# DECISION OF THE EUROPEAN PARLIAMENT

## of 4 April 2001

## concerning discharge in respect of the implementation of the general budget of the European Union for the 1999 financial year — Section I — European Parliament/Ombudsman (Annex)

(2001/446/EC)

THE EUROPEAN PARLIAMENT,

Having regard to its Rules of Procedure, and in particular Rule 184(3) thereof,

Having regard to Article 77 of the Financial Regulation and Article 13 of the Internal Rules for the implementation of the European Parliament's budget,

Having regard to the Revenue and Expenditure Account and Balance Sheet for the financial year 1999 (SEC(2000) 539 — C5-0312/2000),

Having regard to the Agreement on Administrative Cooperation concluded between the European Parliament and the European Ombudsman on 22 September 1995 and extended on 7 December 1999,

Having regard to the annual report of the Court of Auditors concerning the financial year 1999 and the Institutions' replies (C5-0617/2000) [1],

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 (C5-0617/2000),

Having regard to its decision of 6 July 2000 giving discharge in respect of implementation of the general budget of the European Union for the financial year 1998 — Section I — European Parliament/ Ombudsman Annex [2], and in particular paragraph 3 thereof in which it instructed its Committee on Budgetary Control to include in its treatment of the 1999 discharge the procedures for awarding contracts, building policy, staff policy and the taking of an inventory of Parliament's property,

Having regard to the report of the Committee on Budgetary Control (A5-0099/2001),

### European Parliament

1. Takes note of the figures with which the European Parliament's accounts for the 1999 financial year were closed, namely:

*(euro)*

| Use of appropriations | Appropriations for the 1999 financial year | Appropriations carried over from 1998 financial year | |
|---|---|---|---|
| | | Article 7(1)(b) of the Financial Regulation | Article 7(1)(a) of the Financial Regulation |
| Appropriations available | 927 050 439,00 | 117 161 721,05 | 150 000 000,00 |
| Commitments entered into | 917 537 429,67 | — | — |
| Payments made | 813 716 797,14 | 107 743 197,70 | 150 000 000,00 |
| Appropriations carried over to 2000 | | | |
| — Article 7(1)(b) of the Financial Regulation | | | |
| — Article 7(1)(a) of the Financial Regulation | 103 820 632,53 | | |

[1] OJ C 342, 1.12.2000.
[2] OJ L 234, 16.9.2000, p. 20.

*(euro)*

| Use of appropriations | Appropriations for the 1999 financial year | Appropriations carried over from 1998 financial year | |
|---|---|---|---|
| | | Article 7(1)(b) of the Financial Regulation | Article 7(1)(a) of the Financial Regulation |
| Cancelled appropriations | 9 513 009,33 | 9 418 523,35 | — |
| Balance Sheet of 31 December 1999: 1 447 634 600 | | | |

*Implementation of the budget*

2. Notes the improvement in the implementation of the budget as evidenced by:
   — the high take-up rate of available appropriations in the 1999 financial year (98,97 %),
   — the significant increase in the use of appropriations automatically carried over from 1998 (91,96 % compared to 79,80 % from 1997 to 1998),
   — the full take-up of appropriations not automatically carried over from the same financial year;

*Staff policy*

3. Continues to attach maximum importance to the continuous and systematic professional training of the authorising officers and in general those who manage the appropriations with a view to further improving the implementation of Parliament's budget; while it welcomes the training measures taken so far (information seminars, circulars admonishing strict compliance with the provisions of the Financial Regulation, etc.), it considers that the recurrence of errors, such as the failure to submit proposals for the commitment of expenditure to the financial controller for approval, justifies an intensification of this training;

4. Notes that, in accordance with point 14 of its Decision of 7 October 1998 giving discharge in respect of the implementation of the budget for the financial year 1996 — Section I — European Parliament/ Ombudsman Annex [1] regarding the need to hold regular competitions for staff who are computer-literate and/or qualified in accounting and auditing, Parliament has jointly with other institutions organised a number of such competitions (EUR/A/154, EUR/B/164);

5. Notes that the Secretary-General is about to deliver a report to the Bureau on personnel policy, including measures dealing with staff mobility, for its April meeting; asks the Bureau to introduce elements of flexibility, qualifications and achievements into Parliament's policy of staff mobility for the purpose of fostering the goal of efficiency;

6. Expresses its satisfaction at the trends towards a reduction in the overall number and cost of missions of staff between the three working places of Parliament, and particularly between Luxembourg and Brussels;

| | Total | | Luxembourg—Brussels | | Brussels—Luxembourg | |
|---|---|---|---|---|---|---|
| | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 |
| Number of missions | 31 620 | 30 589 | 8 463 | 7 467 | 2 413 | 2 686 |
| Number of days | 97 168 | 93 134 | 17 244 | 15 446 | 3 136 | 3 436 |
| Cost (EUR million) | 17,2 | 16,6 | 2,9 | 2,6 | 0,5 | 0,6 |

Supports every measure aimed at reorganising the services of the institution on a rational basis (such as, for example, the agreement concluded recently between the Luxembourg Government and Parliament on the transfer of 99 posts from Luxembourg to Brussels) which contributes to a reduction in the number of missions; stresses, in this connection, that all the services directly related to Members' activities (DG II, DG III, interpreters, the necessary number of parliamentary ushers, drivers etc.) must be based in the working place where these activities take place; welcomes the attempt to reduce Parliament's operating expenditure, including spending on missions, but considers that the quality of Parliament's work must not thereby be jeopardised; calls for consideration to be given to the widespread use of teleconferencing for cooperation between staff in Luxembourg and Brussels with a view to reducing movements of staff and the corresponding costs as far as possible;

[1] OJ C 328, 26.10.1998, p. 111.

7. Notes the decision of the Bureau of 11 December 2000 which clarifies the conditions governing, and specifies which supporting documents are needed for missions 'outside the establishment plan'; notes as well a similar decision taken by the Bureau on 12 March 2001 concerning missions 'within the establishment plan' which has to be implemented by the Secretary-General in consultation with the Staff Committee; instructs its Secretary-General to report on the working of the new system one year after it enters into force;

8. Welcomes the additional measures taken to ascertain whether an official really is resident in his place of employment before he is granted the expatriation allowance; calls for systematic controls to ensure the strict implementation of these measures and the periodic verification that the preconditions for granting this allowance still apply; wishes to be informed whether all the institutions and advisory bodies of the European Union apply a uniform policy in this matter;

9. Points out that, in its note on the decisions to overrule the withholdings of approval by the financial controllers of the institutions for 1999, in accordance with Article 39(3) of the Financial Regulation, the Court of Auditors comments on Cases 99/7 and 99/9 concerning Parliament, without however taking any account of the arguments on the basis of which the Bureau decided to overrule the withholdings of approval in question; points out that OLAF has been requested to conduct an investigation into this matter and it is now awaiting these findings;

10. Points out that it, together with the other institutions, has specified more clearly the conditions for determining the place of residence of retired officials; calls on the administration strictly to monitor compliance with these conditions at regular intervals; calls on the Administration to insist on the presentation of reliable supporting documents, to recover funds where payments have been made on the basis of statements which have proven to be false and to apply disciplinary procedures where applicable, in accordance with the provisions of Article 86 and Annex IX of the Staff Regulations;

11. Reiterates the statement made in point 9 of its decision of 23 May 1996 giving discharge in respect of the implementation of the budget for the 1994 financial year — Section I — European Parliament [1] in which it had already called for auxiliary staff to be drawn from as large a pool of applicants as possible; looks to its Secretary-General to submit a report by 1 July 2001 setting out how account has been taken of Parliament's demand and according to which criteria and procedures staff have been selected;

*The awarding of contracts*

12. Notes that, according to the report by the ACPC (Advisory Committee on Procurements and Contracts) for 1999, there is an increasing trend towards competitive tendering for the award of contracts compared to the conclusion of contracts by private treaty or negotiated procedure:

— open procedures (1998: 99 (27,5 %); 1999: 107 (33 %),

— restricted procedures (1998: 82 (22,5%); 1999: 64 (19,7 %));

— contracts awarded by private treaty/negotiated procedure (1998: 181 (50 %), 1999: 153 (47,35 %)).

Notes in this connection that the decline in the number of contracts awarded by private treaty or negotiated procedure compared to 1999 is still unsatisfactory and that Parliament adopted a position on this matter only in its abovementioned resolution of 6 July 2000; takes note of the statement by the Secretary-General that the number of contracts awarded by private treaty in the year 2000 was 50 % less than the number awarded in 1998; expects competitive tendering to be the normal practice, where applicable, with restricted procedures and contracts awarded by private treaty/negotiated procedure being applied only under the circumstances laid down by the Financial Regulation and bearing in mind the remarks by the Committee of Independent Experts [2];

[1] OJ C 166, 10.6.1996, p. 189.
[2] Second report, Chapter on the award of contracts — choice of procedure, in particular points 2.2.23 and 2.2.26.

13. Recalls that, in its resolution of 13 April 2000 postponing the decision on giving discharge in respect of implementation of the general budget for the 1998 financial year — Section I — European Parliament/Ombudsman [1], Parliament urged the Court of Auditors to submit a special report on the award of contracts for security services for Parliament's buildings, including a review of their economic efficiency; bears in mind the note of the Court of Auditors of 27 October 2000 on the overruling decisions by the Bureau of Parliament in the 1999 financial year in which the Court of Auditors announced that it would pursue this matter in its audit of the 2000 financial year;

14. Looks to the Secretary-General to honour his commitment to submit to the Committee on Budgetary Control quarterly reports by the ACPC from 2001 indicating the contracts and acquisitions concluded, with reference to the procedure adopted in each case;

15. Recalls that, in point 5 of its resolution of 6 July 2000 on the 1998 discharge, it called for all the institutions to include in the Revenue and Expenditure Account and Balance Sheet for every financial year comparable statistical data concerning the award of contracts; calls for this data to be provided from the financial year 2000;

*Buildings policy*

16. Notes that in the opinion it had requested [2] of 13 July 2000, the Court of Auditors points out that:

— it has in part accepted the view of the Commission that the use of direct funding for the acquisition of buildings was not contrary to the provisions of the Treaty, and

— that the Financial Regulation in force neither specifically allows nor specifically prohibits the use of indirect funding;

17. Emphasises that the Commission's proposal for a radical review of the Financial Regulation specifically provides for the possibility of the direct funding of the building policy of the institutions of the European Union, as the Court of Auditors has repeatedly proposed;

18. Reiterates its principal position in favour of the direct funding of building expenditure, including the acquisition of the Louise Weiss Building; pending the review of the Financial Regulation, it again urges the Council to reconsider its own position in this matter;

19. Considers it unacceptable that, while Parliament has been using the Louise Weiss Building in Strasbourg since July 1999, the final cost of this building has not yet been determined, and that it is very unlikely that this will happen in the immediate future; looks to the competent political and administrative authorities of the institution forthwith to call the contracting parties to account in order to solve this problem which has clear budgetary repercussions;

20. Reiterates the need to rule out as far as possible further logistical obstacles relating to Parliament's future building requirements resulting from the enlargement of the EU; reiterates also that future decisions in the sphere of building policy must be based on the principle of functionality and the optimum use of financial resources; stresses also that the principle of functionality applies not only to the concentration of Parliament's services in the individual working places, but also to the concentration of the various buildings at each working place;

*Inventory of Parliament's property*

21. Expresses its regret that the first phase of implementation (1 December 1999 to 31 May 2000) of the new system of making an inventory and managing Parliament's property (ELS) (which already operates in the Court of Auditors) has fallen markedly below expectations, despite some improvements compared with the previous system, IMMO; recalls that during the 1998 discharge procedure, the Secretary-General acknowledged this and undertook to notify the Committee on Budgetary Control about the performance of this system during the first year of implementation as part of the closure of accounts for 2000; takes note of the report submitted by the Secretary-General on 22 February 2001 indicating the improvement achieved by the systematic use of ELS and the steps that still need to be taken, mainly in the six months ahead; stresses that it will continue to monitor very closely issues relating to the inventory of Parliament's property;

[1] OJ C 40, 7.2.2001, p. 398.
[2] See point 11 of the resolution of 13 April 2000.

*The canteens, bars, restaurants and shops (CBRS) sector*

22. Asks for a report to be drawn up, in time for the first reading of the 2002 draft budget, concerning the running of the imprest accounts, with particular reference to the CBRS sector (as well as the information offices) and on the steps taken to avoid repetition of past problems in this sphere;

23. Calls for the policy on reduction of subsidies for the CBRS sector to be reviewed on the basis of real facts as they have evolved in recent years;

*The political groups*

24. Points out that, in response to the comments by the Court of Auditors on the funding of the political groups, Parliament has set up a new budgetary item (3 7 0 1) and that the Bureau adopted the rules for the utilisation of appropriations for this item on 13 December 2000;

25. Regrets the fact that the Court of Auditors did not undertake any audit of the expenses of the political groups' spending in 1999, the year of the last European elections; reminds the Court of Auditors of its position taken in the abovementioned resolution of 13 April 2000 that the Court of Auditors conduct an audit of the political groups' finances every two years and calls on it to dedicate any extra resources, if necessary, to auditing money spent by political groups during European election years;

*The case relating to the Members' Cash Office*

26. Points out that the procedure provided for in Article 22 of the Staff Regulations has been initiated and is at a preparatory stage with a view to defining responsibilities in connection with the discrepancy of BEF 4 136 125 between the actual cash situation and their corresponding accounts in 1982;

*Evaluation of the human and financial resources provided to enable Parliament to play its institutional and political role*

27. Considers that the annual evaluation of the use of available resources, except for the financial resources relating to buildings policy, must concentrate primarily on those services which are directly linked to its institutional responsibilities; stresses in this connection the legislative powers conferred on it by the Treaties and the new opportunities presented by the Treaty of Nice, which is in the process of ratification;

28. Notes the measures that have been taken to ensure that the administrative structures and services provided are in keeping with its institutional and political priorities of Parliament and stresses the need further to strengthen the professional training programmes;

29. Takes the view that these measures — and any additional measures to the same end — must produce comparable quantitative and qualitative results relating to its contribution to shaping and implementing the legislative work of the European Union;

30. Emphasises that its 'image' is reflected in the quality of the texts produced which, however, are the result of internal processes which involve cooperation between many services;

31. Considers, therefore, that the method of measuring its influence on the legislative work of the EU must not be limited to primary statistical data (for example, the number of amendments approved in plenary sitting), but should include the processing of these data with a view to achieving a more specialised and structured evaluation of its legislative work;

*Information policy*

32. Takes the view that this form of quality approach to legislative work must also be borne in mind in the policy in respect of the visitors' programme; stresses in particular the need to record and evaluate primary information on European Union issues of interest to the general public which Parliament can gather from visitors' groups; calls for a report to be submitted by the first reading of the 2002 draft budget on the measures to be taken in this direction;

33. Demands the creation of a task force consisting of the responsible vice-presidents and the respective rapporteurs of the competent Committees to examine the effectiveness of Parliament's spending on information policy, especially within the Member States, and if necessary, propose new priorities;

*Other business*

34. Expresses its satisfaction at the fact that the issue of the purchase of a second computer for Members' offices has been settled [1];

35. Recalls point 24 of its resolution of 19 January 2000 [2] and point 27 of its resolution of 16 January 2001 [3], in which it instructed its Secretary-General to make proposals for the creation of a secure archive; notes that the proposals were adopted by the Bureau on 14 February 2001; calls on the Secretary-General to implement the Bureau decision without delay, thus ensuring facilities in Brussels and Strasbourg; emphasises that secure transport facilities are a prerequisite for the new system;

36. Recalls point 24 of its resolution of 13 December 2000 on reform of budgetary control procedures and institutions [4], in which it mandated the Bureau to put in place a fully operational internal audit service by 1 January 2002; asks its Secretary-General to inform the Committee on Budgetary Control by 1 July 2001 on progress made in implementing this mandate;

37. Expresses its satisfaction at the Euroscola Programme as a means of bringing Parliament closer to the people it represents and who elected it, but calls for information on the way this programme is managed, its various phases, the schools selected and the timetable of visits; recalls point 18 of Parliament's resolution of 26 October 2000 on the draft general budget of the European Union for 2001 [5], in which it was decided to increase funding for this programme;

38. Urges that, as a general rule, documents related to Delegations' meetings be printed in the place of those meetings (Brussels), to ensure timely availability of those documents to Delegation members;

39. Considers that the follow-up to the decision granting discharge must always take place within the framework of a permanent dialogue between the competent authorities of Parliament and the Committee on Budgetary Control, represented by the rapporteur for discharge and the Member responsible for Parliament's administrative expenditure;

*Ombudsman*

40. Points out that, having been urged to do so by Parliament within the framework of the 1999 budgetary procedure, the Ombudsman has drawn up a plan for restructuring his secretariat with a view to gradually converting most temporary posts into permanent posts and separating the administrative and legal services; expects that the permanent posts, thus created will be filled in accordance with Article 29 of the Staff Regulations;

41. Points out the need to avoid the cancellation of a significant part of the available appropriations, as occurred in 1999:

— 1999 appropriations: 14,46 % (1998: 8,58 %),

— appropriations automatically carried over from 1998: 38,09 % (from 1997 to 1998: 36,05 %).

Calls on the Ombudsman to improve the take-up of the funds placed at his disposal by the budgetary authority.

42. Gives its Secretary-General discharge in respect of the implementation of the budget for the 1999 financial year;

43. Authorises the giving of discharge to the Accounting Officer for the 1999 financial year;

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[1] See point 28 of the resolution of 13 April 2000.
[2] European Parliament resolution containing the comments which form an integral part of the decision giving discharge to the Commission for the implementation of the general budget of the European Union for the 1997 financial year (OJ L 45, 17.2.2000, p. 37).
[3] European Parliament resolution on the Commission report on the measures taken in the light of the observations of the European Parliament in its 1997 discharge (Texts adopted, point 6).
[4] Texts adopted, point 15.
[5] Texts adopted, point 2.

44. Instructs its President to forward this Decision to the Commission, the Council, the Court of Justice, the Court of Auditors and the European Ombudsman, and to have it published in the Official Journal (L series).

*The Secretary-General*
Julian PRIESTLEY

*The President*
Nicole FONTAINE