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 1980

Rapporteur: Mr Robert JACKSON
CORRIGENDUM

to the report by Mr R. JACKSON on Section V - Court of Auditors -
of the draft general budget of the Communities for 1980


At the end of the motion for a resolution, add the following
new paragraph 7:

'7. Subject to these amendments, approves section V of the
draft budget relating to the revenue and expenditure
of the Court of Auditors.'
On 6 September 1979 the Committee on Budgets appointed Mr JACKSON rapporteur on Section V (Court of Auditors).

At its meeting of 10 October 1979 the Committee on Budgets unanimously adopted the motion for a resolution.

The amendments adopted by the Committee on Budgets at the same meeting are annexed to this report.

Present: Mr Lange, Chairman; Mr Notenboom, first Vice-Chairman; Mr Jackson, rapporteur; Mr Adonnino, Mr Arndt, Mr Barbi, Mrs Boserup, Mr Colla, Mr Forth, Mrs Hoff, Mr Lega, Mrs Pruvot (deputizing for Mr Nord), Mr John Mark Taylor and Mr Simonnet.
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.  MOTION FOR A RESOLUTION</td>
<td>5</td>
</tr>
<tr>
<td>B.  EXPLANATORY STATEMENT</td>
<td>6</td>
</tr>
<tr>
<td>Annex: PDA 378/87</td>
<td></td>
</tr>
<tr>
<td>378/88</td>
<td></td>
</tr>
</tbody>
</table>
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 1980

The European Parliament,

- having regard to the draft general budget for the 1980 financial year drawn up by the Council (Section V - Court of Auditors) and its explanatory memorandum (Doc. 1-378/79),
- having regard to the report of the Committee on Budgets (Doc. 1-445/79),
- in view of the draft amendment tabled to the 1979 budget concerning the Court's establishment plan and not sustained as a result of the difficulties at the end of the budgetary procedure,

1. Expresses its concern that Council reduced the Court of Auditors' requests for staff on an arbitrary basis;

2. Considers that these requests were justified in view of the need to strengthen those services within the Court responsible for supervising major sectors of Community expenditure;

3. Therefore amends the draft budget to add 18 permanent and 4 temporary posts to the list of posts and to upgrade a further 11 posts;

4. Notes the Court's intention not to request any further posts for next year in the belief that its secretariat would then be adequately equipped to meet the needs and obligations of the Treaties;

5. Further amends the draft budget of the Court to permit an increase in the entertainment and representation expenses of the members of the institution in accordance with the same criteria used by the other Community institutions;

6. Asks the Court to draw up clear rules for the incurring of this expenditure in consultation with its Committee on Budgetary Control.
Introduction

EXPLANATORY STATEMENT

1. The European Parliament approved increases in the establishment plan of the Court of Auditors at the first reading of the 1979 budgetary procedure. The purpose of these increases was to equip the Court to carry out its auditing functions in the main sectors of Community expenditure.

2. At the same time, Parliament approved a report which endorsed the Court's organisational structure which it considered to be appropriate to carry out its general control functions.

Parliament is very concerned with the organizational development of the Court - for whose very existence it was responsible - because the Court must play an important role in the preparations for the granting by Parliament of a discharge and the closing of the annual accounts. To assist Parliament in this extremely important area, the Court needs to be suitably equipped.

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(1) Doc. 396/78.

(2) As noted in the report presented one year ago on the draft budget for the Court in 1979 (Doc. 396/78), the tasks are allocated among the 9 Members as follows:

(a) EAGGF Guidance Section, Regional Fund, Documentation Directorate and legal service;
(b) ECSC activities, Social Fund and budget and accounting division;
(c) EAGGF Guarantee Section and programming division;
(d) Research and investment expenditure, extra-budgetary expenditure and Directorate for working methods and professional training;
(e) own resources, annual reports of activities and opinions;
(f) European Development Fund (EDF) Title 9, 'Miscellaneous revenue' and relations with the Community institutions;
(g) Expenditure on staff of the institutions, energy policy, Directorate for Administration and Personnel, and the language service;
(h) Administrative expenditure of the European Bank: information offices and Statistical Office and relations with national audit bodies;
(i) External bodies, European Schools, Euratom Agency etc., and secretariat of the Court.
3. Your rapporteur takes the view that the Court's actual establishment plan (1979) is scarcely sufficient to provide Parliament with the kind of auditing assistance available to public accounts committees in the Member States.

In particular, he believes that the divisions responsible for auditing the major financial sectors (agricultural and social funds) need reinforcement.

In evidence of this, the staff plan for 1979 provided that the various operational nuclei should be composed as follows:

(a) Supervision of European Schools and external and decentralized bodies:
1 A3, 1 A4/5, 3 B2/3, 1 C;

(b) EAGGF Guidance Section:
1 A3, 1 A4/5, 2 A6/7, 2 B, 1 C;

(c) Regional Fund:
1 A4, 1 A6/7, 3 B, 1 C;

(d) ECSC and banking management:
1 A3, 1 A5, 1 A6/7, 3 B;

(e) Social Fund and other expenditure:
1 A4, 1 A6/7, 1 B;

(f) Operational expenditure of the institutions:
1 A3, 1 A4/5, 1 A6/7, 4 B, 1 C;

(g) Expenditure on staff:
1 A3, 2 A4/5, 2 A6/7, 1 B1, 1 B2/3, 1 C;

(h) EAGGF Guarantee Section:
2 A3, 3 A4/5, 3 A6/7, 2 B, 4 C;

(i) Expenditure on development - Stabex - Cooperation with developing countries and third countries:
1 A3, 1 A4/5, 3 A6/7, 3 B, 2 C;

(j) Research and investment, energy, industry:
1 A3, 4 A4/5, 3 B, 2 C;

(k) General accounts:
1 A4/5, 2 A6/7, 1 C;

(l) Computerized Control Section: not in operation in 1979;

(m) Autonomous revenue of the Community:
1 A/3, 2 A4/5, 2 A6/7, 2 C;

(Source: document sent by the Court of Auditors to the Council to accompany its new requests for posts in 1980 and not officially forwarded to the European Parliament).
4. Unfortunately the Court's requests were not finally approved during Parliament's second reading of the 1979 draft budget because Parliament decided, in order not to make more difficult the discussions with Council, that it would not table any amendments to restore cuts made by the Council to its amendments from the first reading.

The Court's proposals for 1980

5. Essentially the Court of Auditors maintains its requests for posts from last year when, as explained above, it was not possible to include them in the 1979 budget.

The 41 permanent posts and 4 temporary posts in question would be allocated as follows:

(a) For the control sector

1. Supervision of European Schools and external and decentralized bodies:
   1 A 6/7, 1 C;
2. EAGGF Guidance Section:
   1 A 4/5, 1 C;
3. Regional Fund:
   1 A 3, 1 A 4/5, 1 A 6/7, 1 B, 1 C;
4. ECSC and banking management and
5. Social Fund and other expenditure:
   1 A 4/5, 1 A 6/7, 1 B, 1 C;
6. Operational expenditure of the institutions:
   2 A 6/7, 1 C;
7. Expenditure on staff:
   1 A 6/7, 1 B, 1 C;
8. EAGGF Guarantee Section:
   1 A 3, 1 A 4/5, 1 A 6/7, 1 B;
9. Expenditure on development - Stabex - Cooperation with developing countries and third countries:
   1 A 6/7, 2 B;
10. Research and investment, energy, industry and
11. General accounts:
    1 A 6/7, 2 B;
12. Computerized Control Section:
    1 A 4/5;
13. Autonomous revenue of the Community:
    2 B.
(b) For the 'horizontal', i.e. administrative, services:
   1 A6/7, 2 B, 4 C;

(c) For the language service
   3 LA 7, 1 C;

(d) General service staff:
   1 D, 3 C;

In addition to these requests for new posts, the Court also requests certain upgradeings of posts for the assistants of the Members of the Court who are assigned executive duties. The Court accompanied its request for posts with full explanations, providing a job description for each post sought and an account of the strength of each section within the establishment plan.

The Council's deliberations on the Court of Auditors' requests

6. In its draft budget for 1980, the Council has taken a favourable decision only on the creation of 23 new posts: 6 A, 7 B, 6 C, 1 D, 3 LA 7; and on the downgrading of 3 LA 5 posts into 3 LA 7 posts. Before commenting on this decision, one should first note how incomplete the Council's deliberations are, since it is not even stated what grades these new posts in the A, B, C, D and LA categories would have.

The Council's explanatory remarks are also very fragmentary. The only information to be gained on the few paragraphs on the Council's deliberations is that the Council 'appreciated' the documents forwarded to it by the Court of Auditors in justification for its requests for more staff. This merely serves to accentuate the contrast with Council's failure to provide any adequate explanations for the cuts imposed.

The Council adds that it considers that the posts granted are sufficient in view of the fact that the Court has still not filled all its vacant posts in 1979. However, Council cannot be unaware of the fact that the posts in question are already filled by temporary staff and that establishment procedures are now in progress.

(1) See the Council's explanatory remarks on the draft budget of the Communities for the financial year 1980, Volume 7, page 66.
The conclusions of the Committee on Budgets

7. In the absence of a serious examination of the requests by Council, the European Parliament will make its own independent judgment as to the needs for more staff.

8. In your rapporteur's view, experience has justified the position taken by Parliament during the 1979 budgetary procedure. He therefore suggests restoring the posts sought originally by the Court.

9. Without wishing to interfere with the Court's right to determine its own working methods, he would suggest that flexibility in its dispositions is important: from time to time the priorities to be accorded to different lines of investigation will have to be reviewed, and with that the deployment of the Court's staff. In due course more posts might be diverted to the Social Fund sector which, because of the scale of its operations and of the particular difficulties of control, seems to merit close attention. This staff could perhaps in due course be found by pruning slightly the extra allocation to the sectors dealing with external and decentralized bodies, operational expenditure and staff expenditure which are all fairly well provided for and which can benefit from the existence of Financial Controllers within each of the institutions.

10. To summarise, your rapporteur proposes amending the Court's establishment plan as follows:
   (a) add the following 18 permanent posts (from 23 to 41): 2 A3, 3 A6, 2 A7, 1 B2, 2 B3, 1 C2, 4 C3, 3 C4;
   (b) convert 2 B5 posts into 1 B4 and 1 B3;
   (c) convert 6 temporary C1 posts into 6 B3 secretarial posts;
   (d) create 4 new temporary A 4 posts;
   (e) regrade 3 secretarial posts grades B3, B4 and B5 respectively to 3 B posts in the same grades.

As regards expenditure, an extra 715,698 EUA would be required: partially offset by an increase in revenue of 573,168 EUA.

11. Your rapporteur notes that the Court has stated its intention - once these increases have been accorded - not to request further posts for next year because its secretariat would have been fully equipped to meet the tasks set it by the Treaties.
(b) on the appropriations

12. The effect of the amendment to the draft budget of the Court of Auditors is to restore the appropriations which the Council had reduced for staff.

13. The Committee on Budgets can, however, accept the reduction in appropriations under Chapters 11 and 12 of the budget (staff and staff allowances) proposed by the Council in the pursuit of its policy of cutting costs. This measure is applied uniformly to all the institutions.

14. This need for budgetary austerity does not, however, justify the decision to reduce the appropriations for entertainment and representation expenses.

The Court's proposal for representation expenses was calculated to put the Members of the Court of Auditors on an equal footing with Members of other institutions. This seems to your rapporteur to be appropriate and he has tabled an amendment to Item 2400 of the budget for this purpose.

He believes that the Court should set an example to the other institutions by applying strict rules to its Members as to the use of these allowances.

Conclusion

15. Your rapporteur believes that the draft budget of the Court of Auditors for 1980 should be approved subject to the tabling of two amendments:

(i) to provide the Court with the necessary extra staff to carry out the tasks entrusted to it by the 1975 Treaty; and

(ii) to give the Members of the Court entertainment and representation allowances on an equal footing with members of other institutions.
DRAFT AMENDMENT No. 87...
tabled by Mr. JACKSON
on behalf of the Committee on Budgets

SECTION V - COURT OF AUDITORS

Table of staff - amend the establishment plan as follows:

**Permanent posts**

(a) add the following 18 posts (from 23 to 41): 2 A 3, 3 A 6, 2 A 7, 1 B 2, 2 B 3, 1 C 2, 4 C 3, 3 C 4;

(b) convert 2 B 5 posts into 1 B 4 and 1 B 3;

(c) convert 6 temporary C 1 posts into 6 B 3 secretarial posts;

(d) create 4 new temporary A 4 posts;

(e) regrade 3 secretarial posts grades B 3, B 4 and B 5 respectively to 3 B posts in the same grades.

A - Expenditure

*Increase* payment appropriations by 715,695 EUA.

B - Compensation

-

C - Revenue

*Increase* revenue by 573,165 EUA.

The total increase is broken down as follows:

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<tr>
<th>Item</th>
<th>Increase</th>
<th>Old Range</th>
<th>New Range</th>
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<tr>
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<td>+ 328,160</td>
<td>(6,109,940 to 6,438,100)</td>
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<tr>
<td>1101</td>
<td>+ 35,180</td>
<td>(654,990 to 690,170)</td>
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<tr>
<td>1102</td>
<td>+ 57,040</td>
<td>(1,062,100 to 1,119,140)</td>
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<tr>
<td>1103</td>
<td>+ 17,950</td>
<td>(42,950 to 60,900)</td>
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<tr>
<td>1130</td>
<td>+ 9,845</td>
<td>(183,300 to 193,145)</td>
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<td>Amount (to)</td>
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<td>-------------</td>
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<tr>
<td>Item 1131</td>
<td>- +</td>
<td>2,205</td>
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<td>14,250</td>
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<td>10,475</td>
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<td>- +</td>
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<td>Item 1231</td>
<td>- +</td>
<td>13,760</td>
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<td>Item 1241</td>
<td>- +</td>
<td>44,900</td>
<td>38,700 to 83,600</td>
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<td>Article 129</td>
<td>- +</td>
<td>3,930</td>
<td>8,960 to 12,890</td>
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<td>Item 1301</td>
<td>- +</td>
<td>100,000</td>
<td>350,000 to 450,000</td>
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<td>Chapter 15</td>
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<td>70,000 to 85,000</td>
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<td>Item 2200</td>
<td>- +</td>
<td>3,000</td>
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<td>Item 2210</td>
<td>- +</td>
<td>5,000</td>
<td>40,000 to 45,000</td>
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**REMARKS**

Modify accordingly the remarks against the items referred to above.

**Justification**

As stated in the report by the Committee on Budgets, the requests made by the Court of Auditors are a repetition of those which the Council did not grant last year and which the Court and Parliament considered necessary to make up the structure which is essential to an institution with extensive auditing responsibilities if it is to be effective.

The Committee on Budgets considers that the Court of Auditors must be in a position to carry out the auditing programme which it has already notified to the relevant bodies within Parliament.

It considers the allocation of posts requested by the Court of Auditors to be reasonable, especially as the Court has stated its intention - once its structure has been completed by the posts referred to in the amendment - not to request further posts for next year in the belief that its secretariat would then be adequately equipped to meet the needs and obligations of the Treaties.
DRAFT AMENDMENT No. 88...
tabled by Mr. Jackson
on behalf of the Committee on Budgets

SECTION V - COURT OF AUDITORS

PAYMENTS

Title 2 : Buildings, equipment and miscellaneous operating expenditure
Chapter 24 : Entertainment and representation expenses
Article 240 : Entertainment and representation expenses
Item 2400 : Members of the institution

A - Expenditure

Increase the appropriation by 23,500 EUA (from 46,500 to 70,000).

B - Compensation

C - Revenue

Increase revenue by the same amount.

COMMITMENTS

REMARKS

Justification

The rapporteur has noted that the Court of Auditors calculated these appropriations in accordance with the same criteria used by the Community institutions. While recognizing that the Members must utilize these appropriations with the utmost care, he considers that the Council decision, which - in the way it has been framed - applies only to the entertainment and representation expenses for the Members of the Court of Auditors, is an arbitrary one.