

RESOLUTION OF THE EUROPEAN PARLIAMENT**with comments forming an integral part of the decision on the discharge for implementation of the European Union general budget for the financial year 2004, Section VII — Committee of the Regions**

THE EUROPEAN PARLIAMENT,

- having regard to the general budget of the European Union for the financial year 2004 ⁽¹⁾,
 - having regard to the final annual accounts of the European Communities for the financial year 2004, Volume III (N6-0027/2005 — C6-0363/2005),
 - having regard to the Court of Auditors' annual report for the financial year 2004, accompanied by the replies of the institutions audited ⁽²⁾,
 - 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 ⁽³⁾,
 - having regard to the Council's recommendation of 14 March 2006 (5971/2006 — C6-0092/2006),
 - having regard to Articles 272(10), 275 and 276 of the EC Treaty,
 - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽⁴⁾, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities ⁽⁵⁾,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0115/2006),
1. Notes that in 2004 the Committee of the Regions (CoR) administered a budget of EUR 59 413 031 with a utilisation rate of 83,57 %;
 2. Observes the remark at paragraph 9.24 of the Court of Auditors' annual report that internal control standards were approved only in November 2004; especially notes the insufficient number of ex-post controls and verifications carried out in 2004;
 3. Underlines that the CoR appears in the Court of Auditors' annual report to be the institution with the highest number of criticisms of all the other institutions (paragraphs 9.4, 9.5, 9.6, 9.7, 9.9, 9.11a and b and 9.13 of the report);
 4. Criticises the fact that the internal audit function was carried out by a temporary member of staff employed on the basis of renewable contracts of short duration; welcomes the solution now found;
 5. Notes that according to the information given at the hearing of the other institutions organised by the Committee on Budgetary Control on 25 January 2006 certain matters are now the subject of an investigation by OLAF;
 6. Notes that the CoR trade unions contest the CoR's recent reorganisation exercise, which has been carried out despite some controversy as already pointed out in previous discharge resolutions;
 7. Finds it regrettable that the Court of Auditors was unable to take account of the CoR's annual activity report as it had not been produced before the Court's audit was concluded;

⁽¹⁾ OJ L 53, 23.2.2004.

⁽²⁾ OJ C 301, 30.11.2005, p. 1.

⁽³⁾ OJ C 301, 30.11.2005, p. 9.

⁽⁴⁾ OJ L 248, 16.9.2002, p. 1.

⁽⁵⁾ OJ L 356, 31.12.1977, p. 1.

8. Awaits the results of the Court of Auditors' audit of the acquisition and renovation procedures for all buildings shared by the CoR and the European Economic and Social Committee (EESC), including the Belliard I and II buildings; believes there should also be an audit of the Montoyer renovation; notes that at the time Parliament recommended purchase; points to the fact that renting buildings would significantly reduce the risks involved for small institutions and that this solution should be considered as a serious alternative for future building projects; approves the fact that, as a result of the policy on sensitive functions, the head of the infrastructure unit has changed position and a new recruitment process for this post is ongoing;
 9. Invites the Court of Auditors, in the light of the CoR's financial management problems, to draw up a detailed analysis of the CoR's managerial practice in relation to off-budget accounts as compared to the practice in other institutions;
 10. Notes that while the authorising officer by delegation did not enter any formal reservations in his statement of assurance, he did annex to it a number of remarks, as follows:
 - due to difficulties in recruiting staff with the necessary skills and because no audits were produced in 2003, the authorising officer by delegation (the CoR's new Secretary-General) did not receive the full benefit of advice and support from the internal audit service in 2004;
 - the process for the acquisition of the two committees' (EESC and CoR) new buildings was virtually complete when the new Secretary-General took over in late 2003; this being so, the decisions on contractual matters and fitting-out had already been taken;
 - due to weaknesses in the new payroll application (NAP) managed by the Commission, the sub-delegated authorising officers and their ex-ante verifiers were unable to guarantee the accuracy of all staff salary calculations;
 - the extensive checking of weighted transfers requested before the entry into force of the new Staff Regulations;
 11. Acknowledges that weaknesses in the NAP were a problem for all institutions and not a specific problem for the CoR; expects that after this year of transition following the introduction of the system the NAP will run smoothly;
 12. Considers that the CoR should have focused on the importance of setting up a fully functioning internal audit service in 2004, knowing the challenges resulting from enlargement; notes the following as particular challenges: a substantial increase in the budget in 2004 (up 50 %); growth in staff numbers (up 63 %); the arrival of new members (up 43 %); the financial and regulatory impact of the new Staff Regulations; and the continuing implementation of the new Financial Regulation, together with the move of most of the CoR's services to the new buildings (Belliard 99-101 and Belliard 68), which took place in June 2004;
 13. Notes that during 2004 the CoR amended its rules on the refunding of travel expenses and the payment of travel and meeting allowances for its members, and that in addition it reformed its Committee for Financial and Administrative Affairs, reducing the membership from 15 to eight, as the political body within the CoR responsible for significant financial or administrative decisions, such as budgets, discharge and internal rules;
 14. Recalls that, in relation to OLAF's findings, the public prosecutor at the Brussels Court of Appeal concluded in March 2005 that there was insufficient evidence to bring a prosecution and therefore decided to close the file without further action, but demands nevertheless, given the lack of follow-up in 2004 to the OLAF report on fraud and irregularities at the CoR, that the CoR abolish the imprest account system for the reimbursement of members' travel expenses and adopt the same system as the EESC.
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