



Hubert WEBER

PRESIDENT
EUROPEAN COURT OF AUDITORS

Luxembourg, 22 SEP 2006
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Mr Josep BORRELL FONTELLES
President
European Parliament
Rue Wiertz
B-1047 BRUSSELS

Subject: Transfer of appropriations V/12/AB/06

Dear Mr Borrell Fontelles,

In accordance with Article 22 of the Financial Regulation of 25th June 2002, the Court of Auditors intends to make transfers of appropriations from chapter to chapter and article to article within a chapter as described in the attached note. This transfer concerns non-compulsory expenditure.

I would be most grateful if you could inform me, within the terms of Article 22(2) of the Financial Regulation, whether your branch of the budgetary authority will raise duly justified reasons for applying the procedure laid down in Article 24 of the Financial Regulation.

The secretariat of the Committee on Budgets should not hesitate to contact my services if they require any additional information.

In accordance with the guidance set out in the letter of Mr Pat COX of 14th April and in that of Mr Priestley of 14th August 2003, my services have been in contact with the COBU Secretariat and have agreed that this matter might be placed on the agenda of the meeting of 3rd, 4th or 5th October 2006 or on that of 12th October 2006.

A similar letter is being sent to Mr Turo HENTILÄ, President in Office (Budget) at the Council of the European Union. I am also copying this letter to Mr LEWANDOWSKI, Chairman of the Committee on Budgets, Mr DOMBROVSKIS, rapporteur 2006 and to Mr GRECH, rapporteur 2007. Translations of this letter will be sent to the COBU Secretariat as soon as they are available.

Yours sincerely,

Hubert WEBER
President

Copy: Mr J Lewandowski, President, Committee on Budgets
Mr V Dombrovskis, MEP
Mr L. Grech, MEP

GENERAL BUDGET - FINANCIAL YEAR 2006

SECTION V - COURT OF AUDITORS

TRANSFERS OF APPROPRIATIONS

No V/12/AB/06

(Non-compulsory expenditure)

The Court of Auditors has carried out its annual review of budgetary execution. As a result of this, it proposes to make the following transfers of appropriations between chapters and articles in accordance with Article 22 of the Financial Regulation⁽¹⁾:

PART A - Transfers from Article to Article within Chapter 10 - Members of the Institution

TO

Chapter 10	– Members of the Institution	
Article 100	– Salaries, allowances and payments related to salaries	
<u>Item 1000</u>	– Basic salaries	70 000 €
<u>Item 1001</u>	– Residence allowances	12 000 €
		<u>82 000 €</u>

FROM

Chapter 10	– Members of the Institution	
Article 109	– Adjustments to emoluments	
<u>Item 1091</u>	– Provisional appropriation	<u>- 82 000 €</u>

EXPLANATION

These transfers put the provisional appropriations into the appropriate budget items in preparation of the salary adjustment which it is anticipated that the Council will make later this year. Making the transfer now will avoid the need for an urgent transfer later in the year.

¹ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities

PART B - Other transfers from Chapter to Chapter and from Article to Article within Title 1 - Expenditure relating to persons working for the Institution

TO

Chapter 11	- Staff in active employment	
Article 111	- Other staff	
<u>Item 1110</u>	- Auxiliary staff	8 000 €
<u>Item 1113</u>	- Special advisers	5 000 €
<u>Item 1115</u>	- Contract workers	4 000 €
Article 114	- Miscellaneous allowances and grants	
<u>Item 1141</u>	- Annual travel costs from the place of employment to the place of origin	135 000 €
Chapter 16	- Social welfare	
<u>Article 164</u>	- Aid for the handicapped	8 000 €
Chapter 18	- Interinstitutional cooperation	
Article 182	- Further training and information for staff	
<u>Item 1820</u>	- Further training, retraining and information for staff	20 000 €
Article 189	- Supplementary services	
<u>Item 1895</u>	- Other supplementary services	<u>30 000 €</u>
		<u>210 000 €</u>

FROM

Chapter 11	- Staff in active employment	
Article 110	- Officials and temporary staff holding a post provided for in the establishment plan	
<u>Item 1100</u>	- Basic salaries	- 210 000 €

EXPLANATIONS

Item 1110 - Auxiliary staff - 8.000 EUR

One of the few remaining auxiliary agents at the Court introduced in July 2006 a request for a child allowance dating back to January 2005. To meet this, it is necessary to reinforce item 1110.

Item 1113 - Special advisers - 5.000 EUR

In view of the substantial number of recruitments that the Court expects to make in the remaining part of 2006, additional funds are needed to pay for the services of the medical adviser.

Item 1115 - Contract workers - 4.000 EUR

A contract worker has informed the Court that he/she is at an advanced stage in a procedure to adopt twins. In view of this, it is necessary to reinforce item 1115 so as to be able to pay the allowances related to the adoption.

Item 1141 - Annual travel costs from the place of employment to the place of origin - 135.000 EUR

The 2006 budget was established on the basis of the 2004 average payment for annual travel costs, adjusted for inflation (970 EUR). However, as a result largely of recruitments from the EUR-10 Member States, the proportion of staff receiving annual travel costs has increased, as has the amount payable. As a result, the average payable is now 1.200 EUR. This transfer is thus needed to allow the expenditure incurred to be charged to the appropriate budget line. It should be said that the amount requested includes travel costs to be paid to staff still to be recruited in 2006, calculated on an average of four months' service.

Article 164 - Aid for the handicapped - 8.000 EUR

This reinforcement is necessary to meet a request, which could not be anticipated in advance, for support in the purchase of equipment intended to compensate for the effects of a handicap.

Item 1820 - Further training and information for staff - 20.000 EUR

As a result of Article 45, paragraph 2, of the revised Staff Regulations, newly-recruited staff must have knowledge of a third language in order to be eligible for promotion. This has substantially increased demand for language training. This and other less significant factors give rise to a need to reinforce item 1820.

Item 1895 - Other supplementary services - 30.000 EUR

More use than anticipated is being made of agency staff, in particular to cover short-term absences resulting from illness.

FINANCING THE ABOVE TRANSFERS

Whilst significant progress is now being made in recruiting staff to vacant posts, a number of posts have remained vacant until now and there is thus a margin available in item 1100 - Basic salaries. It is thus planned to use 210.000 EUR to fund the above transfers.

PART C - Transfers from Chapter to Chapter and from Article to Article within Title 2 - Buildings, equipment and miscellaneous operating expenditure

TO

Chapter 20 – Buildings, equipment and miscellaneous operating expenditure	
<u>Article 203</u> – Cleaning and maintenance	150 000 €
<u>Article 204</u> – Fitting-out of premises	50 000 €
<u>Article 206</u> – Acquisition of immovable property	1 000 €
Chapter 21 – Expenditure on data processing	
<u>Article 214</u> – Analysis, programming, preliminary analysis and special projects handled by persons other than the Court's own staff	280 000 €
Chapter 23 – Current administrative expenditure	
Article 235 – Other operating expenditure	
<u>Item 2352</u> – Miscellaneous expenditure on internal meetings	4 000 €
<u>Item 2359</u> – Other operating expenditure	2 000 €
	<u>487 000 €</u>

FROM

Chapter 20 – Buildings, equipment and miscellaneous operating expenditure	
<u>Article 200</u> – Rent	- 101 000 €
<u>Article 205</u> – Security and surveillance of buildings	- 42 000 €
<u>Article 211</u> – Computer networks	- 180 000 €
Chapter 22 – Movable property and associated costs	
Article 220 – Technical installations and office machines	
<u>Item 2201</u> – Replacement of technical equipment and installations	- 15 000 €
<u>Item 2204</u> – Office machines	- 50 000 €
Article 223 – Vehicles	
<u>Item 2232</u> – Hire of vehicles	- 25 000 €
<u>Item 2233</u> – Maintenance, use and repair of vehicles	- 30 000 €
Chapter 23 – Current administrative expenditure	
<u>Article 230</u> – Stationery and office supplies	- 44 000 €
	<u>- 487 000 €</u>

EXPLANATIONS

Article 203 - Cleaning and maintenance - 150.000 EUR and

Article 204 - Fitting-out of premises - 50.000 EUR

The Court is currently planning an updating of its K1 building to bring it into line with national health, safety and environmental requirements. A technical audit of the building has recently been completed and it is anticipated that the main work will be carried out in 2008. However, the technical audit has identified a number of health and safety issues that should be rectified as quickly as possible along with some repairs that should be made sooner rather than later to prevent further damage and greater expenditure in the future. It is thus highly desirable to make use of margins available in other budget lines to start these works as soon as possible.

Article 206 - Acquisition of immovable property - 1.000 EUR

The Court is presently planning a further extension to its headquarters, the K3 building. As part of this process, it will send to the Luxembourg authorities in September 2006 a proposed framework contract covering the financing and execution of the project. It is possible that this contract will be signed before the end of the year.

One clause of this contract covers the sale by the Luxembourg State to the Court of the land upon which the existing K2 building stands for 1 EUR. The terms of this sale will be identical to those recently negotiated by the European Parliament for the KAD building and will take place upon signature of the framework contract. It is necessary therefore to ensure that an appropriation is available on Article 206.

Article 214 - Analysis, programming, preliminary analysis and special projects handled by persons other than the Court's own staff - 280.000 EUR

The need to reinforce this article arises from two distinct elements, as follows:

- a) the migration from SYSPER to SYSPER II - 100.000 EUR

SYSPER is the personnel database system which is hosted for the Court by the Commission. Some weeks ago, the Commission informed the Court that, with effect from 01.01.2007, it would no longer support this application, so that the only option available given the time constraints would be a migration to SYSPER II. The Commission has estimated that this will cost the Court an amount not exceeding 100.000 EUR. As this operation was not foreseen when the budget was prepared, it is necessary to reinforce Article 214 accordingly.

- b) change of priorities in the IT work programme - 180.000 EUR

When the budget was drawn up, it was planned to start equipping in 2006 a disaster recovery centre. Information from two ongoing projects ("IT security" and "business continuity planning") will determine the priorities for the specialised equipment and software to be installed in the centre, paid for from Article 211 - Computer networks. However, progress on these projects has been slower than anticipated and it is now planned to postpone part of the 2006 investments and make them instead in 2007. This will allow other tasks in the IT work programme to be brought forward or given higher priority resulting in a need to reinforce Article 214. In effect, this transfer amounts to a loan in 2006 from Article 211 to Article 214, to be repaid in 2007, as the relative priorities of existing tasks are reassessed.

Item 2352 - Miscellaneous expenditure on internal meetings - 4.000 EUR

In view of the utilisation of appropriations to date, a reinforcement of this item will be necessary to meet demands until the year-end.

Item 2359 - Other operating expenditure - 2.000 EUR

A small reinforcement of this item is necessary in particular for the destruction of supporting documents dating from 1999 and earlier (documents relating to financial years for which discharge was granted over five years ago - implementing rules for the Financial Regulation, Article 49 (d)).

FINANCING THE ABOVE TRANSFERS

Article 200 - Rent - 101.000 EUR

At the end of 2005 and in accordance with the rental contracts for its K8 and K9 buildings, the Court was able to prefinance part of its 2006 rent. Thus a margin is available in Article 200.

Article 205 - Security and surveillance of buildings - 42.000 EUR

The results of a call for tender for security services completed at the end of 2005 were advantageous for the Court. As a result a margin is available in Article 205.

Article 211 - Computer networks - 180.000 EUR

As explained above (Article 214), priorities in the II work programme have been adjusted in the light of developments. This amount is effectively a "loan" to Article 214 in the light of this adjustment, to be "repaid" in 2007.

Item 2201 - Replacement of technical equipment and installations - 15.000 EUR

Provision was made in the 2006 budget to replace one of the rotating filing cabinets used by the Human Resources Division to store personnel files securely. However, when this cabinet was dismantled and rebuilt as part of a removals exercise, it was possible to extend its life by servicing it thoroughly.

Item 2204 - Office machines - 50.000 EUR

Savings have been obtained by reducing the volume of copies of documents and by extending the working life of existing office equipment. In addition, price increases in this area have been less than anticipated.

Item 2232 - Hire of vehicles - 25.000 EUR

The 2006 indexation of prices in the contract for the rental of official vehicles was lower than anticipated and further economies have been achieved by postponing the replacement of some vehicles that meet the replacement criteria.

Item 2233 - Maintenance, use and repair of vehicles - 30.000 EUR

Despite the increase in fuel costs, economies have been achieved. In addition, assigned revenue was greater than anticipated.

Article 230 - Stationery and office supplies - 44.000 EUR

The Court was able to order a significant amount of paper at the end of 2005, giving rise to a margin in this article.