the revised Financial Regulation to be sufficiently effective;
40. Recalls that the Internal Auditor has completed an institution-wide audit of the procurement process; his recommendations can be found above;
41. Welcomes that - with regard to value - 91 % of the contracts were awarded under open (71 %) and restricted (20 %) procedures;
42. Takes note of the Secretary General's reply<sup>1</sup> setting out the measures taken to establish the contracts database pursuant to Article 95 of the Financial Regulation; acknowledges at the same time that the revised Financial Regulation now envisages a single central database for all institutions, managed by the Commission;

***Political groups (review of accounts and procedures - budget Item 3701)***

43. Recalls that paragraph 2.7.3 of the Rules on the use of appropriations from budget Item 3701<sup>2</sup> requires the Bureau and the Committee on Budgetary Control to deal with the audited annual accounts of the political groups in accordance with the powers conferred upon them by the Rules of Procedure;
44. Reiterates that the political groups are themselves responsible for the management and use of their funds from Parliament's budget and that the remit of Parliament's Internal Audit Service does not extend to the conditions under which use is made of the appropriations against budget Item 3701;
45. Welcomes the fact that the political groups have published their internal financial rules and accounts for 2005 on Parliament's website;
46. Records the following outturn figures for appropriations entered against budget item 3701 in 2005:

(in thousands of EUR)

Total available in budget		61 973				
Non-attached Members		1 329				
Amount available for groups		60 644				
Group	Allocated from Parliament's budget	Groups' own resources and carry-forwards	Expenditure in 2005	Utilisation rate	Carry-forward ceiling*)	Carried forward to 2006
EPP-ED	17 282	4 510	15 066	69 %	8 641	6 727
PSE	13 107	5 447	11 679	63 %	6 554	6 554
ALDE	5 783	2 251	4 354	54 %	2 892	2 892
Verts/ALE	2 712	777	2 448	71 %	1 356	1 040

<sup>1</sup> Letter to the chairman of the Committee on Budgetary Control of 11 January 2007 (300319).

<sup>2</sup> Bureau decision of 30 June 2003.

GUE/NGL	2 726	1 223	2 735	69 %	1 363	1 214
UEN	1 672	284	1 525	78 %	836	430
IND/DEM	2 182	688	2 044	71 %	1 091	826
NI	1 110	219	986	74 %	555	260
TOTAL	46 575	15 399	40 837	66 %	23 287	19 942
*) As per implementing provisions for budget Item 3701						

47. Notes the confirmations by the political groups' external auditors that the accounts complied with current rules and international accounting standards;
48. Notes that, on 3 July 2006, the Bureau approved the groups' reports on budget implementation and the respective auditors' reports; in this context the PSE Group refunded EUR 322 107 and the ALDE refunded 788 845 of unused money to the Parliament's budget, as these amounts could not be carried over;
49. Notes that the political groups only utilised - on average - 66 % of the appropriations available to them (2004: 74 %);

#### ***Political parties at European level***

50. Notes the following presentation of accounts for the closure of the 2005 budget year:

2005 budget execution under the agreement (EUR)				
Party *)	own resources	total grant from EP	total revenue	grant as % of eligible expend. (max. 75 %)
PPE	1 053 583.60	2 398 941.14	3 452 524.74	70,08 %
PSE	848 943.72	2 489 175.00	3 338 118.72	74,76 %
ELDR	358 234.17	819 562.69	1 177 796.86	70,10 %
EFGP	205 699.82	568 261.00	773 960.82	73,64 %
AEN	38 184.98	114 330.48	152 515.46	74,96 %
PDE	85 932.25	253 933.49	339 865.74	74,86 %
GE	121 956.00	365 868.00	487 824.00	69,49 %
EFA	84 530.51	217 906.00	302 436.51	72,05 %
Total	2 797 065.05	7 117 977.80	10 025 042.85	72,18 %
PPE: European People's Party; PSE: Party of European Socialists; ELDR: European Liberal Democrat and Reform Party; EFGP: European Federation of Green Parties; AEN: Union for Europe of the Nations; PDE: European Democratic Party; GE: Party of the European Left; EFA: European Free Alliance				

51. Underscores the fact that the parties' external auditors have confirmed that the accounts were in conformity with the statutory provisions set out in Articles 6, 7, 8 and 10 of Regulation (EC) No 2004/2003 of the European Parliament and of the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding<sup>1</sup> and that the accounts presented a true and faithful picture of the financial situation of the political parties at the close of the 2005 financial year;

<sup>1</sup> OJ L 297, 15.11.2003, p. 1.

52. Observes, however, that
- the Party of the European Left (GE) exceeded its provisional budget and made a loss of EUR 42 000, which is not entirely covered by existing capital; the party must therefore significantly improve its internal control structures and immediately recapitalise the party in order to meet the liabilities for 2005 and to guarantee a sufficient reserve for the future,
  - the budget implementation of the Union for Europe of the Nations (AEN) and the European Democratic Party (PDE) fell short of their provisional budgets, which led to a reduction of the grant and the recovery of the excess paid (EUR 110 669,52 from the AEN and EUR 113 690,51 from the PDE);
53. Highlights the fact that parties at European level have arrived at a high utilisation of the appropriations available to them;
54. Emphasises again the relevance of its proposals for the further improvement of Regulation (EC) No 2004/2003 as mapped out in its resolution of 23 March 2006<sup>1</sup>;
55. Is pleased that the following improvements could be achieved with regard to the financing of political parties at European level following a decision by the Bureau of 1 February 2006:
- eligible expenses under the current year's grant ( $n$ ) can be paid in the year  $n+1$ ,
  - the Bureau adopted an indicative multi-annual budget for the period 2007-2009;
56. Remains convinced that European political parties must be allowed to establish reserves to meet their statutory obligations towards their employees and contractors should the party be disbanded; asks the Commission no longer to default in honouring its undertaking given in the conciliation procedure of 21 November 2006 to submit a proposal for amending Regulation (EC) No 2004/2003 by introducing appropriate provisions for exempting from the no-profit rule set up in Article 109 of the Financial regulation the own resources, in particular contributions and membership fees, aggregated in the annual operations of a political party at European level which exceed the 25 % of eligible cost to be borne by the beneficiary according to Article 10(2) of Regulation (EC) No 2004/2003;

### ***Parliament's property policy***

57. Acknowledges that it is Parliament's established policy to become the owner of the premises it uses; as a consequence it invested a total of EUR 1 400 million in immovable property from 1992 to 2005, thereby saving, according to its own calculations, approximately EUR 700 million in rent and charges up to the end of 2006;
58. Asks the Secretary-General to provide the relevant parliamentary committee with details of the costs of maintaining Parliament's three places of work in total and by location, as the last update requested was for the year 2000 when the Union had only 15 Member

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<sup>1</sup> OJ C 292 E, 1.12.2006, p. 127.

States, so that Parliament can get a better insight into its cost structure and can identify areas where savings can be made;

### *Strasbourg*

59. Reiterates that the Committee on Budgetary Control has comprehensively reviewed the events surrounding the purchase of the Winston Churchill (WIC), Salvador de Madariaga (SDM) and IPE III buildings in preparation for the Parliament's 2004 discharge;
60. Underlines that since then Parliament has become the owner of the three buildings, following the unanimous decision of its Bureau on 23 October 2006; the financial and legal provisions in the deed of sale foresaw:
  - a sale price of EUR 143 125 000, payable in cash at the time of signature, the two sites being assigned for the symbolic price of EUR 1 each,
  - Parliament would enjoy possession of the buildings with effect from the date of signature of the deed,
  - the programme of renovation work on the buildings, initially agreed with SCI-Erasme, would be continued and completed under the responsibility of the City of Strasbourg,
  - the City of Strasbourg would arrange for the financing and execution of work necessary in order for the IPE III building to be classified as a 'public-access building, first —category' by 31 December 2007 at the latest;
61. Notes that the Bureau, on that occasion, also authorised the payment of rent for the three buildings covering the year 2006 until the signature of the framework agreement (28 September 2006), in accordance with the opinion delivered by the Legal Service on 26 June 2006: EUR 7 352 644,14 for the WIC and SDM buildings, and EUR 4 023 329,90 for the IPE III building;
62. Notes furthermore that the deed of sale provided that if Parliament assigned the whole building complex - to a third party other than a European Union institution or body - ownership of the site(s) would revert to the City of Strasbourg for the symbolic price of EUR 1; the price for the buildings would be mutually agreed between Parliament and the City of Strasbourg or -failing that - be determined by an expert assessment,

### *Luxembourg*

63. Notes the elements of the framework agreement between the Luxembourg authorities and the Parliament concerning the extension of the Konrad-Adenauer-Building (KAD I and II); the framework agreement covers the land, the Parliament's right to let all or part of the buildings and the terms for granting a right in rem to any purchaser of the buildings;
64. Notes furthermore that costs for project management for carrying out further studies, project management for KAD upgrading work and for work contracts were estimated at EUR 345 170 900 (value May 2005);

65. Highlights that it will be seeking environmental certification for the KAD extension, in line with its adherence to the Eco-Management and Audit Scheme (EMAS);

#### *Brussels*

66. Recalls that on 10 October 2004 it signed the long lease with the developer conferring the right in rem for the construction of the D4-D5 buildings with the option to purchase; the overall budget stands at EUR 325,2 million; advance payments of EUR 192,6 million have been made;
67. Notes that the Bureau approved the setting-up of a cultural amenities area and of a European Visitors Centre in the D4 building in July 2005;
68. Emphasises that the Belgian Government, most recently in a letter from Prime Minister Guy Verhofstadt of 28 September 2004, guaranteed that the land and the land development costs would be reimbursed to Parliament, and that this is the standard procedure also applying to the other European institutions;
69. Regrets, however, that the Belgian authorities have not - until now - honoured the agreement on the land cost estimated at EUR 43 million and that they dispute the total amount to be reimbursed to Parliament for the land development costs of the site for the D4-D5 buildings, estimated by Parliament's services at EUR 30,8 million;
70. Considers the offer of EUR 15 million, made by the Belgian authorities, to be unacceptable; is of the opinion that the costs for paving the roof covering the railway station, which is a public thoroughfare, cannot - as a matter of principle - be funded from Parliament's budget;
71. Expresses its support to the President and Bureau to solve the disputes that have arisen between the Belgian authorities and Parliament while safeguarding the Parliaments' financial and institutional concerns;
72. Calls therefore on the Belgian government to honour the aforementioned agreement;
73. Is of the opinion that the construction of the new buildings of the Parliament and the subsequent investments in construction around these buildings has had an effect on the surrounding neighbourhood in terms of housing, traffic and working and living conditions, and calls therefore on its Secretary-General to pursue a policy of regular consultations with representatives of the inhabitants of the area and to report on the results achieved to limit the possible negative impact of Parliament's presence in coordination with the local authorities in time for the next discharge;

#### *Voluntary Pension Scheme*

74. Recalls that the Court of Auditors has repeatedly pointed out in its Annual Reports, most recently in 2005 (Table 10.2), that a sufficient legal basis for Parliament's additional pension scheme must be created; recalls that, in addition, according to the Court, clear rules must be established to cover the eventuality of a deficit; notes however that the view of Parliament's legal services is that a sufficient legal basis for the additional pension scheme already exists under the regulatory autonomy of the European Parliament laid down in Article 199 of the EC Treaty (formerly Article 142 of the EEC Treaty) which

confers on the European Parliament the right to take whatever measures it requires for its internal organisation and that furthermore, once the Members' Statute comes into force, Article 27 of that Statute will constitute the legal basis for the Pension Fund;

75. Notes that in November 2005 the Voluntary Pension Fund had 475 members, who paid a monthly contribution - directly deducted from the general expenditure allowance - of EUR 948, representing one third; at the same time Parliament paid a monthly contribution of EUR 1 896 per member;
76. Calls on the members of the Voluntary Pension Fund to prove by end of November 2007 that their contributions deducted from the general expenditure allowance have been repaid from a private source of income; otherwise fund members remain exposed to allegations of generating hidden additional income;
77. Calls on its administration to discontinue payments - as of January 2008 - for Members who did not prove that their personal contribution to the Voluntary Pension Fund was refunded from a private source of income;
78. Reminds the Bureau and its administration that they were supposed to propose measures, before 30 March 2007, ensuring that personal payments by Fund members to the pension scheme are made through direct debit orders from a personal source of income<sup>1</sup>;
79. Notes that the Voluntary Pension Fund managed to reduce its actuarial deficit, already existing for five years, from EUR 43 756 745 in 2004 to EUR 28 875 471 in 2005, thereby improving the fund's actuary funding position from 76,8 % in 2004 to 86,1 % in 2005; underlines that over the past years the stock market has proved to be highly volatile and that there is therefore no certainty as to the direction in which the Fund's actuarial deficit will develop;
80. Calls on the investment manager of the Fund to favour "low-risk" investments and to observe the ethical investment standards as expressed in Parliament's resolutions;
81. Notes that, as from January 2006, a member can draw a monthly pension of EUR 1 304 from age 60 onwards and after only five years of contributions;
82. Welcomes the fact that its Bureau has set up a working party to look into the financial situation of the Voluntary Pension Fund on the basis of an independent actuarial study; asks that its Committee on Budgetary Control be informed of the working party's findings on a regular basis;
83. Takes the view that the relationship between Parliament and the Pension Fund must be placed on a contractual footing once the Bureau working party has completed its task;
84. Takes the view that once the Statute for Members of the European Parliament enters into force the Voluntary Pension Fund should confine itself to honouring rights (acquired up to June 2009), meaning that neither Members of the European Parliament nor members of the Fund can continue to pay into the Fund; calls on the Bureau to take the necessary measures,

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<sup>1</sup> See paragraph 88 of the above mentioned resolution of 26 September 2006.



### ***Parliamentary Assistants in the European Parliament***

85. Welcomes the decision of its Bureau of 25 September 2006 by which it adopted a Codex for parliamentary assistants in the European Parliament; is of the opinion that each Member should be issued a personal copy of the codex in his or her language;
86. Notes, based on figures provide by the Secretary-General on 24 January 2007, that the total number of assistants that are accredited is 1 416 at present, of which 433 are service providers (natural persons), about 583 have a direct employment contract with the Member and the other 400 are employed via a service provider; from those, approximately 138 have an employment contract under Belgian law (14 % of the accredited assistants under employment contracts); in 2005 there were 4 060 contracts for parliamentary assistants (including 1 673 employees and 2 387 service-providers - of which 1 687 are natural persons and 700 legal persons) and 492 stagiaires were paid from the parliamentary assistance allowance;
87. Underlines, in this context, the importance of the audit of the Members' parliamentary assistance allowance, which will only be available later this year; asks, therefore, the Committee on Budgetary Control to follow-up this audit report together with its earlier observations on Members' allowances<sup>1</sup> during the 2006 discharge;
88. Takes note that the development of a Statute for Assistants requires negotiations with the Commission and the Council and that the Bureau also wishes to consult the Committee on Legal Affairs; calls therefore on the newly-elected Bureau to press ahead with this subject with a view to regulating recruitment and working conditions and also social security and taxation arrangements for assistants;
89. Holds the view that in light of the on-going debate on this issue the mandate of the parliamentary working party on Members' assistants should be extended;

### ***A Kyoto-plus Plan for the European Parliament***

90. Recalls some of the key figures which reflect the enormous impact the European Parliament has on the environment (figures for 2004):

– electricity expenditure	EUR 6,2 million
– heating and gas	235 364 GJ/year
– CO <sup>2</sup> emissions	11 245 t/year
– paper/printshop	70 523 boxes of 2 500 sheets A4 (846.3 t)
– water	167 830 m <sup>3</sup> = EUR 258 836
– ordinary waste	2 098 t = EUR 347 387
– car parks	5156 spaces

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<sup>1</sup> See paragraphs 73 to 79 of the above mentioned resolution of 26 September 2006.

91. Requests the Secretary-General to provide the relevant parliamentary committee with an analysis of the environmental impact of the Parliament's three work places overall and by location, and of the related travel requirements;
92. Welcomes the Bureau decision of 19 April 2004 establishing an Environmental Management System at the European Parliament, in accordance with the Eco-Management and Audit Scheme Regulation (EMAS Regulation), which offers an excellent tool for managing the environmental impact of Parliament's activities;
93. Welcomes also other initiatives to reduce its impact on the environment, such as the reorganisation of the print shop, the introduction of new and lighter containers for transport of documents, the availability of bicycles in Brussels and Luxembourg, the organisation of videoconferences and the recycling of ink cartridges;
94. Welcomes the EMAS registration as a very positive step; regrets however that the EMAS action plan sets only very modest reduction targets (i. e. 5 % for heating and air conditioning), proposes late deadlines (i.e. 2011 for reducing energy consumption for lighting), and establishes various study groups working on single improvements;
95. Points out that the European Union plays a leading role in the debate about climate change at international level; considers therefore that Parliament should not only contribute actively to meeting the EU commitments under the Kyoto-Protocol, but also to meeting the targets in its own resolutions on climate change, in particular a reduction of CO<sup>2</sup> emissions by 30 % by 2020;
96. Calls on its administration to elaborate a Kyoto-plus Plan setting out an action plan that is more ambitious and comprehensive than the measures envisaged under the EMAS framework, with a view to proving to the general public that it strives for attaining the targets which it asks others to attain;
97. Is of the opinion that the actions for a Kyoto-plus Plan should comprise the following:
  - guaranteeing that the extension to the KAD building in Luxembourg will set an example by using best environmental practice (i.e. by installing a system for the recovery, storage and re-use of rain water, by the use of eco-technology to reduce energy consumption, the use of modern technology such as advanced thermal insulation, or air conditioning systems that facilitate heat recovery or free cooling, the use of solar panels for water heating purposes and the possibility of a unit for the co-generation of heat and electricity),
  - establishing an integrated energy efficiency plan on the basis of an audit not only of energy consumption, but also on the basis of a study on the main causes of energy losses; energy loss could be visualised through thermo-graphic pictures of the buildings,
  - considering a change of electricity provider or a renegotiation of the contract with the present one(s) with a view to buying energy from companies which have the least negative impact on the environment,

- reducing further the use of paper (standing at 846 tons in 2004),
- striving for a considerable reduction of water consumption (which seems not to be one of the targets of the current EMAS action plan),
- reducing the emissions of its service cars to 130 gr/km CO<sup>2</sup> by 2012,
- considering using hybrid vehicles as its service cars when possible,
- organising an information campaign in Parliament, during which - on the basis of transport needs and preferences of officials and other agents already established in surveys - a Parliament mobility plan is presented, which would highlight the advantages and encourage the use of sustainable means of transport (i.e. walking, using bicycles, public means of transport, car sharing, car pooling etc),
- establishing contacts with local and regional public transport providers with a view to offering a more efficient public transport network, thereby attracting more clients from the personnel of Parliament and other institutions,
- asking the Bureau to establish a permanent and visible information point on mobility management, which provides customers with information and help about sustainable mobility,
- encouraging the use of IT equipment and video conferences in order to reduce travel,
- endeavouring to reduce the distance food sold in Parliament's canteens and restaurants travels before it reaches the consumer;

### ***Equal opportunities in the European Parliament***

98. Considers that offering equal opportunity has to be an integral part of Parliament's staff policy; welcomes therefore the comprehensive report presented by the Vice-President responsible for gender equality, which the Bureau adopted 29 November 2006; expects that the conclusions will be fully implemented;
99. Points out that Parliament's equal opportunity policy should form an integral part of tender procedures and should be duly taken into account when concluding contracts with companies providing services to Parliament;
100. Agrees with the targets set by the Bureau for the appointment of women at management level; notes with satisfaction that the targets for senior management have almost been reached;
101. Draws attention to the persistent imbalance at middle management level; welcomes the survey and the measures taken by DG Personnel; calls however for an assessment of the pilot training programme for women who may be appointed heads of unit;
102. Underlines that a better professional-life/private-life balance can promote equal opportunities; calls therefore for concrete measures to introduce more flexible working arrangements for staff, to complement the existing statutory provisions;

103. Notes the efforts of DG Personnel to improve the administrative and budgetary procedures for the replacement of staff on maternity or parental/family leave and working part-time; asks its Bureau and the Committee on Budget to set aside the necessary budgetary means to ensure the systematic replacement of these staff members;
104. Welcomes the efforts to improve the accessibility of Parliament for persons with disabilities, be it Members, assistants, staff or citizens; welcomes the pilot programme adopted by the Bureau on traineeships for persons with disabilities as a positive action measure, keeping in mind that the long-term objective is to fully mainstream the disability aspect into all human resources processes;
105. Calls on the Secretary-General to take full account of its resolution on gender mainstreaming of 13 March 2003<sup>1</sup> for Parliament's staff policy; recommends the introduction of gender budgeting in the 2008 budget;

#### ***Parliament and the European Anti-Fraud Office (OLAF)***

106. Welcomes that cooperation between Parliament and OLAF is generally considered satisfactory; is, however, worried about the long time span necessary to complete some investigations;
107. Asks the Committee on Budgetary Control to invite the Director of OLAF for a discussion of issues of common interest before the end of July 2007;
108. Is aware that Parliament and Council will discuss the revision of the Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)<sup>2</sup> in the near future;

#### ***"Raising the Game"- reforming Parliament's administration***

109. Points to the fact that the reorganisation of Parliament's secretariat with a view to creating even more professionalism, high quality and synergy has almost been completed; notes that the following changes have been introduced:
  - dividing the former Directorate General for Committees and Delegations into two, creating a Directorate General for Internal Policies and a Directorate General for External Policies, thereby taking into account the increasing legislative burden and level of specialisation,
  - improving relations between the European Parliament and the national Parliaments,
  - disbanding the former Directorate General for Research and re-establishing it in the form of policy departments working closely with parliamentary committees,
  - endowing parliamentary committees with an expertise budget for external studies and contributions from independent experts,
  - developing the use of its library,

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<sup>1</sup> OJ C 61 E, 10.3.2004, p. 384.

<sup>2</sup> OJ L 136, 31.5.1999, p. 1.

- setting up horizontal project teams on priority issues, and
- improving the quality of parliamentary texts;

110. Welcomes the progress achieved by implementing the reform;

111. Underlines, at the same time, that with regard to external studies the specifications of studies should be clear, the financial envelope sufficient and the deadlines realistic for research institutes to deliver quality advice;

***Follow-up to last year's discharge resolution***

112. Takes note that its Bureau appointed two Vice-Presidents and two Questors on 30 November 2005 with a view to preparing new rules governing the payment of expenses and allowances to Members under the Members' Statute which will enter into force in July 2009; asks that the Committee on Budgetary Control be given a copy of the interim report, adopted on 13 December 2006, and other position papers the working party might draft; underlines that the audit on the Members' parliamentary allowance will be of high value for the working party;

113. Notes that its Bureau has currently no intention to modify the travel reimbursement rules for Members with a view to reimbursing Members, who so desire, only for travel costs incurred; 27 Members reimbursed Parliament for parts of their travel allowance (EUR 148 963,57) in 2005;

114. Notes that the authorising officers by delegation have systematically reviewed Parliament's long-standing contracts and that this exercise did not reveal any situation prejudicial to Parliament's financial interests; welcomes that this exercise will in future be conducted annually and that its results will be included in the annual activity reports;

115. Notes that in the context of the 2004 enlargement 984 posts for officials have been created: 489 in 2003, 355 in 2004 and 150 in 2005; by the end of November 2006 518 officials and 336 temporary agents had been recruited; in addition, 65 Bulgarian and 79 Romanian contractual agents had also been recruited by the end of November 2006;

116. Takes note of the legal and organisational problems linked to the introduction of a system of electronic signatures: from a legal viewpoint clarification would be required as to how to reconcile the project with the provisions of the Rules of Procedure governing the tabling of amendments in plenary; from an organisational viewpoint arrangements for tabling amendments and parliamentary questions would have to be redefined;

117. Asks how the Secretary-General intends to implement the Interinstitutional Agreement on Better Lawmaking;

118. Recalls that the Disciplinary Board has completed its work on allocating responsibility in connection with the discrepancy of BEF 4 136 125 between the cash situation and the corresponding amounts in 1982; asks the Secretary-General to inform the Committee on Budgetary Control about the outcome of the disciplinary proceedings and also whether the amount, including interests, was recovered.

