
EUROPEAN PARLIAMENT

Working Documents

1977 - 1978

12 December 1977

DOCUMENT 440/77

SUPPLEMENTARY 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 1978

Rapporteur: Mr M. COINTAT

At its sitting of 26 October 1977 the European Parliament adopted an interim report on Section V (Court of Auditors) of the general budget for 1978.

On 23 November 1977 the Council forwarded to Parliament a letter of amendment to the draft general budget concerning, in particular, Section V (Court of Auditors).

At its meeting of 30 November/1 December 1977 the Committee on Budgets considered Section V (Court of Auditors) of the draft budget, as amended.

At its meeting of 5/6 December 1977 the Committee on Budgets unanimously adopted this supplementary report with one abstention.

Present: Mr Lange, chairman; Mr Cointat, vice-chairman and rapporteur; Lord Bruce of Donington, Mr Alber, Lord Bessborough, Mr Meintz, Mr Notenboom, Mr Radoux, Mr Ripamonti, Mr Schreiber, Mr Shaw, Mr Spinelli, Mr Vanvelthoven and Mr Yeats.

C O N T E N T S

	<u>Page</u>
A. MOTION FOR A RESOLUTION	5
B. EXPLANATORY STATEMENT	6
<u>Annex:</u> Amendment No. 420/66	10

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 1978

The European Parliament,

- having regard to the letter of amendment of 23 November 1977 to the Draft Budget for the financial year 1978 (Doc. 431/77);
 - having regard to its resolution of 26 October 1977¹;
 - having regard to the supplementary report of the Committee on Budgets (Doc. 440/77);
 - considering, on the one hand, that the Court ought from the outset to equip itself with a highly qualified staff, and that its administrative structure should be suited to specific tasks;
 - considering, on the other hand, that experience alone will reveal the Court's real requirements in staff and that, whatever happens, it would be wise to preserve the career prospects of that staff;
1. Notes the approximative and temporary nature of this first Draft Budget of the Court of Auditors;
 2. Asks the Court to draw up during 1978 its definite programme of action and establishment plan and to examine the budgetary implications thereof with Parliament;
 3. Requests the Court to explore ways of promoting mobility between the institutions of Grade A staff assigned to the Court of Auditors;
 4. Accepts the creation of temporary posts for staff assisting the members, but feels itself free subsequently to look into the justification for certain blocked posts;
 5. Considers that it must, through amendment establish a balanced distribution of posts reserved for operating staff of category A;
 6. Asks its President to declare the final adoption of Section V (Court of Auditors) of the Draft Budget.

¹OJ No. C 280, 21.11.1977, p.31

EXPLANATORY STATEMENT

1. The Court of Auditors was officially established on 24 October 1977 in Luxembourg; its nine members were appointed by the Council on 18 October after consulting Parliament on 12 October.

2. Supplementary budget No. 1 for the 1977 financial year created a new Section V 'Court of Auditors' within the general budget of the Community. Chapter 100 of this Section contains appropriations of 500.000 u.a., which have been made available to cover the Court's requirements during the last two months of the 1977 financial year by transfer of 22 November 1977.

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The 1978 budget of the Court of Auditors

3. The Section V created by supplementary budget No. 1 for 1977 is included in the draft budget for the 1978 financial year but does not contain any appropriations: it was necessary to wait until the Court was in a position to draw up its own estimates of expenditure in accordance with the budgetary procedure common to all the Institutions.

4. On 26 October 1977 Parliament therefore adopted an interim report on Section V of the general budget; the sole article of Parliament's resolution reads as follows:

'Hopes that the Court of Auditors will be able to draw up provisional estimates of its expenditure as soon as possible so that Parliament may receive the draft budget of the Court for the 1978 financial year at an early date and consider it in accordance with the conditions laid down in Article 1203 of the Treaty establishing the European Economic Community'.

5. At the beginning of November 1977 the Court of Auditors was able to draw up an estimate, which was forwarded to the Commission and then to the Council in the form of a letter of amendment to the 1978 draft budget. The Council adopted this letter on 22 November and then forwarded it to Parliament in accordance with the procedure laid down in Article 203 of the EEC Treaty.

6. Parliament must now consider, in a first reading, the contents of this letter.

¹ Article 78 of the ECSC Treaty, Article 177 of the EAEC Treaty

(a) Appropriations

7. The total appropriations requested amount to approximately 10 m EUA (9,982,055 EUA).

8. This sum includes an allocation of 1.4 m EUA (14% of the total amount) entered under Chapter 101 'Contingency reserve'; the Court feels that at this stage it can only make provisional estimates of expenditure and that supplementary appropriations will probably be required during the financial year, which should be financed by means of a transfer rather than a supplementary budget.

9. The following table summarizes the main items of expenditure:

	m EUA ¹	%
Salaries, allowances (etc.)	5.46	54.7
members	(0.95)	
staff	(4.51)	
Recruitment, missions, removal		
expenses (etc.)	1.43	14.3
Rent of building and other expenditure.	0.83	8.3
Miscellaneous operating expenditure ...	0.86	8.6
Contingency reserve	1.40	14
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TOTAL	9.98 ¹	100

(b) Staff

10. The Court of Auditors has been allocated a total of 135 posts, comprising:

- 59 posts in category A
- 73 posts in categories B/C/D
- 3 translator posts (LA)

11. These posts are divided into three separate categories:

- 'operating' staff occupying permanent posts and organized into 15 'operating units', each supervised by a head of division. Altogether there are 87 permanent posts.
- staff attached to members, occupying temporary posts; each member has been allocated 4 officials including 2 in category A (1 A4 and 1 A6), which makes a total of 27 temporary posts².

¹ Round numbers

² Ten temporary category B posts are to remain frozen

- administrative staff supervised by 3 directors (A2) and filling 19 posts (including 5 A6); these posts are to remain frozen until the Court is able to determine the precise extent of its duties; this makes a total of 21 frozen posts.

12. The former Audit Board and the former ECSC Auditor accounted for a total of 30 posts. Following the disappearance of these two bodies, the Court of Auditors could recruit some or all of the officials who occupied those posts in order to fill some of the 135 new posts created for the Court. Of the 30 posts referred to above, 15 are in category A (including 2 A2 and 1 A3).

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Comments by the Committee on Budgets

13. Firstly, the Committee on Budgets noted that this draft budget set out to give the Court of Auditors a very different dimension from that of the former audit bodies: the proposed establishment of the Court in this initial phase is already 4.5 times higher than that of the former bodies.

14. Secondly, the committee noted that the requests for appropriations submitted by the Court were of an indicative and temporary nature; indicative because the Court has not had enough time to draw up an effective action programme or organizational plan on which its budgetary proposals ought normally to have been based; temporary because only experience will enable the Court to form a realistic idea of its requirements in terms of appropriations and staff.

15. The committee made the following comments on the question of staff:

- the posts requested are mostly in very high grades and career brackets: nearly half (59 out of 135) are A posts and of these there are 3 directors, 15 heads of division and 21 principal administrators;
- on the other hand, the Court has provided for only a very small technical staff: 18 secretaries, 3 translators.

16. As regards appropriations (10 m EUA) the committee noted that 70% of the estimated expenditure was directly connected with staff costs and 14% represented a reserve to make up the initial estimates.

Operating costs account for the rest of the appropriations (16%) and the committee particularly noted the expenses relating to the Court's premises, which amount to 829,250 EUA (Bfrs 34 million), that is 69,000 EUA (Bfrs 2.8 million) per month.

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Conclusions

17. The temporary nature of this draft budget implies, firstly, that the Court will be obliged to adjust it by means of a transfer or release of funds during the 1978 financial year; secondly, that the Court's estimates for the 1979 financial year will have to be reviewed in the light of experience gained during the first year of operation. On both these occasions the Committee on Budgets will again be asked to study the Court's budgetary requirements.

18. In the meantime the committee has adopted the following conclusions on the draft 1978 budget for the Court of Auditors:

- the Court should endeavour to define - during the 1978 financial year - its definitive programme of action and establishment plan and, together with the European Parliament, examine the budgetary implications thereof;
- The deployment of category A posts ought to be reviewed so as to safeguard the career prospects of such staff within the Court.

