



# Procedure file

Basic information		
DEC - Discharge procedure	2005/2042(DEC)	Procedure completed
2004 Discharge: EC general budget, European Ombudsman		
Subject 8.70.03.07 Previous discharges		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>CONT</b> Budgetary Control		20/04/2005
		IND/DEM <a href="#">LUNDGREN Niils</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>AFET</b> Foreign Affairs	The committee decided not to give an opinion.	
	<b>DEVE</b> Development	The committee decided not to give an opinion.	
	<b>INTA</b> International Trade	The committee decided not to give an opinion.	
	<b>BUDG</b> Budgets	The committee decided not to give an opinion.	
	<b>ECON</b> Economic and Monetary Affairs	The committee decided not to give an opinion.	
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.	
	<b>ENVI</b> Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	<b>ITRE</b> Industry, Research and Energy	The committee decided not to give an opinion.	
	<b>IMCO</b> Internal Market and Consumer Protection	The committee decided not to give an opinion.	
	<b>TRAN</b> Transport and Tourism	The committee decided not to give an opinion.	
	<b>REGI</b> Regional Development	The committee decided not to give an opinion.	
	<b>AGRI</b> Agriculture and Rural Development	The committee decided not to give an opinion.	
	<b>PECH</b> Fisheries	The committee decided not to give an opinion.	
<b>CULT</b> Culture and Education	The committee decided not to give an opinion.		
<b>JURI</b> Legal Affairs	The committee decided not to give an opinion.		
<b>LIBE</b> Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.		
<b>AFCO</b> Constitutional Affairs	The committee decided not to give an opinion.		

	<b>FEMM</b> Women's Rights and Gender Equality	The committee decided not to give an opinion.
	<b>PETI</b> Petitions	The committee decided not to give an opinion.
European Commission	Commission DG <a href="#">Budget</a>	Commissioner

Key events			
07/10/2005	Non-legislative basic document published	N6-0027/2005	Summary
15/11/2005	Committee referral announced in Parliament		
21/03/2006	Vote in committee		Summary
28/03/2006	Committee report tabled for plenary	<a href="#">A6-0116/2006</a>	
26/04/2006	Debate in Parliament		
27/04/2006	Results of vote in Parliament		
27/04/2006	Decision by Parliament	<a href="#">T6-0164/2006</a>	Summary
27/04/2006	End of procedure in Parliament		
06/12/2006	Final act published in Official Journal		

Technical information	
Procedure reference	2005/2042(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 100
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/27159

Documentation gateway					
Non-legislative basic document		N6-0027/2005	07/10/2005	EC	Summary
Court of Auditors: opinion, report		N6-0039/2005 <a href="#">OJ C 301 30.11.2005, p. 0001</a>	30/11/2005	CofA	Summary
Committee draft report		<a href="#">PE369.892</a>	03/02/2006	EP	
Supplementary non-legislative basic document		<a href="#">05971/2006</a>	23/02/2006	CSL	Summary
Amendments tabled in committee		<a href="#">PE370.130</a>	28/02/2006	EP	
Committee report tabled for plenary, single reading		<a href="#">A6-0116/2006</a>	28/03/2006	EP	
Text adopted by Parliament, single reading		<a href="#">T6-0164/2006</a>	27/04/2006	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2006)2095</a>	11/05/2006	EC	

## 2004 Discharge: EC general budget, European Ombudsman

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**PURPOSE :** presentation of the final annual accounts of the European Community for the financial year 2004 ? Other institutions : Section VIII (A) - European Ombudsman.

**CONTENT :** this document sets out the amount of expenditure and the financial statement of the European Ombudsman for 2004 and presents an analysis of its financial management. The available appropriations set out in the Ombudsman's 2004 budget amounted to EUR 5,8 million, with a 89,4% utilisation rate.

**Main axes of 2004 expenditure :** the budget implementation was highlighted by the implementation of the new Financial Regulation and the consecutive direct management of a whole series of administrative and financial tasks which were until recently carried out by the Parliament (yet paid by the Ombudsman). Until 1999, the Ombudsman's budget was linked to the Parliament's and for some years certain administrative tasks were still being carried out by Parliament staff. This system is no longer in force.

The implementation report states that the activities carried out by this institution can be characterised by 4 main issues :

- Ombudsman's workload following enlargement : the number of complaints increased by around 51% compared to 2003 which was a real challenge for the institution;
- implementation of the new Staff Regulations : many interinstitutional agreements were put in place to find satisfying solutions for all;
- new budget and financial independence : in order to comply with the new Financial Regulation which entered into force in 2003, the Ombudsman was authorised to increase its staff dealing in these areas;
- improve working methods within the Office : to improve the filing and archiving of documents and to create a new database containing all the complaints made to the Ombudsman.

**Amendments to the 2004 budget :** throughout 2004, the Ombudsman made amendments to the budget through appropriation transfers between items and chapters :

- costs relating to the implementation of the Ombudsman's Work Programme (notably increasing its profile in the new Member States);
- costs relating to the reform of the Staff Regulations (notably for contractual agents);
- anticipated costs (for example, for the translation of the Ombudsman's Annual Report or to cover IT and other equipments costs).

The main issues of the 2004 budget implementation can be summarised as follows:

**Title I (Staff costs) :** the budget implementation showed that certain items were strengthened such as :

- mission and travel costs : this item was strengthened due to the increase in missions by the Ombudsman and his staff;
- costs relating to the organisation of training courses and the exchange of personnel due to the increase in the number of applications and the recruitment of candidates from the new Member States;
- interinstitutional cooperation costs.

**Title II : (Operational expenditure) :** this heading showed an increase in appropriations for IT investment, telecommunications, office equipment and the hiring of an official car for the Ombudsman. Overspending was noticed under the information and publication sector. On the other hand, an under-utilisation of meeting and study costs was noted.

**Title III : (Specific mission costs) :** only EUR 2.644 were committed from the EUR 3.000 available to cover costs relating to relations with the Ombudsman's international organisations.

**DETAILED SYNTHESIS OF 2004 EXPENDITURE:** this detailed synthesis analyses the breakdown of the Ombudsman's expenditure for the financial year 2004. The figures mentioned can also be found in the 'Final annual accounts of the European Communities - Financial year 2004' Volume III?.

**Implementation rate in 2004 :**

- Appropriations available for 2004 : EUR 5.782.968;
- Appropriations committed amounted to EUR de 5.168.269,89, an 89,37% utilisation rate;
- Appropriations paid amounted to EUR 4.722.644,41;
- Appropriations carried over from 2003 to 2004 : EUR 500.488,68.

**Main budget items and use of committed appropriations (Title I, II and III):**

- I : Institutional costs (Members and active staff) : EUR 4,273 million;
- II : Operational costs (including buildings and material) : EUR 0,892 million;
- III : Specific mission costs : EUR 0,0026 million.

PURPOSE : to present the Court of Auditors' report on the implementation of the 2004 budget (other institutions ? European Ombudsman).

CONTENT : in its 28<sup>th</sup> Annual Report on the implementation of the general budget of the European Union, the Court states that overall improvements have been made by all the institutions in order to adapt their supervisory and control systems to the requirements of the new Financial Regulation. However, the risks identified in 2003 linked to the implementation of the Financial Regulation, together with the risks resulting from the introduction of new Staff Regulations and computerised systems for calculating salaries and pensions have not been adequately addressed by the supervisory and control systems in 2004.

Despite the progress made by the Commission in reforming its internal control system and the positive impact on the legality and regularity of the Commission's internal management of expenditure (DAS), further progress is still required in terms of operational effectiveness. The report states that the past audits by the Court showed that the errors found were mostly of a formal nature and not due to serious weaknesses in the control systems.

Supervisory and control systems : in 2004 all the institutions continued improving their supervisory and control systems in order to comply with the requirements of the new Financial Regulation. However, none of the institutions had fully implemented Internal Control Standards (ICS). In parallel, the NAP (?Nouvelle Application Paie?), a new computer application for calculating staff remuneration created and managed by the Commission Paymaster Office (PMO), was used by all the institutions. The NAP presented in 2004 various technical weaknesses, which created a new risk and, in many cases, resulted in the erroneous calculation of various elements of staff remuneration. The most evident errors were corrected manually before payment. Concerning one of those elements, in March 2005 NAP programmes were amended, the amounts paid in 2004 recalculated and, where necessary, corrected. These corrections led to recoveries amounting, for all the institutions, to a total of around EUR 1,9 million. Manual data transferred into the NAP from the computer systems recording the situations qualifying the staff for specific entitlements constituted a further specific risk of errors. However, controls were not reinforced accordingly.

A lack of control procedures concerning pension payments were noted in some institutions.

Lastly, except for the European Ombudsman and the European Data Protection Supervisor, occasional weaknesses were observed in the supervisory and control systems concerning procurement.

Specific observations on the European Ombudsman : the Court's audit did not give rise to observations (expenditure in 2004, EUR 5 million against 4 million in 2003).

General conclusions : in conclusion, the Court considers, as a result of its audit, and in order to address the risks identified, that improvements should be made in the supervisory and control systems relating to the following areas: documentation of procedures; definition of the nature of the supporting documents which should make it possible to check that the expenditure is in accordance with the terms of the contracts or of the regulations and rules; grading of staff under the new staff regulations; remuneration, in particular payment of allowances and transfers of part of the staff emoluments with the application of a weighting coefficient.

## 2004 Discharge: EC general budget, European Ombudsman

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The committee adopted the report by Nils LUNDGREN (IND/DEM, SE) proposing that discharge be granted to the European Ombudsman for 2004. In its accompanying comments, the committee noted that in 2004 the Ombudsman's Office performed all the financial tasks that, until the end of 2003, had been provided by Parliament's services under previous cooperation agreements. In 2004 the Ombudsman therefore had full control over the financial transactions relating to his section of the budget.

The report also noted that 2004 saw an unprecedented rise of 51% in complaints to the Ombudsman, which represented a "clear sign" of increasing awareness of the service he provided and the greater information provided by the EU institutions. In conclusion, MEPs said that the Ombudsman could serve as a model for other institutions, "both as regards a clearly defined scope of competence and a well administered budget".

## 2004 Discharge: EC general budget, European Ombudsman

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PURPOSE: to grant discharge to the European Ombudsman for the 2004 financial year.

LEGISLATIVE ACT: Decision 2006/816/EC of the European Parliament on the discharge for implementation of the European Union general budget for the financial year 2004 (Section VIII A - European Ombudsman).

CONTENT: with the present decision, the European Parliament grants the European Ombudsman discharge in respect of the implementation of the budget for the financial year 2004.

This decision is in line with the European Parliament's resolution adopted on 27 April 2006 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 27/04/2006).

## 2004 Discharge: EC general budget, European Ombudsman

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The European Parliament adopted a resolution drafted by Nils LUNDGREN (IND/DEM, SE) and granted the European Ombudsman discharge in respect of the implementation of the budget for the financial year 2004. In its accompanying statements, Parliament noted that in 2004 the European Ombudsman administered a budget of EUR 5 782 988 with a utilisation rate of 88.05%. It noted also that 2004 was the first year in which the Ombudsman's office experienced full autonomy and therefore had full responsibility in financial matters. The Ombudsman asked for and received authorisation from the budgetary authority to increase in the year 2004 the number of administrative staff dealing with financial and administrative matters. These new members of staff enabled the Ombudsman's office to perform during 2004 all the financial tasks that, until the end of 2003, had been provided by Parliament's services under the co-operation agreements. These tasks included, inter alia, the

management, calculation and processing of missions and the preparation of payment orders concerning staff salaries and also the Ombudsman's emoluments.

The internal auditor's appraisal of the Ombudsman's office in relation to budgetary transactions in 2004 did not identify any areas of significant risk, but a series of action plans was agreed with the management to reduce risk further and to enhance the existing systems, especially in the area of public procurement.

Parliament went on to note that 2004 saw an unprecedented rise of 51 % in complaints to the Ombudsman, the total in 2004 being 3688 such complaints, which represented a clear sign of increasing awareness of the service provided by the Ombudsman and the greater degree of information provided by the institutions. Half of that increase was accounted for by complaints from the ten new Member States.

Parliament believed that the Ombudsman could serve as a model for other institutions, both as regards a clearly defined scope of competence and a well administered budget.