

EUROPEAN PARLIAMENT

Working Documents

1983-1984

24 October 1983

DOCUMENT 1-899/83

Report

drawn up on behalf of the Committee on Budgets

on Section V - COURT OF AUDITORS - of the draft
general budget of the European Communities for the
financial year 1984 (Doc. 1-800/83)

Rapporteur: Mr G. PFENNIG

PE 86.765/fin.

On 29 November 1982 the Committee on Budgets appointed Mr PFENNIG rapporteur on Section V - Court of Auditors - of the draft general budget of the European Communities for the financial year 1984.

At its meeting of 17 October 1983 the Committee on Budgets considered the attached draft amendments and adopted them.

At the same meeting it also unanimously adopted the following motion for a resolution (22 votes in favour).

The following were present at the time of the vote: Mr Lange, chairman; Mr Notenboom, first vice-chairman; Mrs Barbarella, second vice-chairman; Mr Pfennig, rapporteur; Mr Adonnino, Mr Arndt, Mr Balfour, Mr Barbagli, Mr Chanterie (deputizing for Mr Konrad Schön), Lord Douro, Mr Gouthier, Mrs Hoff, Mr Kellett-Bowman, Mr Key (deputizing for Mr Fich), Mr Langes, Mrs Nebout, Mr Newton Dunn, Mr Kalliopi Nikolaou, Mr Price, Mr Protopapadakis, Mrs Scrivener and Mr Simonnet.

The report was tabled on 19 October 1983.

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Draft amendments No. 513, 514, 515 and 516

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on Section V - Court of Auditors - of the draft general budget of the European Communities for the financial year 1984

The European Parliament,

- having regard to the draft general budget drawn up by the Council for the financial year 1984, Section V - Court of Auditors -, and the accompanying explanatory memorandum (Doc. 1-800(83),
- having regard to the report of the Committee on Budgets (Doc. 1-899/83),
- A. whereas in the framework of strict budgetary discipline at both national and European level the utmost precision is called for in calculating the administrative expenditure of all Community institutions, without preventing them, however, from performing the tasks conferred on them by the Treaty,
- B. whereas for the same reasons an increase in staff should be avoided on principle,
- C. having regard to the unused appropriations in recent financial years in the case of all the Community institutions,
 1. Accepts and supports for its part, following intensive studies and talks with the responsible departments of the institution concerned, the cuts made by the Council in the preliminary draft budget of the Court of Auditors;
 2. Notes that the Court of Auditors' budget, with a 3.9% increase in expenditure over the previous year, thus has the lowest rate of increase of all institutions after Parliament;

3. Emphasizes that the Court of Auditors in its discussions with the Council and the rapporteur has foregone an increase in its establishment plan for the 1984 financial year because of the general economy measures;
4. Points out that a slight increase is necessary in the budget estimate for Article 102 'Temporary allowances', since the terms of office of three members of the Court are not being extended;
5. Calls on the Court of Auditors to incorporate in the remarks column the structure of the breakdown of certain budget lines introduced by means of a blanket amendment applicable to all the institutions and to inform the budgetary authority in time for the final reading of the corresponding breakdown of appropriations;
6. Calls on the Court of Auditors to proceed according to the 'gross principle' in future in drawing up the budget, i.e. that reusable revenue should not be set off against expenditure but included on the revenue side of the budget;
7. Calls on the Court of Auditors to make all the budget documents available to Parliament at the same time as they are forwarded to the Court of Auditors, together with expenditure and staffing situation reports as at 31 August of each financial year, and points out that it will not in future accept the Court's budget in the absence thereof;
8. Amends slightly the draft budget of the Court of Auditors.

EXPLANATORY STATEMENT

1 - General considerations

The rates of increase in total appropriations for the Court of Auditors in recent years have been as follows:

from 1980 to 1981	13%
from 1981 to 1982	10%
from 1982 to 1983 just under	6%
planned increase from 1983 to 1984 (preliminary draft 10.4%)	3.9%

On the other hand, in the years 1980, 1981 and 1982 actual expenditure was between 2m and 2.27 m ECU below estimated expenditure.

Thus, the estimates of appropriations exceeded expenditure by the following percentages:

in 1980	21%
in 1981	15.7%
in 1982	15.5%

2 - Cuts in appropriations by the Council

The Court of Auditors had proposed for its preliminary draft budget an appropriation of 19,018,040 ECU, which would have amounted to a 10.4% increase over the previous financial year.

In its discussions with the Court of Auditors when drawing up the draft budget, the Council reduced this amount to 17,907,000 ECU, bringing the increase in the budget over the previous year down to 3.9%.

In the Court of Auditors' case after the examination of, and the corresponding cuts in individual items, the Council also made further flat-rate reductions of some 3.5% in Chapters 11 and 12; consequently, the actual cuts are considerably higher. The average percentage of unused appropriations in these chapters of the Court of Auditors' budget ranges from 15.8 to 27% in the years 1979 to 1982.

3 - Studies by the rapporteur

In the course of intensive talks with the responsible departments of the Court of Auditors the rapporteur discussed both the Council's cuts and the likelihood of further cuts at some length. He reached the conclusion that the reinstatement of certain appropriations reduced by the Council could be waived, even though the point should be made here, with regard to all institutions, that the Council's method of implementing flat-rate reductions in Chapters 11 and 12 is not a satisfactory way to trim the budget.

The rapporteur proposes only two amendments of substance to two budget items, the justification for the deletion of the contingency reserve and the entry of a corresponding appropriation against Chapter 100 being the same as for the other institutions.

The appropriation against Article 102 should be increased, according to Court of Auditors' estimates, from 46,700 ECU to 215,000 ECU because of the retirement of three members. Since this increase also includes family allowances, Item 1002 was reduced accordingly. A corresponding amendment to the remarks has been tabled in case the Council submits a corresponding corrigendum in the form of a letter of amendment.

As regards those budget items where estimates of reusable revenue are given in the remarks, the rapporteur believes that this revenue should not be set off outside the budget and re-spent. Instead the 'gross principle' should be followed, similar to the approach being adopted in the case of Parliament's budget, i.e. that reusable revenue should not be set off against expenditure but included on the revenue side of the budget.

4 - Coordination of the audit procedure and simplification of the remarks in the budgets of the various institutions

The Committee on Budgets was obliged to note to its regret that the Council had included in its draft relatively few justifications or details which might

have helped the other arm of the budgetary authority to understand the Council's actions better. Although additional remarks were forwarded to the rapporteur by the Court of Auditors, he nevertheless expects that the documents from the intensive talks between Council and Court of Auditors as well as the remarks and justifications relating to the appropriations against the various budget lines should be made available to him at the beginning of the budget procedure in future.

Furthermore, when studying the various budgets the rapporteur found good examples of breakdowns of individual items in the budgets of one or other of the institutions which ought to be incorporated in the remarks by all the institutions. A general draft amendment to this effect has been tabled.

5 - Conclusions

In short, the Committee on Budgets is proposing that:

- the draft budget drawn up by the Council should be left essentially unchanged as regards the amount of appropriations,
- the amounts against individual budget items should be broken down in the remarks for all institutions alike, so as to ensure greater budgetary transparency,
- the contingency reserve (in Chapter 101) should be deleted and the appropriation entered against Chapter 100, 'Provisional appropriations'.

Decisions of the Committee on Budgets on 17 October 1983

- The Committee on Budgets unanimously adopted the draft amendment on the breakdown of certain articles and items in the remarks.
- The draft amendment reducing the appropriation for Item 1002 'Family allowances' by 22,800 ECU was adopted unanimously.
- The draft amendment on Article 102 'Temporary allowances' was, in the light of the Council's letter of amendment, restricted to a minor change in the remarks and was adopted unanimously.

- The draft amendment on Chapter 100 concerning the reduction in the appropriation in Chapter 101 was adopted unanimously.

DRAFT AMENDMENT

E U R O P E A N P A R L I A M E N T

17 October 1983

Doc. 1-800/513

DRAFT
GENERAL BUDGET OF THE EUROPEAN COMMUNITIES
FOR THE FINANCIAL YEAR 1984

DRAFT AMENDMENT No. 513

tabled by Mr PFENNIG, rapporteur, on behalf of the Committee on Budgets

SECTION V - COURT OF AUDITORS

A - Expenditure

-

B - Compensation

-

C - Revenue

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REMARKS

The remarks relating to the items listed in the annex should be supplemented - if this has not already been done - by breaking down a number of 'global items' to show the individual amounts or the appropriate indications.

Justification

In the budgets of some of the institutions, the breakdown of appropriations or other items of information are shown in such an exemplary fashion that all of the other institutions should proceed in the same manner. They help to achieve greater budget transparency by introducing, for instance, the same requirements as far as the replacement life of office machinery or furniture is concerned.

WP 0509E

PE 86.602/513

Or De

Standard remarks to be incorporated in the budgets of the
institutions, followed by the appropriate figures

- Item 1100 Basic salaries ECU
 Breakdown of appropriations into:
 posts that are filled (number, amount of
 appropriation)
 vacant posts (previous budget years)
 vacant posts (current budget year)
 posts planned for 1984
- Article 115 Overtime
 Breakdown of overtime and allowances with
 indication of the reasons for payment
- Article 140 Restaurants and canteens
 Exact breakdown of expenditure, e.g.:
 - Staff costs
 - Equipment renewal and normal maintenance
 costs
 - Procurement of additional equipment
- Item 2000 Rentals
 Exact breakdown of rent and tax payments for
 individual buildings, rooms, store rooms,
 parking space, etc.
- Article 202 Water, gas, electricity and heating
 - Water ECU
 - Electricity ECU
 - Heating ECU
- Article 203 Cleaning and maintenance
 e.g. - Cleaning of offices
 - Technical equipment
 - Maintenance of lifts
 - Maintenance of air-conditioning units
 - Painting
- Article 204 Fitting out of premises
 following work:
- Item 2201 Replacement of office machinery
 - Typewriters which have been in service
 for at least 10 years
 - Calculators which have been in service
 for at least 8 years
 - Dictaphones which have been in service
 for at least 8 years
- Item 2211 Replacement of furniture
 Appropriations for the replacement of part
 of the furniture which has been in service
 for at least 15 years and which is no longer
 repairable as well as special items of
 furniture for archives

- Item 2220 New purchases of technical equipment and installations ECU
exact breakdown of use of appropriations
- Item 2221 Replacements
exact indication of the equipment that needs replacing
- Item 2222 Hire of technical equipment and installations
exact details of the items rented, e.g.
- Photocopying machines
- Telecopiers
- Telephone system
Word-processing machines, etc.
- Article 230 Stationery and office supplies
exact breakdown of expenditure, e.g.
- Offset paper
- Writing and office material
- Material required for postage
- Photocopying costs
- Printing costs
- Item 2311 Telephone calls, telegrams, telex
This item should show the fixed costs of telephone rental and the charges for communications as well as for telegraph and telex communications
The appropriation also covers:
- The costs of the telephone maintenance contract
- The telex maintenance contract
- The rental of telephone lines
- The rental of telephone cross connections for terminals
Reusable revenue amounts to

DRAFT AMENDMENT

E U R O P E A N P A R L I A M E N T

17 October 1983

Doc. 1-300/514

DRAFT
GENERAL BUDGET OF THE EUROPEAN COMMUNITIES
FOR THE FINANCIAL YEAR 1984

DRAFT AMENDMENT No. 514

tabled by Mr PFENNIG, rapporteur, on behalf of the Committee on Budgets

SECTION V - COURT OF AUDITORS

Item 1002 - Family allowances

PAYMENTS

A - Expenditure

Reduce appropriations by 22,800 ECU (from 107,800 to 85,000 ECU)

B - Compensation

-

C - Revenue

Reduce revenue by the same amount

REMARKS

Family allowances are only paid to active Members of the Court of Auditors

Justification

The Court of Auditors was unable adequately to justify the increase of roughly 35% over the previous financial year.

The Court of Auditors is agreed that family allowances for former Members of the Court of Auditors should be paid from Article 102.

DRAFT AMENDMENT

E U R O P E A N P A R L I A M E N T

17 October 1983

Doc. 1-800/515

DRAFT
GENERAL BUDGET OF THE EUROPEAN COMMUNITIES
FOR THE FINANCIAL YEAR 1984

DRAFT AMENDMENT No. 515

tabled by Mr PFENNIG, rapporteur, on behalf of the Committee on Budgets

SECTION V - COURT OF AUDITORS

Article 102 - Temporary allowances

PAYMENTS

A - Expenditure

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B - Compensation

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C - Revenue

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REMARKS

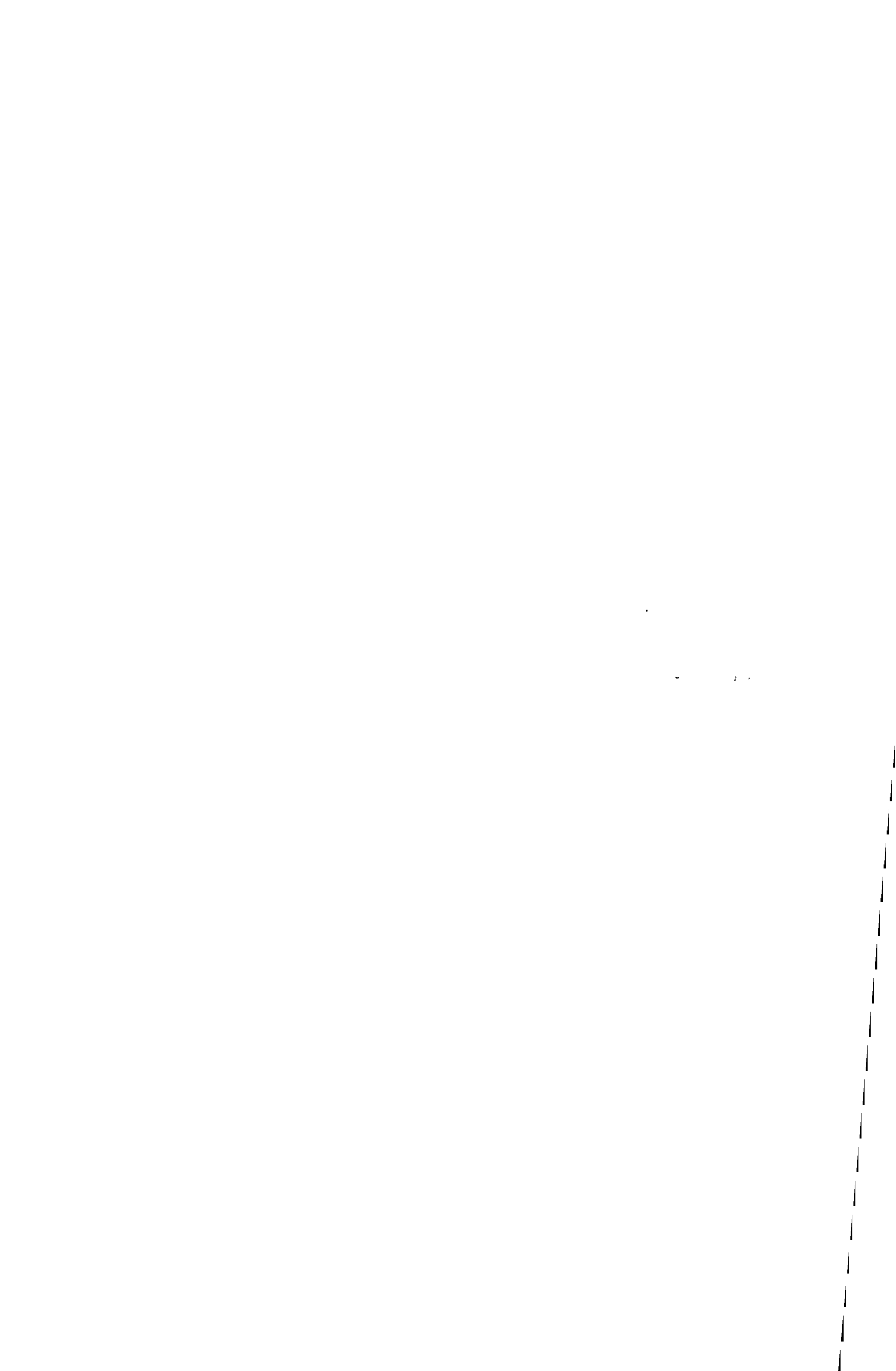
This expenditure also covers family allowances for former Members

Justification

To improve budgetary transparency, family allowances for former Members should be shown separately from those for active Members (see amendment reducing the appropriation under Item 1002)

WP 0509E

PE 86.602/515
Or De



DRAFT AMENDMENT

E U R O P E A N P A R L I A M E N T

17 October 1983

Doc. 1-800/516

DRAFT
GENERAL BUDGET OF THE EUROPEAN COMMUNITIES
FOR THE FINANCIAL YEAR 1984

DRAFT AMENDMENT No. 516

tabled by Mr PFENNIG, rapporteur, on behalf of the Committee on Budgets

SECTION V - COURT OF AUDITORS

Chapter 100 - Provisional appropriations

PAYMENTS

A - Expenditure

Increase appropriations by 50,000 ECU (from 0 to 50,000 ECU)

B - Compensation

Delete the same amount in Chapter 101 - Contingency reserve

C - Revenue

-

REMARKS

This appropriation is earmarked for Chapter 12

Justification

The contingency reserve should be deleted as a matter of principle from the budgets of all the institutions and specific reference should be made instead to any reserve appropriations which might be required.

The earmarking of these appropriations for Chapter 12 is justified by the fact that the Council imposed a particularly high across-the-board reduction of an additional 3.5% in this chapter.

