

DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT **D**
BUDGETARY AFFAIRS

Budgets

Budgetary Control



How do national parliaments supervise and control their own budgets ? Practice and experience from selected Member States

STUDY

DIRECTORATE GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT D: BUDGETARY AFFAIRS

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Abstract

The study assesses the budget discharge procedures in ten EU Member States and one Third Country (Canada), in order to identify good practices to help the European Parliament to enhance its own budget discharge procedure. The focus is on the effectiveness of the national budget discharge procedures, in terms of achieving two objectives, i.e. to ensure sound financial management and to enhance transparency. The study takes the European Parliament's budget discharge procedure as a point of reference in order to better understand the national parliaments' procedures.

The study findings identify best practices that might contribute to a further enhancement of the European Parliament's budget discharge procedure in the following areas:

- a robust and trust instilling multi-faceted auditing framework;
- public transparency and accessibility of the budget;
- documentary basis;
- fostering accountability in Members of Parliament's expenses;
- building skills;
- formalising the discharge procedure.

This document was requested by the European Parliament's Committee on Budgetary Affairs.
It designated Mr Gerben-Jan Gerbrandy to follow the study

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LINGUISTIC VERSIONS

Original: EN

Translation: FR and DE

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Manuscript completed in July 2012.

Brussels, © European Union, 2012.

This document is available on the Internet at:

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LIST OF ABBREVIATIONS

AEAC	UK House of Commons Administration Estimate Audit Committee
CJ	Court of Justice of the European Union
CoA	Court of Auditors
CONT	Committee on Budgetary Control
CSOEC	French Conseil Supérieur de l'Ordre des Experts-Comptables
DG	Directorate-General of the European Parliament
EC	European Commission
ECA	European Court of Auditors
EP	European Parliament
EU	European Union
FIIA	Finnish Institute of International Affairs
IPSA	UK House of Commons Independent Parliamentary Standards Authority
MEAC	UK House of Commons Members Estimate Audit Committee
MEP	Member of the EP
MS	Member State
NAO	UK National Audit Office
NAOD	National Audit Office of Denmark
NCA	Netherlands Court of Audit
OECD	Organisation for Economic Cooperation and Development
PC	Parliamentary Committee
PEC	Public Expenditure Committee
POO	Finnish Parliamentary Ombudsman Office
SAI	Supreme Audit Institution
SAO	Estonian State Audit Office

LIST OF PARLIAMENTS' OFFICIAL NAMES

CZ	Czech Republic	Poslanecká sněmovna Parlamentu České republiky
DE	Germany	Bundestag
DK	Denmark	Folketing
EE	Estonia	Riigikogu
ES	Spain	Congreso de los Diputados
FI	Republic of Finland	Eduskunta
FR	Republic of France	Assemblée Nationale
NL	The Netherlands	Tweede Kamer
PL	Republic of Poland	Sejm
UK	United Kingdom	House of Commons
CN	Canada	House of Commons

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EXECUTIVE SUMMARY

The present study aims to provide an overview on the existing budget discharge procedures in ten selected Member States and one Third Country, namely Canada, in order to identify good practices that could inspire the European Parliament (EP) to enhance its own budget discharge procedure. The EP contracted the group Blomeyer & Sanz and One World Trust to conduct the study between November 2011 and June 2012.

Objectives and methodology

The study has two main objectives:

- Assessing the effectiveness of how Member State parliaments discharge their own budgets (including supervision and control of the budget);
- and contributing, on the basis of an analysis of existing data and case studies, to further improvement of the EP's control and discharge of its own budget in the future.

The methodology adopted for delivering this assessment combines desk research, stakeholder consultations, case studies and survey work.

- Several stakeholders have been consulted in the EP and the national parliaments, including members of parliament (MPs) dealing with budget discharge (e.g. members of Committees and governing bodies), senior parliamentary officers (e.g. Secretary-General) and administrators.
- Stakeholder feedback was also obtained in the framework of a comprehensive survey addressed to national parliament administrations.
- Eleven case studies were conducted to provide more in-depth insights into discharge procedures at national level.

Budget discharge in the EP

The study takes the EP budget discharge procedure as a point of reference in order to better understand the national parliaments' procedures and to identify the strong points and possible weaknesses. This assessment is developed in section 2.

- The study presents the legal framework that regulates the EP's budget discharge, with a specific focus on the EP's budgetary powers as established in the Treaties.
- The study assesses the nature of this procedure, emphasising the procedure's alignment with general principles of accountability, and the procedure's reputational character.
- The study also presents the actors involved in the procedure, differentiating between internal actors (i.e. MPs and parliament administration) and external actors (e.g. Supreme Audit Institutions, the Executive and other), and assessing their relative importance beyond their formal roles. This overview establishes the framework for subsequent comparisons with national budget discharge procedures.
- Finally, as concerns the EP budget discharge procedure, this section goes through the procedure's formal and informal steps, from the point of departure, i.e. the presentation of the European Court of Auditors' annual report to the EP, to the final adoption of the decision on discharge. It provides an overview on the documentary basis and the exchanges that take place during the procedure.

Budget discharge in national parliaments

The study also reviews the specific budget discharge procedures in ten European Union Member States and one Third Country (Canada). In the case of countries with a bi-cameral parliamentary system, this study focuses on the Lower Houses as these have as a matter of principle both the first (and in some cases single) decision-making prerogative on budget issues, but also in most cases can eventually overrule any upper chamber objections.

Following the same structure as for the analysis of the EP budget discharge, section 3 first presents the internal and external actors involved in ex post budgetary control.

Internal actors

- MPs provide the political outlook and are usually responsible for the final decision on discharge. In some cases individual MPs in special roles also directly contribute to the drawing up and reporting on the budget.
- In general terms, in parliaments with a formal or regulated budget discharge procedure there are specific parliamentary committees in charge of dealing with the parliament's budget discharge.
- In parliaments with more informal or administrative budget discharge procedures, the MPs' involvement in ex post budget control is organised via their participation in functions related to the organisation of the parliamentary works, in the framework of the parliaments' governing bodies.
- In parliaments with no established budget discharge procedure, these governing bodies have functions related to the budgetary management and ongoing supervision and control.
- The parliaments' administration is in charge of providing technical assistance and advice to the political bodies. The parliaments' administrative services contribute substantially to the preparation of their budgets, and ongoing supervision and control of budget implementation.

External actors

Regarding the external actors involved in the budget discharge procedures, the study focuses on the cooperation with the Supreme Audit Institutions (SAIs), the role of the Executive and the participation of other external actors, such as private audit companies.

- In some Member States the SAI audits the accounts of all entities that form part of public administration, whereas in other Member States the audits are limited to the central government.
- All case study parliaments present the common characteristic of their budgetary autonomy from the Executive. As a consequence, the Executive does not exercise any function of ex post control over the national parliaments' budget implementation.
- Some Member State parliaments use an external professional audit service to audit their internal accounts, aiming to guarantee the accuracy and transparency of budget implementation.
- Only one Member State parliament (UK, in a recent change) makes use of independent, not for profit, non-governmental review or advisory input (such as from budget scrutiny initiatives or academic research), but there is evidence that where it exists such external input and scrutiny is considered by MPs as complementary and supportive of parliamentary work in this field.

The procedures

The study goes on to review the national (specific) budget discharge procedures, differentiating between the parliaments that adopt a formal or informal approach.

- The study provides assessment on the relation between the ongoing and ex post control of the parliaments' own budgets.
- For the purpose of this study, formal budget discharge procedures are the ones that result in a formal decision on discharge, adopted after debate in committee or by other parliamentary bodies dealing with budget discharge.
- On the other hand, informal procedures are those where the parliament does not adopt a formal decision on its own budget discharge, in spite of the procedure being regulated in the parliaments' internal rules or other legal instruments; i.e. the procedure does not explicitly foresee a formal decision, but regulates a review process.
- In some parliaments the budget discharge procedure is not established at all. Instead, the focus in these parliaments is on ongoing audit and supervision of the accounts and their budget implementation.
- Formal and informal budget discharge procedures are established in the national Constitutions and in other legislation or administrative rules. There is however no evidence that the observed degree of 'formality' depends on where the procedure's regulations are established in the country's regulatory framework, i.e. whether they are set out in the Constitution, in specific budget laws, or simply in the parliaments' rules of procedure.

Conclusions and recommendations

The conclusions focus on the reviewed budget discharge procedures' effectiveness in terms of achieving their two main objectives, namely to guarantee sound financial management and to enhance transparency.

Conclusions

- One relevant indicator of the parliaments' sound financial management, in the cases that use an external audit system, is the level of compliance with the external auditor's observations and recommendations from one year to the next.
- In parliaments that do not have an external audit system or where the respective SAI indirectly ensures ex-post control, sound financial management is supported via the internal ongoing and/or ex-post budgetary control systems, including the budget development process.
- Concerning the transparency of the national parliaments' budget discharge procedures, we can observe different publicity measures and instruments which guarantee public access to the results of these procedures or to the parliaments' management of public funds.
- The use of external professional auditors to control parliaments' accounts, and the constant monitoring and scrutiny of the media also contribute to the transparency of the procedure.
- In most cases external actors, such as independent scrutiny or analysis initiatives do not play a role in the budget discharge process, and such work is not encouraged by the institutional players.

Recommendations

This section presents selected best practices that might contribute to a further enhancement of the EP's own budgetary control approach.

In the 2009 budget discharge the EP already outlined some proposals for possible improvements. Building on this study's findings concerning good practices the consultants believe that in particular the following measures are worth considering:

- Enhancement of the documentary basis for budget discharge. This could contribute to a more transparent presentation of the accounts.
- Availability of information supporting budget discharge in a more timely way.

In addition, the study confirmed as good practice the existing commitment of the EP to:

- a formal, legally regulated budget discharge procedure that results in a formal decision on discharge, allowing for discharge either in committee or, if necessary, in plenary;
- the role and authority of an Internal Auditor who is centrally involved in the budget discharge procedure, and who helps ensure a robust and multi-faceted audit framework.

As concerns the national parliaments reviewed by this study, the following best practices have been identified and can be recommended to the EP:

- External professionals, whether drawn from a Supreme Audit Institutions, or from private audit companies, should be involved in the auditing and ex-post control of the parliaments' accounts and budget implementation. This practice adds the value of an independent external view on the parliaments' budget implementation. In order to avoid conflicts of interests the institution involved in the ex-post audit (the European Court of Auditors), should however not be involved in real-time budget implementation oversight.
- A body, independent of parliament, which is responsible for determining and paying MP salaries and expenses would help avoiding real or perceived irregularities in the payment of allowances to MPs. Via greater transparency this practice would also enhance the perception of social equity and appropriateness of remuneration and management of allowances of MPs in the public. This practice also involves that the MPs have less say over their own salaries and allowances, and can hence avoid corruption allegations.
- A public hearing of qualified non-governmental (civil society / academic) input during the committee stages of the budget development as well as during the budget discharge procedure would strengthen the EP's perception as a body open to independent scrutiny from citizens.
- The publication of the Annual Audit Report on the parliament's accounts, in summary form at least, would enhance the documentary transparency of the budget discharge procedure and contribute to an increased public trust in the institution.
- Training seminars for MPs designated to sit on the Committee on Budgetary Control (CONT) with the participation of technical experts would contribute to improving the actors' skills in dealing with budget discharge. In particular, support could be provided in the areas of budgeting and understanding of audit results, as well as in terms of effective and proactive communication of budgets, review processes, and results to external stakeholders. This could include involvement of Members of national parliaments with specific good practice experience.

SYNTHÈSE

La présente étude vise à fournir une vue d'ensemble des procédures de décharge budgétaire en vigueur dans une sélection de dix États membres et un pays tiers, le Canada, afin d'observer les bonnes pratiques dont le Parlement européen (PE) pourrait s'inspirer pour améliorer sa propre procédure de décharge budgétaire. Le PE a chargé les groupes Blomeyer & Sanz et One World Trust de réaliser l'étude entre novembre 2011 et juin 2012.

Objectifs et méthodologie

Cette étude comporte deux objectifs principaux, à savoir:

- examiner l'efficacité avec laquelle les parlements des États membres donnent décharge pour leurs budgets (y compris la supervision et le contrôle budgétaire);
- contribuer, sur la base d'une analyse des données et études de cas existantes, à améliorer à l'avenir encore le contrôle que le PE exerce sur son budget ainsi que sa décharge.

La méthodologie adoptée pour procéder à cet examen allie recherches documentaires, consultations de parties prenantes, études de cas et enquêtes.

- Plusieurs parties prenantes ont été consultées au sein du PE et des parlements nationaux, parmi lesquelles des députés responsables de la décharge budgétaire (membres des commissions et des organes directeurs, par ex.), des hauts fonctionnaires parlementaires (secrétaires généraux, par ex.) et des administrateurs.
- L'avis des parties prenantes a également fait l'objet d'une enquête approfondie adressée aux administrations des parlements nationaux.
- Onze études de cas ont été réalisées pour comprendre plus en profondeur les procédures de décharge au niveau national.

La décharge budgétaire au sein du PE

L'étude prend comme référence la procédure de décharge budgétaire du PE pour mieux comprendre les procédures parlementaires nationales et identifier les points forts et les éventuels points faibles. Cet examen est présenté à la section 2.

- L'étude présente le cadre juridique qui entoure la décharge budgétaire au PE en insistant particulièrement sur les pouvoirs budgétaires du PE tels qu'ils sont définis dans les traités.
- L'étude examine la nature de cette procédure, en soulignant son alignement sur les principes généraux de la responsabilité, ainsi que le caractère réputé de la procédure.
- L'étude présente également les acteurs concernés par la procédure, en opérant la distinction entre les acteurs internes (députés et administrations parlementaires, par ex.) et les acteurs externes (institutions supérieures de contrôle, pouvoir exécutif et autres, par ex.), ainsi que leur importance respective au-delà de leurs rôles formels. Cet aperçu pose les bases des comparaisons ultérieures avec les procédures nationales de décharge budgétaire.

- Enfin, s'agissant de la procédure de décharge budgétaire du PE, cette section se penche sur les étapes formelles et informelles de la procédure, depuis le départ (la présentation du rapport annuel de la Cour des comptes au PE) jusqu'à l'adoption finale de la décision en matière de décharge. Elle donne un aperçu de la documentation et des échanges qui ont lieu au cours de la procédure.

La décharge budgétaire au sein des parlements nationaux

L'étude se penche également sur les procédures de décharge budgétaire propres à dix États membres de l'UE et à un pays tiers (Canada). Dans les pays qui fonctionnent selon un système parlementaire bicaméral, l'étude se concentre sur les chambres basses dans la mesure où c'est à elles que revient, en principe, la prérogative première (et parfois absolue) dans la prise de décision budgétaire et que, de surcroît, elles peuvent très souvent annuler en dernier ressort toute objection soulevée par les chambres hautes.

Suivant la même structure que pour l'analyse de la décharge budgétaire au sein du PE, la section 3 commence par présenter les acteurs internes et externes concernés par le contrôle budgétaire ex post.

Acteurs internes

- Les députés apportent un point de vue politique et sont généralement responsables de la décision de décharge finale. Dans certains cas, des députés assumant des fonctions spéciales contribuent directement à la rédaction et au compte rendu sur le budget.
- De manière générale, dans les parlements qui appliquent une procédure de décharge budgétaire formelle ou bien définie, il existe des commissions parlementaires spécifiques chargées de traiter la décharge budgétaire.
- Dans les parlements où les procédures de décharge budgétaire sont plus informelles ou administratives, la participation des députés au contrôle budgétaire ex post se traduit par leur présence dans l'organisation des travaux parlementaires, au sein des organes directeurs parlementaires.
- Dans les parlements sans procédure de décharge budgétaire établie, ces organes directeurs assument des fonctions liées à la gestion ainsi qu'à la supervision et aux contrôles réguliers du budget.
- L'administration des parlements se charge d'apporter aide technique et conseils aux organes politiques. Les services administratifs des parlements participent dans une large mesure à la préparation des budgets ainsi qu'à la surveillance et au contrôle réguliers de l'exécution du budget.

Acteurs externes

S'agissant des acteurs externes qui participent aux procédures de décharge budgétaire, l'étude se concentre sur la coopération avec les institutions supérieures de contrôle (ISC), le rôle du pouvoir exécutif et la participation d'autres acteurs externes, notamment les sociétés d'audit privées.

- Dans certains États membres, les ISC contrôlent les comptes de toutes les entités qui composent l'administration publique, tandis que dans d'autres États membres, les contrôles se limitent au gouvernement central.

- Tous les parlements concernés par les études de cas partagent une caractéristique commune, à savoir l'autonomie budgétaire par rapport au pouvoir exécutif. Par conséquent, ce dernier n'exerce aucune fonction de contrôle ex post sur l'exécution budgétaire des parlements nationaux.
- Certains États membres font appel à un service d'audit professionnel externe pour contrôler leurs comptes internes, afin de préserver l'exactitude et la transparence de l'exécution du budget.
- Seul le parlement d'un État membre (au Royaume-Uni, depuis un changement récent) fait appel à des services de réexamen indépendants, non gouvernementaux et à but non lucratif ou à des services de consultance (des initiatives de contrôle budgétaire ou des recherches universitaires), mais il est avéré que lorsque ces services existent, les députés considèrent qu'ils complètent et soutiennent le travail parlementaire dans ce domaine.

Les procédures

L'étude aborde ensuite les procédures nationales (spécifiques) de décharge budgétaire, en distinguant les parlements selon qu'ils adoptent une approche formelle ou informelle.

- L'étude procède à l'examen de la relation entre le contrôle suivi et le contrôle ex post des budgets des parlements.
- Aux fins de la présente étude, les procédures formelles de décharge budgétaire désignent les procédures qui aboutissent à une décision formelle de décharge, adoptée au terme d'un débat en commission ou par tout autre organe parlementaire chargé de la décharge budgétaire.
- À l'inverse, les procédures informelles sont celles dans lesquelles le parlement n'adopte aucune décision formelle concernant sa propre décharge budgétaire, malgré le fait que la procédure est fixée par le règlement ou tout autre instrument juridique des parlements; autrement dit, la procédure ne prévoit pas explicitement de décision formelle, mais définit un processus de réexamen.
- Dans certains parlements, la procédure de décharge budgétaire n'est pas du tout établie. Ces parlements donnent plutôt la priorité à la surveillance et aux contrôles réguliers des comptes et de l'exécution du budget.
- Les procédures formelles et informelles de décharge budgétaire sont définies par les Constitutions nationales et d'autres réglementations ou règlements administratifs. Rien ne prouve toutefois que le degré observé de «formalité» dépende de la manière dont les règles en matière de procédures sont fixées dans le cadre réglementaire d'un pays, à savoir si elle est définie dans la Constitution, dans des lois budgétaires spécifiques ou simplement dans le règlement des parlements.

Conclusions et recommandations

Les conclusions portent sur l'examen de l'efficacité des procédures de décharge budgétaire par rapport aux deux objectifs principaux, à savoir garantir une gestion financière saine et améliorer la transparence.

Conclusions

- Le niveau de conformité avec les observations et recommandations des services extérieurs d'une année à l'autre est un indicateur pertinent d'une gestion financière saine des parlements, dans les cas de parlements qui font appel à un système de contrôle externe.
- Dans les parlements qui n'ont pas de système d'audit externe ou quand les ISC respectives assurent indirectement un contrôle ex post, la gestion financière saine dépend des systèmes internes de contrôle constant et/ou ex post, y compris le processus d'élaboration budgétaire.
- S'agissant de la transparence des procédures de décharge budgétaire des parlements nationaux, il existe des mesures et des instruments d'information différents garantissant l'accès public aux résultats de ces procédures ou à la gestion des fonds publics par les parlements.
- L'utilisation d'auditeurs professionnels externes pour contrôler les comptes des parlements ainsi que le suivi et le contrôle réguliers par les médias contribuent également à la transparence de la procédure.
- Dans la plupart des cas, les acteurs externes, tels que les initiatives indépendantes de contrôle et d'analyse, ne jouent aucun rôle dans le processus de décharge et les acteurs institutionnels ne les y encouragent pas.

Recommandations

La présente section propose une sélection de bonnes pratiques qui pourraient contribuer à améliorer davantage l'approche adoptée par le PE à l'égard de son propre contrôle budgétaire.

Lors de la décharge 2009, le PE avait déjà retenu quelques pistes d'amélioration possibles. Sur la base des observations de cette étude en matière de bonnes pratiques, les consultants sont d'avis que les mesures suivantes sont particulièrement dignes d'être envisagées:

- Améliorer la documentation sur la décharge budgétaire, pour contribuer à une présentation plus transparente des comptes.
- Transmettre les informations sur la décharge budgétaire de manière plus opportune.

Par ailleurs, l'étude confirme au rang des bonnes pratiques l'engagement suivant pris par le PE:

- une procédure de décharge budgétaire formelle et déterminée légalement qui aboutit à une décision formelle de décharge autorisant la décharge soit en commission soit, le cas échéant, en plénière;
- donner un rôle et de l'autorité à un auditeur interne actif au cœur de la procédure de décharge budgétaire, qui aide à consolider un cadre de contrôle fiable et à multiples facettes.

Concernant les parlements nationaux examinés dans le cadre l'étude, les bonnes pratiques suivantes ont été identifiées et peuvent être recommandées au PE:

- Des professionnels externes, issus soit d'une institution supérieure de contrôle, soit de sociétés d'audit privées, devraient participer à l'audit et au contrôle ex post des comptes et de l'exécution budgétaire des parlements. Cette pratique présente l'intérêt d'apporter un point de vue extérieur indépendant sur l'exécution du budget des parlements. Afin d'éviter tout conflit d'intérêts, l'institution qui participe à l'audit ex post (la Cour des Comptes Européenne) ne devrait pas participer à la surveillance de l'exécution du budget en temps réel.

- Un organe indépendant du Parlement, responsable de fixer et de verser les salaires et les indemnités des députés, permettrait d'éviter toute irrégularité, réelle ou présumée, dans le paiement des indemnités des députés. Par une plus grande transparence, cette pratique améliorerait également la perception, dans la population, de l'équité sociale et de l'adéquation des rémunérations ainsi que de la gestion des indemnités des députés. Cette pratique suppose également que les députés aient moins d'influence sur leurs propres salaires et indemnités et, dès lors, réduit les allégations de corruption.
- Une audition publique de services non gouvernementaux qualifiés (société civile / université) lors de la phase d'élaboration du budget en commission, ainsi que pendant la procédure de décharge budgétaire, renforcerait l'image du PE en tant qu'institution ouverte au contrôle indépendant par les citoyens.
- La publication du rapport de contrôle annuel sur les comptes du Parlement, ou à tout le moins une version synthétisée, augmenterait la transparence de la documentation concernant la procédure de décharge budgétaire et renforcerait la confiance des citoyens dans l'institution.
- Des séminaires de formation destinés aux députés désignés pour siéger à la Commission du Contrôle Budgétaire (CONT), prévoyant la participation d'experts techniques, serviraient à accroître les compétences des acteurs responsables de la décharge budgétaire. Un soutien particulier pourrait être apporté aux parties prenantes externes en ce qui concerne la préparation du budget et la compréhension des résultats de l'audit, ainsi qu'au niveau de la communication efficace et proactive des budgets, des processus de réexamen et des résultats. Cette dernière recommandation nécessite éventuellement la participation de parlementaires nationaux possédant une expérience spécifique en matière de bonnes pratiques.

ZUSAMMENFASSUNG

Die vorliegende Studie hat zum Ziel, einen Überblick über bestehende Haushaltsentlastungsverfahren in zehn ausgewählten Mitgliedstaaten und einem Drittland, Kanada, zu geben, um bewährte Praktiken zu ermitteln, die das Europäische Parlament dazu anregen könnten, sein eigenes Haushaltsentlastungsverfahren zu verbessern. Das Europäische Parlament hat die Gruppe Blomeyer & Sanz and One World Trust damit beauftragt, die Studie zwischen November 2011 und Juni 2012 durchzuführen.

Ziele und Methodik

Die Studie hat zwei Hauptziele:

- Die Effektivität des Haushaltsentlastungsverfahrens von Mitgliedstaaten (einschließlich der Haushaltskontrolle und –aufsicht) zu beurteilen
- und auf der Basis einer Analyse vorhandener Daten und Fallstudien dazu beizutragen, die Kontrolle und Entlastung des Haushalts des Europäischen Parlaments in Zukunft weiter zu verbessern.

Die bei dieser Analyse angewandte Methodik setzt sich aus Literaturrecherche, der Befragung von Interessenvertretern, Fallstudien und Erhebungen zusammen.

- Es wurden verschiedene Akteure sowohl im Europäischen Parlament als auch in den nationalen Parlamenten konsultiert, einschließlich der Abgeordneten, die mit der Haushaltsentlastung befasst sind (z. B. Mitglieder von Ausschüssen und Leitungsorganen), hochrangiger parlamentarischer Funktionäre (z. B. Generalsekretäre) und Verwaltungsangestellter.
- Rückmeldungen von Akteuren wurden auch im Rahmen einer umfassenden Umfrage gesammelt, die an Verwaltungen von nationalen Parlamenten adressiert war.
- Es wurden elf Fallstudien durchgeführt, um einen tieferen Einblick in Entlastungsverfahren auf nationaler Ebene zu erhalten.

Die Haushaltsentlastung im Europäischen Parlament

Die Studie benutzt das Haushaltsentlastungsverfahren im Europäischen Parlament als Referenzpunkt, um die Verfahren der nationalen Parlamente besser zu verstehen und um die Stärken und möglichen Schwächen zu identifizieren. Diese Beurteilung wird in Abschnitt 2 ausgearbeitet.

- In der Studie wird der rechtliche Rahmen dargestellt, der die Haushaltsentlastung des Europäischen Parlaments regelt, mit einem besonderen Schwerpunkt auf den Haushaltsbefugnissen des Europäischen Parlaments, wie sie in den Verträgen festgelegt sind.
- Die Studie bewertet die Art dieses Verfahrens und betont dabei seine Ausrichtung an den allgemeinen Grundsätzen der Rechenschaftspflicht sowie seinen Reputationscharakter.
- Die Studie stellt außerdem die am Verfahren beteiligten Akteure vor, wobei sie zwischen internen Akteuren (d. h. Abgeordneten und der Parlamentsverwaltung) und externen Akteuren (z. B. Obersten Rechnungskontrollbehörden, der Exekutive und anderen) unterscheidet und ihre relative Bedeutung über ihre formalen Funktionen hinaus beurteilt. Dieser Überblick bildet den Rahmen für anschließende Vergleiche mit nationalen Haushaltsentlastungsverfahren.

- Und schließlich werden in diesem Abschnitt, was das Haushaltsentlastungsverfahren des Europäischen Parlaments betrifft, die formellen und informellen Schritte des Verfahrens behandelt, vom Ausgangspunkt, d.h. der Vorlage des Jahresberichts des Europäischen Rechnungshofes im Europäischen Parlament, bis zur endgültigen Beschlussfassung über die Entlastung. Er bietet einen Überblick über die Dokumentenlage und über den Austausch, der während des Verfahrens stattfindet.

Die Haushaltsentlastung in nationalen Parlamenten

Die Studie bewertet außerdem die spezifischen Haushaltsentlastungsverfahren in zehn Mitgliedstaaten der Europäischen Union und in einem Drittland (Kanada). Im Falle von Ländern, die Parlamente mit zwei Kammern haben, konzentriert sich diese Studie auf das Unterhaus, da dieses grundsätzlich die vorrangige (und in einigen Fällen die einzige) Entscheidungskompetenz in Bezug auf Haushaltsfragen hat und sich auch in den meisten Fällen über Einwände des Oberhauses schlussendlich hinwegsetzen kann.

Auf der Grundlage der gleichen Struktur wie für die Analyse der Haushaltsentlastung des Europäischen Parlaments werden in Abschnitt 3 zuerst die internen und externen Akteure vorgestellt, die an der Nachkontrolle des Haushalts beteiligt sind.

Interne Akteure

- Die Abgeordneten präsentieren die politische Perspektive und sind gewöhnlich für die endgültige Entscheidung in Bezug auf die Entlastung zuständig. In einigen Fällen sind einzelne Abgeordnete mit besonderen Aufgaben direkt an der Aufstellung des Haushaltsplans und an der Berichterstattung über die Umsetzung des Haushaltsplans beteiligt.
- Im Allgemeinen gibt es in Parlamenten mit formellen oder geregelten Haushaltsentlastungsverfahren spezielle parlamentarische Ausschüsse, die für die Haushaltsentlastung des Parlaments zuständig sind.
- In Parlamenten mit informellen oder administrativen Haushaltsentlastungsverfahren wird die Beteiligung der Abgeordneten an der Nachkontrolle des Haushalts im Rahmen der Leitungsorgane des Parlaments durch Mitwirkung an Aufgaben gewährleistet, die mit der Organisation der parlamentarischen Arbeit in Beziehung stehen.
- In Parlamenten ohne festgelegte Haushaltsentlastungsverfahren haben diese Organe Aufgaben, die mit der Haushaltsführung sowie der laufenden Haushaltsüberwachung und -kontrolle verbunden sind.
- Die Verwaltung der Parlamente ist dafür zuständig, die politischen Gremien technisch zu unterstützen und zu beraten. Die Verwaltung der Parlamente leistet einen wesentlichen Beitrag zur Vorbereitung der Haushaltspläne, zur laufenden Haushaltsüberwachung und zur Kontrolle der Umsetzung des Haushaltsplans.

Externe Akteure

Was externe Akteure angeht, die am Haushaltsentlastungsverfahren beteiligt sind, konzentriert sich die Studie auf die Zusammenarbeit mit den Obersten Rechnungskontrollbehörden, die Rolle der Exekutive und die Mitwirkung anderer externer Akteure, wie private Wirtschaftsprüfungsgesellschaften.

- In einigen Mitgliedstaaten prüfen die Obersten Rechnungskontrollbehörden die Abrechnungen aller Einheiten, die Teil der öffentlichen Verwaltung sind, wogegen die Rechnungsprüfungen sich in anderen Mitgliedstaaten auf die Zentralregierung beschränken.
- Alle in den Fallstudien vorgestellten Parlamente haben das Merkmal der Haushaltsautonomie gegenüber der Exekutive gemein. Als Folge davon ist die Exekutive an der Nachkontrolle der Umsetzung des Haushaltsplans in keiner Weise beteiligt.
- Die Parlamente einiger Mitgliedstaaten nutzen zur Prüfung ihrer internen Buchführung eine externe professionelle Wirtschaftsprüfungsgesellschaft, um eine akkurate und transparente Umsetzung des Haushaltsplans zu gewährleisten.
- Nur das Parlament eines Mitgliedstaats (des Vereinigten Königreichs, nach einer kürzlichen Veränderung) nutzt unabhängige, nicht gewinnorientierte, nichtstaatliche Überprüfungen oder beratende Beiträge (etwa von Haushaltskontrollinitiativen oder aus akademischer Forschung), aber es gibt Hinweise, dass externe Beiträge und Prüfungen, wo sie stattfinden, von den Abgeordneten als Ergänzung und Unterstützung für die parlamentarische Arbeit auf diesem Gebiet angesehen werden.

Die Verfahren

In der Studie werden außerdem die nationalen (spezifischen) Haushaltsentlastungsverfahren bewertet, wobei zwischen Parlamenten unterschieden wird, die eine formelle oder eine informelle Herangehensweise wählen.

- Die Studie beinhaltet des Weiteren eine Beurteilung des Verhältnisses zwischen laufenden Kontrollen und Nachkontrollen der Haushaltspläne der Parlamente.
- Im Zusammenhang mit dieser Studie werden als formelle Haushaltsentlastungsverfahren solche bezeichnet, die auf einen formellen Beschluss betreffend die Entlastung hinauslaufen, der nach einer Debatte im zuständigen Ausschuss oder von anderen parlamentarischen Gremien gefällt wird, die für die Haushaltsentlastung zuständig sind.
- Informelle Verfahren wiederum sind diejenigen Verfahren, in denen das Parlament keinen formellen Beschluss über seine eigene Haushaltsentlastung fällt, obwohl das Verfahren durch die internen Vorschriften des Parlaments oder durch andere Rechtsinstrumente geregelt ist; d. h. das Verfahren sieht nicht ausdrücklich einen formellen Beschluss vor, regelt aber einen Überprüfungsprozess.
- In einigen Parlamenten gibt es überhaupt kein feststehendes Haushaltsentlastungsverfahren. Stattdessen liegt der Fokus in diesen Parlamenten auf laufenden Prüfungen und der Überwachung der Buchführung sowie ihrer Umsetzung des Haushaltsplans.
- Formelle und informelle Haushaltsentlastungsverfahren sind in den Verfassungen der einzelnen Staaten und in anderen Gesetzen oder Verwaltungsvorschriften festgelegt. Es gibt jedoch keine Hinweise, dass das beobachtete Maß an „Förmlichkeit“ davon abhängt, wo die mit dem Verfahren verbundenen Bestimmungen in den rechtlichen Rahmenvorschriften des Landes festgelegt sind, d. h. ob sie in der Verfassung, in speziellen Haushaltsgesetzen oder einfach in der Geschäftsordnung des Parlaments festgelegt sind.

Schlussfolgerungen und Empfehlungen

Die Schlussfolgerungen konzentrieren sich auf die Effektivität der bewerteten Haushaltsentlastungsverfahren im Hinblick auf das Erreichen ihrer zwei Hauptziele, nämlich der Gewährleistung einer wirtschaftlichen Haushaltsführung und der Erhöhung der Transparenz.

Schlussfolgerungen

- Ein relevanter Indikator für eine wirtschaftliche Haushaltsführung des Parlaments ist in den Fällen, wo ein externes Prüfsystem zum Einsatz kommt, die Übereinstimmung mit den Beobachtungen der externen Wirtschaftsprüfer und die Umsetzung ihrer Empfehlungen von einem Jahr auf das andere.
- In Parlamenten, die kein externes Prüfsystem haben, oder wo die Obersten Rechnungskontrollbehörden indirekt eine Nachkontrolle sicherstellen, wird die Wirtschaftlichkeit der Haushaltsführung durch interne Systeme zur laufenden Kontrolle und/oder Nachkontrolle des Haushalts einschließlich Verfahren zur Haushaltsaufstellung unterstützt.
- Was die Transparenz der Haushaltsentlastungsverfahren der nationalen Parlamente betrifft, sind verschiedene Maßnahmen und Instrumente der Öffentlichkeitsarbeit zu beobachten, die der Öffentlichkeit Zugang zu den Ergebnissen dieser Verfahren oder zur Verwaltung öffentlicher Mittel durch das Parlament garantieren.
- Die Nutzung externer professioneller Wirtschaftsprüfungsgesellschaften zur Prüfung der Buchführung des Parlaments und eine konstante Überwachung und Prüfung durch die Medien tragen auch zur Transparenz des Verfahrens bei.
- In den meisten Fällen spielen externe Akteure, wie unabhängige Prüfungs- oder Analyseinitiativen, im Haushaltsentlastungsverfahren keine Rolle, und eine derartige Arbeit wird von den institutionellen Akteuren nicht gefördert.

Empfehlungen

In diesem Abschnitt werden ausgewählte bewährte Praktiken vorgestellt, die zu einer weiteren Verbesserung des Ansatzes des Europäischen Parlaments zur Haushaltskontrolle beitragen könnten.

Während der Haushaltsentlastung 2009 hat das Europäische Parlament bereits einige Vorschläge für mögliche Verbesserungen skizziert. Auf der Grundlage der Ergebnisse dieser Studie im Hinblick auf bewährte Praktiken sind die Berater der Ansicht, dass insbesondere die folgenden Maßnahmen eingehend geprüft werden sollten:

- Verbesserung der Dokumentation für die Haushaltsentlastung. Das könnte zu einer transparenteren Darstellung der Buchführung beitragen.
- Verfügbarkeit von Informationen zur Förderung einer zeitgerechten Haushaltsentlastung.

Außerdem hat die Studie das gegenwärtige Bekenntnis des Europäischen Parlaments zu folgenden Punkten als bewährtes Verfahren bestätigt:

- zu einem formellen, gesetzlich geregelten Haushaltsentlastungsverfahren, das mit einem formellen Beschluss betreffend die Entlastung endet, wonach entweder eine Entlastung im zuständigen Ausschuss oder, falls notwendig, im Plenum möglich ist;

- zur Funktion und Befugnis eines internen Prüfers, der eine zentrale Rolle beim Haushaltsentlastungsverfahren spielt und dazu beiträgt, einen stabilen und vielfältigen Prüfungsrahmen sicherzustellen.

Was die nationalen Parlamente angeht, die in dieser Studie bewertet wurden, wurden die folgenden bewährten Verfahren ermittelt und können dem Europäischen Parlament empfohlen werden:

- Externe Fachleute, egal ob sie von Obersten Rechnungskontrollbehörden oder von privaten Wirtschaftsprüfungsgesellschaften kommen, sollten an der Prüfung und der Nachkontrolle der Buchführung des Parlaments und der Umsetzung des Haushaltsplans beteiligt sein. Dieses Verfahren wertet die Umsetzung des Haushaltsplans des Parlaments zusätzlich durch eine unabhängige externe Sichtweise auf. Um Interessenkonflikte zu vermeiden, sollte die an der Nachkontrolle beteiligte Institution (der Europäische Rechnungshof) jedoch nicht an der laufenden Beaufsichtigung der Umsetzung des Haushaltsplans beteiligt sein.
- Ein Gremium, das unabhängig vom Parlament und für die Festlegung und Auszahlung der Gehälter und Ausgaben der Abgeordneten zuständig ist, würde dazu beitragen, echte oder vermeintliche Unregelmäßigkeiten bei der Zahlung von Vergütungen an die Abgeordneten zu vermeiden. Durch eine stärkere Transparenz könnte dieses Verfahren außerdem dazu beitragen, dass die Bezahlung und die Verwaltung der Vergütungen der Abgeordneten in der Öffentlichkeit als sozial gerecht und angemessen wahrgenommen werden. Dieses Verfahren beinhaltet außerdem, dass die Abgeordneten einen geringeren Einfluss auf ihre eigenen Gehälter und Vergütungen haben, und kann somit Korruptionsvorwürfen vorbeugen.
- Eine öffentliche Anhörung qualifizierter nichtstaatlicher (zivilgesellschaftlicher/akademischer) Beiträge während der Ausschussphase der Erstellung des Haushaltsplans sowie während des Haushaltsentlastungsverfahrens würde die Wahrnehmung des Europäischen Parlaments als ein Organ, das für eine unabhängige Prüfung seitens der Bürger offen ist, stärken.
- Die Veröffentlichung des jährlichen Prüfberichts über die Buchführung des Parlaments, zumindest in zusammengefasster Form, würde die Transparenz der Dokumentation des Haushaltsentlastungsverfahrens erhöhen und dazu beitragen, das öffentliche Vertrauen in die Institution zu stärken.
- Weiterbildungsseminare für Abgeordnete, die im Haushaltskontrollausschuss (CONT) tätig sein sollen, unter Beteiligung von Fachleuten würden dazu beitragen, die Fähigkeiten der Akteure im Umgang mit der Haushaltsentlastung zu verbessern. Insbesondere auf den Gebieten der Haushaltsplanung und dem Verständnis der Prüfungsergebnisse sowie in Bezug auf eine wirksame und proaktive Kommunikation von Haushaltsplänen, Prüfverfahren und Ergebnissen an externe Akteure könnte Hilfestellung geleistet werden. Dies könnte eine Beteiligung von Abgeordneten nationaler Parlamente beinhalten, die über einschlägige Erfahrung in bewährten Verfahren verfügen.

1. INTRODUCTION

This assessment has been prepared by the group Blomeyer & Sanz and One World Trust¹.

The assignment is delivered in response to Order Form IP/D/ALL/FWC/2009-056/LOT6/C2/SC2 implementing Framework Service Contract IP/D/ALL/FWC/2009-056/LOT6/BLOMEYER_3 for external expertise in the area of administration of the EU institutions for the European Parliament's (EP) Committee on Budgetary Control (CONT).

The introduction briefly presents the assessment's objectives (section 1.1), the methodology (section 1.2) and this report's structure (section 1.3).

1.1. OBJECTIVES

The study has two main objectives:

- Assessing the effectiveness of how Member State parliaments discharge their own budgets (including supervision and control of the budget);
- and contributing, on the basis of an analysis of existing data and case studies, to the further improvement of the EP's control and discharge of its own budget in the future.

In the context of the EP's discharge of its 2008 budget, several aspects of the existing discharge procedures were discussed. The discussions also took an interest in comparisons with national parliaments².

Moreover, recent EP discussions on the discharge of its 2009 budget, addressed potential for reform in the area of internal control³. This indicates that the study is motivated by the intention to ensure that the EP's approach to its own discharge compares well with best practice at the EU and international level.

The study questions in the EP's specifications for this study point to several key issues, including:

- interest in a comparative analysis of the content of parliamentary budgets (types, scales and ratios of different kinds of expenditures);
- the actors involved in parliamentary budget discharge (inside and outside the parliaments, e.g. independent watchdogs);
- the different procedures in place and their effectiveness over time;
- and the identification of best practice approaches that might contribute to the EP's own approach to budget discharge.

¹ Expert input and peer review was provided by Roland Blomeyer, Carmen Lopez, Michael Hammer and Timo Moilanen with research support from Lauren Cumming and Tim Silman.

² European Parliament, Committee on Budgetary Control, Notice to members, Answers to questionnaire on the discharge for implementation of the European Union general budget for the financial year 2008. 19 January 2010.

³ See the European Parliament report on the 2009 budget discharge: Report on discharge in respect of the implementation of the European Union general budget for the financial year 2009, Section I – European Parliament, 28 March 2011: 'It therefore reiterates its calls for Parliament's internal control systems to be strengthened and suggests, in the interests of transparency, the publication of certain information on the Parliament's Intranet'. Note also that some aspects of the European Parliament's approach to controlling its own budget have recently been in the spotlight over a European Court of Justice judgement related to European Parliament's internal control limitations Official Journal of the European Union C211/23, Judgement of the General Court of 7 June 2011 - Toland v Parliament, 16 July 2011.

It is worth noting that this study represents significant added value to existing ‘parliamentary research’, i.e. research into the roles and functioning of parliaments. Indeed, whilst there is comprehensive research on the main functions of parliaments (e.g. legislative function), only limited research is available on the parliament’s budget discharge function (and even less information on related performance). For example, one of the leading recent publications on parliament functions and related effectiveness limits research to four areas excluding budget discharge (the areas covered are: election of government representatives and other state officials, legislative function, government control, representation and communication)⁴. Similarly the exhaustive Organisation for Economic Cooperation and Development (OECD) / World Bank Budget Practices and Procedures Survey (2008) hardly touches on budget discharge (out of 99 questions on the budget process, only one can be considered relevant to budget discharge, i.e. a question on whom the Supreme Audit Institution reports to)⁵.

Please note that the technical specifications for the study also require the preparation of an overview of the type of expenditure covered by, respectively, the EP budget, and the budgets of the EU national parliaments, with a particular interest in the differences between the ratios of particular kinds of expenditure within the overall institution budgets. This information is considered to provide a useful background to the discussion of the budget discharge procedures and is presented in Annex 1.

1.2. METHODOLOGY

This section outlines the methodology for the development of the present study. We first present the approach adopted for delivering this study (tools for data collection and assessment) (section 1.2.1). We then note the main definitions and concepts used by the report (section 1.2.2).

1.2.1. Approach

The approach adopted for delivering this assessment combines desk research, stakeholder consultations, case studies and survey work:

- First, desk research and stakeholder consultations helped to identify the key issues in relation to parliamentary budget discharge;
- This information was then used to allow for stakeholder feedback in the framework of a comprehensive survey addressed to national parliament administrations (covering all Member States, Candidate countries and other European countries); 21 countries answered the survey, including 16 Member States (AT, BE, CZ, DK, EE, ES, FI, FR, IE, MT, NL, PL, PT, SK, SI, UK), two candidate countries (ME, MK) and three other European countries (CH, RU, Republic of Kosovo);
- Finally, further to the detailed review of the EP’s own budget discharge procedure, eleven case studies were conducted to provide more in-depth insights into discharge procedures at the national level.

⁴ Martin Sebaldt, *Die Macht der Parlamente, Funktionen und Leistungsprofile nationaler Volksvertretungen in den alten Demokratien der Welt*, 2009.

⁵ http://www.oecd.org/document/61/0,3746,en_2649_34119_2494461_1_1_1_1,00.html The OECD was contacted to provide feedback on this, however, it appears that no additional information on the parliament budget discharge function is available.

Table 1 - Case study selection

SELECTION CRITERIA		FR	UK	ES	FI	DE	PL	CZ	NL	EE	DK	CN
Size	small / medium				✓			✓	✓	✓	✓	
	large	✓	✓	✓		✓	✓					✓
	number of deputies	577	650	350	200	622	460	200	150	101	179	308
Type	uni-cameral				✓					✓	✓	
	bi-cameral	✓	✓	✓		✓	✓	✓	✓			✓
EU accession	before 2004	✓	✓	✓		✓			✓		✓	
	2004/2007						✓	✓		✓		
Location	North / West	✓	✓		✓	✓			✓		✓	
	South / East			✓			✓	✓		✓		

1.2.2. Concepts / definitions

This section presents the main concepts / definitions used in this study.

Ex post budget discharge versus internal control and audit

In order to limit the focus of this study it is worth defining the differences between (a) ex post budget discharge, i.e. the main subject of this study, and (b) ongoing internal control and audit:

- **Ex post budget discharge** is the process of granting discharge, i.e. confirming, further to the budget's implementation, that the latter has been implemented in full compliance with legal and financial requirements and relevant objectives. The 2008 EP discharge referred to the process as follows: 'the added value of the parliamentary and public procedure leading up to Parliament's discharge of itself is the additional possibility for exercising, in public, a critical scrutiny of the institution's financial management and thereby facilitating Union citizens' understanding of Parliament's particular set-up, governance structure and working methods'⁶. It also stresses that the use of public funds involves the obligation of the public institution to explain how the funds have been used for the intended purpose.
- **Internal budget control and audit** is of an ongoing nature and falls under the tasks of a parliament's administration. The outputs of internal control and audit (reports, statements of assurance) feed into the budget discharge process, as the budget discharge will be based, to some extent, on information derived from internal budget control and audit.

⁶ EP, Resolution of 5 May 2010 with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2008, Section I – European Parliament (C7-0173/2009 – 2009/2069(DEC)), 26 March 2010, point 23.

Note, however, that the two concepts are closely interrelated in that comprehensive and effective internal control and audit during implementation can help identify and manage risks at a stage where corrective action can still be taken, as opposed to using an ex-post budget discharge process as a sanctions tool for future budget discipline. In addition, sound budget preparation work can create structures that facilitate control during implementation and review during the ex-post discharge.

Specific versus general budget discharge

Looking at the budget discharge process we need to further focus on the discharge process dealing specifically with the EP's own budget. Indeed, in the wider context of the EP's responsibilities for discharging the budget of the different EU institutions, the study focuses on how the EP deals with the discharge of its own budget, i.e. the EP's budget. In the remaining text we use the following terms:

- General budget discharge: this term refers to the EU's budget discharge, i.e. to the general procedure as established in the Financial Regulation applicable to the general budget of the European Communities (Articles 145 to 147)⁷ (see section 2.1).
- Specific budget discharge: this term refers to the EP's budget discharge procedure dealing with its own budget, as established by the EP Rules of Procedure (77, 80 (3) and Annex VI)⁸ (see section 2.2). We also refer to this term when discussing national discharge procedures focusing on parliamentary budgets.

The table below provides an overview of the different budget discharge decisions (in total 43 separate decisions for 2009).

Table 2 - Discharge decisions for the 2009 budget discharge

EP DISCHARGE DECISIONS TO OTHER EU INSTITUTIONS		
DATE	INSTITUTION	SECTION
10 May 2011	European Parliament (EP)	I
	Council	II
	European Commission (EC)	III
	Court of Justice (CoJ)	IV
	Court of Auditors (ECA)	V
	European Economic and Social Committee (EESC)	VI
	Committee of the Regions (CoR)	VII
	European Ombudsman	VIII
	European Data Protection Supervisor	IX
	Agencies (one general decision and 27 specific decisions)	

Finally, when referring to 'budget discharge' in general terms, we imply that there are no differences between the general budget discharge and the discharge of the EP specific budget.

⁷ Council Regulation (EC/Euratom) n° 1605/2002, 25 June 2002. OJ L 248, 16.09.2002.

⁸ <http://www.europarl.europa.eu/sides/getLastRules.do?language=EN&reference=TOC>.

Transparency

As already noted above, the EP considers the specific discharge to contribute to transparency⁹. 'Transparency is a prerequisite of good governance. It allows citizens to scrutinise and evaluate the activities of the public authorities and to call them to account. It also renders more effective the use of other public (...) rights, particularly (...) the right to information. At EU level, transparency is indispensable for increasing citizens' understanding of EU decision-making and for enhancing their confidence in EU institutions. Public access to EU institutions' documents strengthens their democratic credentials and helps to close the gap between them and the citizens'¹⁰.

Regulation 1049/2001 of the EP and of the Council, setting out the modalities for a right of access to EU documents and regulating transparency of disclosure procedures can be considered one of the EU's main tools to promote transparency. This finds its origins in the Treaty of Maastricht, Declaration No 17 on the Right of Access to Information¹¹ was attached to the Treaty with a view to 'strengthening the democratic nature of the EU institutions and the public confidence in the administration'¹².

Effectiveness

Effectiveness relates to the achievement of immediate objectives. In our understanding the budget discharge pursues two immediate objectives, namely to ensure sound financial management and to enhance transparency. The achievement of the first objective can be measured in a qualitative way by reviewing information concerning the improvement of financial management in the EP; indicators include for example the number of ECA observations in the ECA Annual Reports, or the number of recommendations by the EP rapporteur to enhance financial management. Similarly, enhanced transparency has been shown to play a significant role in the trust citizens have in institutions and their performance, and is a key dimension of most concepts and frameworks of organisational¹³ - including specifically parliamentary - accountability¹⁴. While on its own not sufficient, transparency has been described as a necessary condition for trust in politics, and '*[...] its absence may lead to outcomes that further corrode it*'¹⁵, a point further borne out by reviews of the role of parliamentary transparency for citizens engagement¹⁶. Transparency indicators relating to trust in the work of parliaments, such as in the Eurobarometer surveys for the European Parliament, equally show an important correlation between awareness of the work of the European Parliament, and understanding of its role and confidence in its performance¹⁷.

⁹ EP, Resolution of 5 May 2010 with observations forming an integral part of the decision on discharge in respect of the implementation of the European Union general budget for the financial year 2008, Section I – European Parliament (C7-0173/2009 – 2009/2069(DEC)), 26 March 2010, point 23.

¹⁰ EIPA, Research Paper: 'Transparency and Access to Documents in the EU: Ten years on from the adoption of Regulation 1049/2001', 2011, p.1.

¹¹ OJ C 191, 29 July 1992, p.1.

¹² In addition, Article 1(2) EU Treaty provided that decisions ' [...] shall be taken as openly as possible and as closely as possible to the citizen.'

¹³ See Hammer, M.; Lloyd, R. (2011): Pathways to Accountability II. The revised Global Accountability Framework, London, One World Trust, and Edelman Trustbarometer (2012): 2012 Global Annual Study.

¹⁴ Commonwealth Parliamentary Association (n.d.): Opening up the parliamentary budget process.

¹⁵ Fox, R. (2009): Just how important is transparency in restoring trust in politics?, in Public Service, 11 December 2009.

¹⁶ Governor General of Canada Adrienne Clarkson in the 2004 Speech from the Throne, in: Abelson, J.; Gauvin, F-P. (2004): Transparency, Trust and Citizen Engagement. What Canadians are saying about accountability. Centre for Health Economics and Policy Analysis, McMaster University, p. 1.

¹⁷ <http://www.europarl.europa.eu/aboutparliament/en/00191b53ff/Eurobarometer.html>.

1.3. REPORT STRUCTURE

Besides the present introduction, the report comprises four main sections:

- Section 2 presents an overview on the EP's general and specific discharge. This is the point of departure to analyse and evaluate the selected Member States' procedures.
- Section 3 assesses the procedures adopted for budget discharge in different MS parliaments and one Third Country parliament, establishing a comparison between the different systems and focusing on the actors involved, the procedures and their history, and the degree of transparency of the different procedures. This prepares the ground to develop the last two sections of the assessment.
- Section 4 presents the assessment's overall conclusions and recommendations. The conclusions focus on the budget discharge procedures' effectiveness, as concerns their contribution to the national parliaments' sound financial management and transparency; the recommendations reflect on best practices that might provide inspiration to further enhance the EP's specific discharge.

2. BUDGET DISCHARGE IN THE EUROPEAN PARLIAMENT

As the point of departure, section 2.1 presents the legal framework of the EP's budget discharge procedure, covering both the general and specific budget discharge. Section 2.2 then reviews the specific discharge in more detail assessing its political nature, and stressing its reputational character vis-a-vis public opinion and the institution itself. Section 2.3 presents in detail the internal and external actors involved in the specific discharge. Finally, section 2.4 provides an overview on the development of the specific discharge, differentiating between formal and informal aspects.

This section's scope is to present the budget discharge procedure in the EP in order to take it as the point of departure for a further analysis and evaluation of the selected national parliaments' budget discharge procedures in section 3. This presentation is also useful for readers non-familiarised with the EP budget discharge. Therefore, CONT MEPs and EP staff familiarised with the contents of this section can skip it and go directly to section 3.

2.1. LEGAL FRAMEWORK

To set the context for the discharge procedure, this section presents the EP's budgetary powers as established in the Treaties.

The EP's responsibilities concerning the budget have experienced a significant development since the Budget Treaties of 22 April 1970 and 22 July 1975¹⁸.

In parallel to the establishment of the Community's own resources¹⁹, the Member States agreed to amend the Treaties in order to increase the EP's budgetary powers. A first Budget Treaty was signed on 22 April 1970 and entered into force on 1 January 1971. Further to considerations on the need for additional budget powers a second Budget Treaty was signed on 22 July 1975 and entered into force on 1 June 1977. The EP acquired the exclusive right to grant discharge to the European Commission (EC) on the implementation of the budget and, *'if there are important reasons'*, to reject the budget as a whole²⁰.

The EP lays down budget guidelines and prepares its own budget in a dialogue with the other institutions. It monitors budget implementation and grants annual discharge not only to the different EU institutions (general budget discharge), but also vis-a-vis its own budget (specific budget discharge).

The following legal provisions govern the **general budget discharge procedure**:

- **Treaty on the Functioning of the EU²¹: Article 314** (former Article 272 (2) to (10) TEC) sets up the provisions for the establishment of the EU's annual budget, acting in accordance with a special legislative procedure. Section (10) of this article specifies that 'each institution shall exercise the powers conferred upon it under this Article in compliance with the Treaties and the acts adopted thereunder, with particular regard to the Union's own resources and the balance between revenue and expenditure'. **Article 318** (former Article 275 TEC), states that 'the Commission shall

¹⁸ Treaty amending certain budgetary provisions of the Treaties establishing the European Communities and of the Treaty establishing a Single Council and a Single Commission of the European Communities, signed on 22 April 1970. (OJEC). 02.01.1971, L 2, and Treaty amending certain financial provisions of the Treaties establishing the European Communities and of the Treaty establishing a Single Council and a Single Commission of the European Communities, signed on 22 July 1975 (OJEC). 31.12.1977, L 359.

¹⁹ Council Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources, OJ L 94, 28 April 1970.

²⁰ Nicholas Moussis, Access to European Union: law, economics, policies, (1994, 19th updated edition 2011).

²¹ OJ C115, 9 May 2008.

submit annually to the European Parliament and to the Council the accounts of the preceding financial year relating to the implementation of the budget' as well as 'a financial statement of the assets and liabilities of the Union' and 'an evaluation report on the Union's finances based on the results achieved'.

- **Financial Regulation applicable to the general budget of the European Communities²²:** Article 145 establishes the EP's responsibility for granting discharge to the EC in respect of the implementation of the budget for the financial year; Article 146 specifies the tasks of the EP before adopting the discharge decision, i.e. examining the accounts and financial statements referred to in Article 275 of the EC Treaty and Article 179a of the Euratom Treaty, as well as the Court of Auditors' annual report, among others; Article 147 compels the EC and the other institutions to 'take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision', and to report on the measures taken, in particular, 'on the instructions they have given to those of their departments which are responsible for the implementation of the budget'.

The above legal framework sets the context for the EP's specific budget discharge, provided for under the EP Rules of Procedure (Rules 77, 80 (3) and Annex VI)²³:

- (a) **Rule 77**, provides for the requirements governing the general budget discharge to be applied to the procedure for granting discharge to: *'the President of the European Parliament in respect of the implementation of the budget of the European Parliament'*.
- (b) **Rule 80 (3)** states that *'on the basis of a report by the committee responsible, Parliament shall approve its accounts and decide on the granting of a discharge'*.
- (c) Finally, **Annex VI** establishes the procedure for the consideration and adoption of decisions on the granting of discharge.

2.2. NATURE OF THE EP'S SPECIFIC BUDGET DISCHARGE PROCEDURE

This section reviews the EP's specific budget discharge with a specific focus on the procedure's alignment with general principles of accountability, and the procedure's reputational character.

Accountability

As already noted above, the EP is the EU budget discharge authority. Regarding the general budget discharge, once annual accounts are audited and finalised, the EP decides - on a recommendation by the Council of Ministers - whether to grant discharge to the EC and other EU bodies for the budget for a concrete financial year, and thus formally closes the budgetary process for that year. With the decision on discharge for budget implementation the EP 'releases' the EC from its responsibility for managing a given budget and marks the end of that budget's operation.

The EP granting discharge to the other EU institutions is in line with general good governance and accountability principles. However, the specific budget discharge with the EP granting discharge to itself can be questioned, in the following terms:

²² Council Regulation (EC/Euratom) n° 1605/2002, 25 June 2002. OJ L 248, 16.09.2002.

²³ <http://www.europarl.europa.eu/sides/getLastRules.do?language=EN&reference=TOC>.

- It is unusual that an institution grants discharge to itself on the implementation of its own budget. The EP, by granting discharge to itself, might fall into a conflict of interests, in the sense that it would be both judge and jury in the procedure.
- However, it needs to be considered that the EP has the ultimate responsibility in the EU's budget adoption, according to Article 314 of the Treaty on the functioning of the European Union²⁴. This includes the responsibility for checking that the implementation of the EU's budget is done according to the principles of sound financial management. Therefore, the EP must implement this task with regard to all EU's institutions, whose budgets are part of the global EU budget. These budgets include those of the EP. By inference, and in line with common practice of most parliamentary institutions in the EU²⁵, the EP can therefore be said to be tasked with granting discharge of its own budget, especially in view of a lack of any other suitable discharge authority.
- Finally, the existence of a separate discharge decision on the EP's own budget contributes to transparency, thus helping to attenuate concerns over possible conflicts of interest. Indeed dealing separately with the EP's budget discharge from the discharge procedures for the other EU institutions lends additional visibility to the process and contributes to enhance the EP's sound financial management.

Reputational issues

The EP's discharge of its own budget is also related to reputational issues, considering that an exhaustive control and audit of the budget's implementation is very important to public opinion, in particular when considering the increasing lack of trust in the EU institutions.

This consideration was emphasised in the EP budget discharge reports for the years 2008 and 2009: the EP '*stresses that some reputational risks are much more dangerous than financial risks*'²⁶, and that '*Parliament should, as far as possible, aim to avoid reputational risks*'²⁷.

Indeed, in the context of the global financial and economic crisis, trust in the EU institutions has suffered from further erosion in the second half of 2011²⁸. Just as with national political institutions, trust in the four main EU institutions (EP, EC, Council and European Central Bank) has experienced a downward trend since Autumn 2009. The following figure shows Eurobarometer results in relation to the EU citizens' perception on the existence of corruption within the EU institutions.

²⁴ OJ C115/183, 9 May 2008.

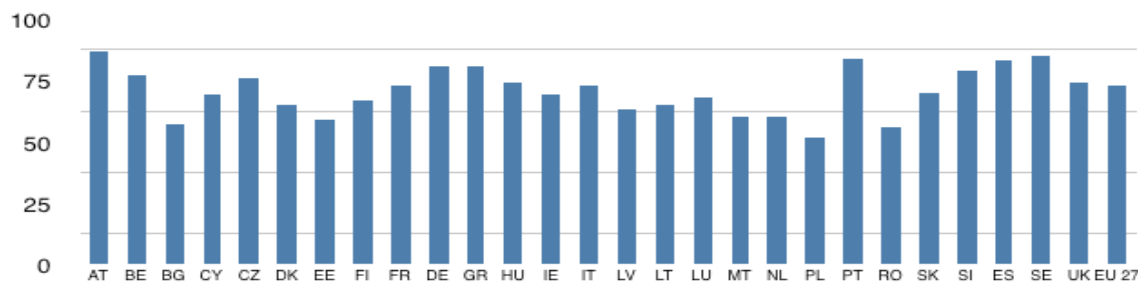
²⁵ See section 3 for details on a considerable number of EU Member States.

²⁶ European Parliament decision of 5 May 2010 on discharge in respect of the implementation of the European Union general budget for the financial year 2008, Section I – European Parliament (C7-0173/2009 – 2009/2069(DEC)), point 13.

²⁷ Report on discharge in respect of the implementation of the European Union general budget for the financial year 2009, Section I – European Parliament (C7-0212/2010 – 2010/2143(DEC)) (28.03.2011), point 73.

²⁸ Standard Eurobarometer 76, November 2011, http://ec.europa.eu/public_opinion/archives/eb/eb76/eb76_en.html.

Figure 1 - Eurobarometer - Opinion on corruption within the institutions of the EU ('total agree on corruption within EU institutions', in %)



Source: Special Eurobarometer 374, February 2012, Annex. http://ec.europa.eu/public_opinion/archives/ebs/ebs_374_en.pdf

It is also worth highlighting that citizens frequently make no or only little difference between the different parliamentary institutions. Public disaffection with parliamentarians due to a national parliament's problems with its accountability, such as witnessed in strong terms in 2009 in the UK, may easily be transferred to other parliamentary institutions, especially if already seen in a bad light beforehand.

Considering the above, the EP's specific budget discharge can tangibly contribute to increase the EU citizens' trust in the EP and parliamentary democracy overall.

Finally, the emphasis on transparency can be illustrated with the 2008 budget discharge reference to the fact that '*any institution using public funds has an obligation to explain how those funds have been used and to give comprehensive, objective and relevant information on the degree to which the funds have been used for the intended purposes and in accordance with the principles of sound financial management (economy, efficiency, effectiveness) and transparency*'²⁹; or the same resolution's criticism of the EP Bureau's approval of the final reports on the implementation of the respective programmes of activities and the financial statements of the three European political parties whose reports were not available for the Bureau meeting of 17 June 2009³⁰.

2.3. THE ACTORS INVOLVED IN THE PROCEDURE

This section differentiates between internal actors (section 2.3.1) and external actors (section 2.3.2) involved in the budget discharge procedure. Whilst this section is mainly descriptive, it establishes the framework for subsequent comparisons with national budget discharge procedures.

2.3.1. Internal actors

EP internal actors play different roles in the specific budget discharge procedure.

The **Committee on Budgetary Control (CONT)** evaluates whether the EU budget is implemented efficiently, effectively and according to EU law. In this context, CONT cooperates closely with the Court of Auditors and suggests improvements on the basis of the Court's audit results in order to ensure sound financial management.

²⁹ European Parliament decision of 5 May 2010 on discharge in respect of the implementation of the European Union general budget for the financial year 2008, Section I – European Parliament (C7-0173/2009 – 2009/2069(DEC)), point 11.

³⁰ Points 103 to 108.

CONT uses the discharge procedure as the key instrument for scrutinising the implementation of the EU Budget by all actors involved, including the EP itself.

CONT MEPs play a political role whilst the **Chair** of this Committee plays a more formal role. Indeed the Chair's main functions are to conduct the meetings, ensure that all MEPs have a fair chance to express their opinions in the CONT sessions, and supervise the CONT debates.

The figure of the **rapporteur** deserves a special mention: this function is distributed between the political groups according to a point system based on the group's size. Every report is allocated a number of points according to its estimated importance. The larger political groups normally cover the more important reports, however, the point system ensures that some important reports are allocated to rapporteurs from the EP's smaller groups. The rapporteur can accompany the report with personal statements, however, the committee decides on all conclusions and amendments on the basis of majority voting.

The CONT rapporteur is in charge of drafting the report with a proposal to grant discharge to the EP's budget for a specific financial year, to be adopted first by CONT and then by the EP Plenary. To prepare the draft report, the rapporteur reviews all relevant documentation prepared during the previous year, i.e. EP Directorate General (EP-DG) Annual Activity reports, the Accountant Officer certification of the financial year's accounts, the Secretary-General declaration on the Annual Activity reports certifying the financial year's budget, the ECA Annual Report, and the Internal Auditor annual report. The rapporteur delivers this task with the support of the **Secretariat staff** and the **political advisors** from the rapporteur's group. The Secretariat provides the administrative input and advises on technical issues. The CONT MEPs don't receive any specific prior training on the budget discharge. The rapporteurs usually conduct extensive consultations with the EP administration. Whilst the EP Secretariat staff do not necessarily have a professional background in this area either, MEP feedback points to good levels of expertise. The political advisors provide the political input to the budget discharge procedure.

The importance of the **shadow rapporteurs** must be stressed as well. The shadow rapporteurs are the MEPs who monitor a dossier for a political group, other than that of the rapporteur.

Every group also counts with a **coordinator** for each Committee. In CONT, coordinators prepare some political decisions to be taken by the committee, *'in particular decisions on procedure and the appointment of rapporteurs'*³¹. However, these decisions need to be formally endorsed by the Committee.

Rapporteurs and shadow rapporteurs often coordinate and decide the outcome of the political deliberations, e.g. they negotiate amendments and take political decisions on the discussed documents.

The rapporteur also maintains a permanent exchange of views with other actors from the EP's administration, i.e. the Secretary-General, the Internal Auditor and the Directors-General and relevant staff (i.e. staff dealing with the different issues related to the EP's budget that are to be mentioned in the report and discussed in the Committee).

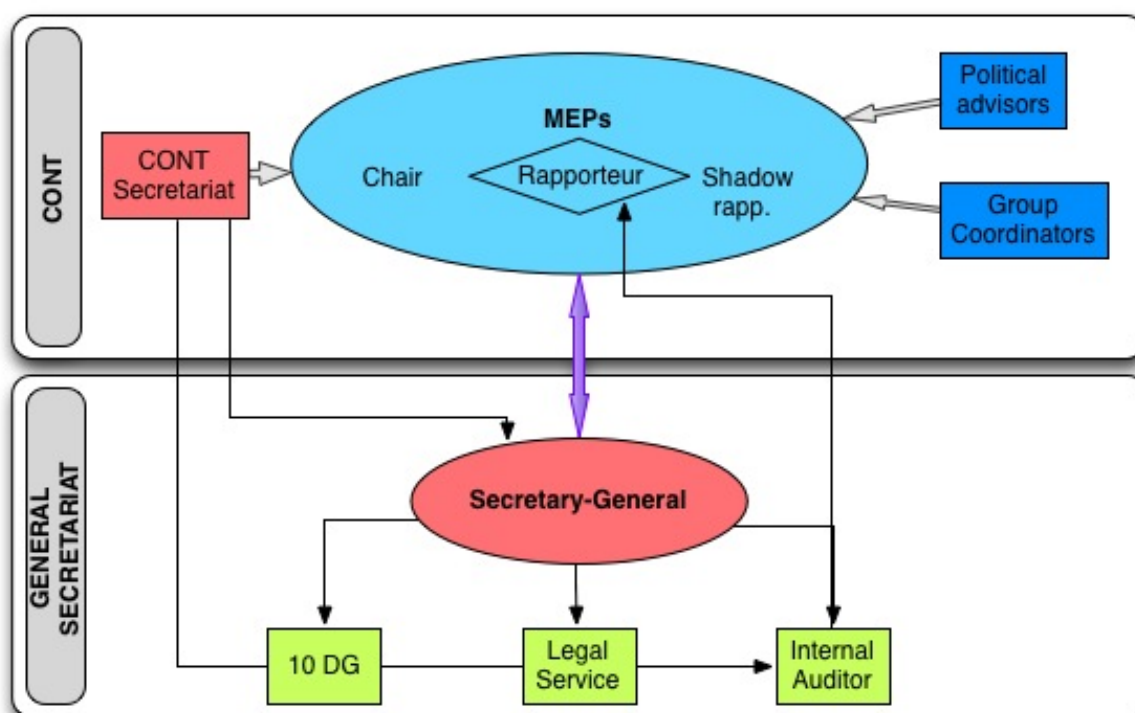
The Secretary-General is responsible for the EP's administration, and one of his functions is assisting the President, the Bureau, the political bodies and the MEPs. The Secretary-General leads the Secretariat, which provides technical support to the different EP bodies and MEPs.

There are **10 DGs** depending on the Secretary General of the EP. The EP's **DG for Finance** is in charge of drawing up the EP's budget, supervising its implementation, accompanying the discharge procedure, keeping and closing the accounts and managing the treasury.

³¹ Rule 192 of the EP Rules of procedure. This rule also states that 'The committee may delegate the power to take certain decisions to the coordinators, with the exception of decisions concerning the adoption of reports, opinions or amendments'.

Finally, **the Internal Auditor** is a key actor in the budget discharge procedure. The Internal Auditor heads the Internal Audit Unit, attached to the Secretary-General's office. The Internal Auditor prepares an annual report on the EP's accounts. This report is not made public, as it is considered a working document containing confidential information. The report is presented in CONT at the beginning of the year. The Internal Auditor maintains permanent contact with the rapporteur to provide technical assistance thus supporting a clear understanding of the EP's annual accounts. The establishment of the Internal Audit Unit is considered one of the Financial Regulation's main achievements, together with the obligation of the Director-Generals to prepare an annual activity reports.

Figure 2 - Internal actors involved in EP Budget discharge



Source: Prepared by Blomeyer & Sanz on the basis of stakeholder consultations and desk research

2.3.2. External actors

The main external actor involved in the EP budget discharge procedure is **the European Court of Auditors (ECA)**. The ECA Annual Report is the point of departure for the budget discharge procedure. Since the ECA's establishment by the Treaty of Brussels of 1975, the process of European integration and the consecutive Treaties have entrusted the ECA with the audit of the EU finances. As an external auditor with a role similar to that of other Supreme Audit Institutions, the ECA contributes to improving EU financial management and acts as the independent guardian of the financial interests of the EU citizens.

The ECA promotes accountability and transparency by assisting the EP and the Council in overseeing the implementation of the EU budget, particularly during the discharge procedure. The ECA carries out an ex post audit following the budget's implementation, and its Annual Report, despite of reasons of material value involved, being shorter than its reports on other EC budgets, can be considered a corner stone in the EP's specific budget discharge procedure. In addition, the ECA plays an important role in the course of the general budget discharge procedure. For example, on the basis of the ECA Annual Report observations, the EP formulates recommendations for further financial exercises.

2.3.3. Assessment

This sub-section aims to assess the actual relative importance of the actors involved in the budget discharge procedure, beyond their formal roles.

It is noteworthy that the close **cooperation** between political actors and the EP's administration is essential to enhance the quality of the budget discharge report debated in CONT, and of the procedure in general. Being able to build on, in many cases, pre-existing knowledge of MEP's in audit matters, the Secretariat's staff and special advisors provide additional administrative support and advice concerning documentation to be reviewed³². As mentioned previously, the establishment of the Internal Audit Unit is considered one of the Financial Regulation's main achievements as it helps to provide a further, independent viewpoint on budget implementation.

Regarding the **assignment of the annual draft report on budget discharge**, the point system seems to be appropriate to guarantee a fair distribution of the parliamentary reports between all the political groups, ensuring the allocation of important reports, including on the budget discharge, to smaller political groups³³.

The possibility of introducing **amendments** to the draft report that will be debated and approved in CONT and then in Plenary, enhances the MEPs' involvement in the budget discharge procedure. These debates guarantee that the perspectives from different political sides are reflected in the final decision on discharge, which will be adopted on the basis of majority voting.

As concerns the **ECA**, its substantial contribution to the EP's budget discharge consists in the **observations to the EP** contained in its Annual Report. They constitute the basis for the EP's recommendations for the next financial years. As we will see in a further section, the compliance with these observations from one year to another reveals an improvement of the procedure's effectiveness.

Once said that, the administrative and political actors' importance in the budget discharge procedure is balanced. Their involvement is similarly relevant in order to implement the procedure in the most efficient manner.

On the political side, the key figure in the procedure is the rapporteur. On the administrative side, the input of the **Internal Auditor** is of major importance³⁴. His annual report is an important document for the rapporteur to prepare the draft report on budget discharge, as it will be explained in a further section, and the permanent contact and fluent communication between the Internal Auditor and the rapporteur provide a sound basis for the rapporteur to develop his work.

However, some contradiction can be appreciated between the lack of publicity of the Internal Auditor's report as a key element of the procedure and the transparency that the EP wants to achieve with the political budget discharge debate in CONT and in Plenary.

2.4. THE PROCEDURE: FORMAL AND INFORMAL STEPS

This section presents the budget discharge procedure's different formal and informal steps, drawing on stakeholder consultations with MEPs and EP civil servants.

³² However, it is considered worth noting that MEPs do not receive specific training on budget discharge when they are designated to CONT.

³³ E.g. the report on discharge of the implementation of the EP's budget for the financial year 2008 was assigned to the Greens/EFA, which is currently the fourth of the EP's seven political groups, in terms of size.

³⁴ Note, however, that the Financial Regulation does not provide for a formal role of the Internal Auditor in the discharge procedure, i.e. he is not assigned a formal direct responsibility in the discharge procedure.

The section starts with a short explanation concerning the point of departure (section 2.4.1). The section then provides an overview on the documentary basis (section 2.4.2), and the exchanges that take place during the procedure, differentiating between formal and informal exchanges (section 2.4.3). Finally, the section explains the adoption of the budget discharge (section 2.4.4).

2.4.1. Point of departure

The **presentation of the ECA Annual Report** in CONT and then in Plenary in mid-November is the budget discharge procedure's point of departure. This Annual Report contains the ECA's audit findings concerning the EU's budget, and one section is dedicated to the findings on the EP's budget (part of the Chapter 7 'Administrative and Other Expenditure', ECA Annual Report 2010)³⁵.

Prior to the report's presentation in CONT, the ECA Annual Report is confidentially shared with the EP President, the CONT Chair and the rapporteur, and later with the rest of the CONT MEPs. Further to the report's debate in CONT, the report is presented to the Plenary.

2.4.2. Documentary basis

First of all, it is noteworthy that according to stakeholders' feedback on the budget discharge procedure, MEPs perceive some deficiencies in the ongoing control process as concerns documentary review, e.g. the lack of peer-review of the internal documents such as the EP DG's annual activity reports. However, such perceived weaknesses were not generally traced back to particular requirements and steps of the budget discharge procedure, and no direct negative quantitative or qualitative impact could be described.

As noted above, a key document is the **ECA's Annual Report** to the EP and the Council on the implementation of the Community budget, together with a Statement of Assurance as to the reliability of the Community's financial accounts and the legality and regularity of the transactions underlying them.

Together with the ECA Annual Report, the **Internal Auditor Annual Report** is a key input for the rapporteur's draft report with the proposal on discharge of the EP's budget.

The Internal Auditor Annual Report is a working document (not public) presenting the audit findings on the EP accounts and on the implementation of the EP's budget for the financial year. It is discussed in the Bureau before being delivered to CONT MEPs and presented in a CONT session. Before the report's presentation, the rapporteur and the CONT secretariat start preparing the draft report on the EP's budget discharge. The Internal Auditor's report is kept confidential, and is the only document under the budget discharge procedure that is not made public. Informally, the Secretariat administrator assisting the rapporteur may have access to this report; it is considered a tool for improving the financial management of the EP.

Further key documentation for the rapporteur's preparation of the draft report on budget discharge includes:

- The EP's **DG Annual Activity reports**: each DG prepares an Annual Activity report for the financial year.
- **Secretary-General Declaration on Annual Activity Reports**: the Secretary-General certifies his assurance that the EP's budget has been implemented according to the principles of sound financial management.

³⁵ OJ C 326, 10.11.2011.

- **EP report on budgetary and financial management:** detailed analysis of the EP's financial management in general, chapter by chapter and by objectives and results.
- **Accounting Officer's certification of the financial year's accounts:** this document states that the EP annual accounts for the financial year have been prepared in compliance with the EC Financial Regulation and with the accounting rules adopted by the EC's Accounting Officer³⁶, to be applied by all the institutions; that the authorising officers have provided the information necessary for the production of the accounts that show the EP's assets and liabilities and the budgetary implementation; and certifies the assurance that the accounts present a true and fair view of the financial position of the EP in all material aspects.
- **EP President's decision on adoption of the financial year's accounts:** this document states the adoption of the financial year's accounts and requires the Accounting Officer to send the adopted accounts to the EC's Accounting Officer and to the ECA.
- **Follow up on the EP discharge for the previous financial year:** this document allows to verify the implementation of the observations that accompany the decision on EP discharge for the previous year.
- **Questionnaire to the EP's administration:** this questionnaire addressed to the EP's administration allows the rapporteur and the CONT MEPs to follow up on the previous year's budget discharge, and seek technical advice on questions related to different matters in view of the preparation of the financial year's discharge report on the EP. The rapporteur collects the questions from the different political groups and organises them in a questionnaire to be sent to the Secretary-General. A limit for the number of questions to be submitted is not set, however, the Secretariat emphasises that the number of questions can't be unlimited. Whilst the Secretary General answers some questions directly, other questions are directed to relevant DGs.

The general criteria to decide which questions are to be included in the document is that all of them are taken on board, except for the superfluous or duplicated ones, or the ones that have been previously answered by the Secretary-General, formally or informally. It is general practice for the rapporteur to include all questions. The EP administration disposes of one and a half months to answer the questions, and this is considered sufficient. However, the time for the rapporteur to analyse the answers and to address them in the draft report on budget discharge is considered somewhat short. Whilst additional time for the rapporteur would delay the procedure, it would help to enhance the quality of the draft report.

- **Council Recommendation to the European Parliament on the discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year (n):** this recommendation that the Council addresses to the EP refers to the discharge to be given to the EC on the general budget of the European Union. The recommendation is issued following the first discussion of the draft report in CONT and before the report's adoption. The Council Recommendation is not considered particularly relevant for the budget discharge of the EP's own budget. This is in line with the gentlemen's agreement between the Council and the EP over the preparation of their respective budget sections, and the related understanding not to scrutinise each other's administrative budgets (EP budgetary autonomy). However, in its resolution on the Council's discharge for 2008 the EP considered that the Council having become more and more 'operational' in its work, its expenditure ought to be scrutinised in the same way as that of the other EU institutions. Following this EP pressure, the

³⁶ Council Regulation (EC/Euratom) n° 1605/2002, 25 June 2002. OJ L248, 16 September 2002.

Council, represented by the Spanish Presidency, agreed to reassess the ‘gentlemen’s agreement’ between the two institutions (dating back to 1970)³⁷.

2.4.3. Exchanges of views

The actors involved in the budget discharge maintain a continuous exchange of views. The rapporteur consults not only with the supporting administrative and political staff, but also with the Secretary-General, the Internal Auditor, the Directors-General and the staff in the Directorates in charge of the issues concerned. If required, the rapporteur also exchanges views with the ECA.

According to the stakeholders consulted, all the information that the rapporteur requires to prepare the draft report on budget discharge is facilitated in an atmosphere of co-operation, and this exchange of views can be organised formally or informally.

2.4.3.1. Formal meetings

The timetable for the 2009 budget discharge scheduled two formal meetings:

- **An exchange of views** with the EP Vice-President with primary responsibility for the budget, the Secretary-General and the EP Internal Auditor (13 January 2011; at the occasion of this hearing, the Internal Auditor comes to present its annual report in CONT);
- **A fallback meeting** in case of problems with adoption or vote (31 March 2011, after the adoption of the draft report in CONT). This meeting doesn’t necessarily take place, but it is duly foreseen to address any possible problems regarding the adoption of the draft report, and preventing lengthy discussions at the CONT meetings.

2.4.3.2. Informal exchanges

The budget discharge is further supported by a series of informal exchanges, considered essential by the rapporteur and his supporting staff to address any unforeseen issues that might arise in the course of the procedure.

At the beginning of the procedure, following delivery of the ECA Annual Report to the EP President, to the CONT Chair and to the rapporteur (and before the presentation of the ECA Annual Report to CONT and to Plenary), a series of informal exchanges take place to exchange initial views and gather advance information concerning the report’s main findings.

Moreover, the **rapporteur** and the **Internal Auditor** establish and maintain **regular contact** via telephone or informal meetings with a view to discussing the Internal Auditor report.

The rapporteur also holds **informal meetings with relevant ECA representatives**.

Finally, informal exchanges involve the **political advisors and administrators** with a focus on adopting a pragmatic approach to efficiently obtain relevant information.

2.4.4. Adoption of the draft report on budget discharge

Once the draft report is prepared by the rapporteur, it is translated and then presented and **discussed at a CONT session** in the month of February. A deadline of about two weeks is given for the **submission of amendments** to the text. Following this, the draft report and the amendments are **discussed and voted in CONT** one month later, aiming to achieve consensus on the discharge proposal, to be finally **voted on**

³⁷ <http://www.europarl.europa.eu/sides/getDoc.do?language=mt&type=IM-PRESS&reference=20100615IPR76139>.

and adopted at a Plenary session in the first half of May. The EP discharge decision is accompanied by recommendations on improving the implementation of future budgets.

The following table summarises the EP budget discharge procedure for 2009, focusing on the timetable for each procedural step and the actors involved.

Table 3 - Timetable for EP 2009 budget discharge

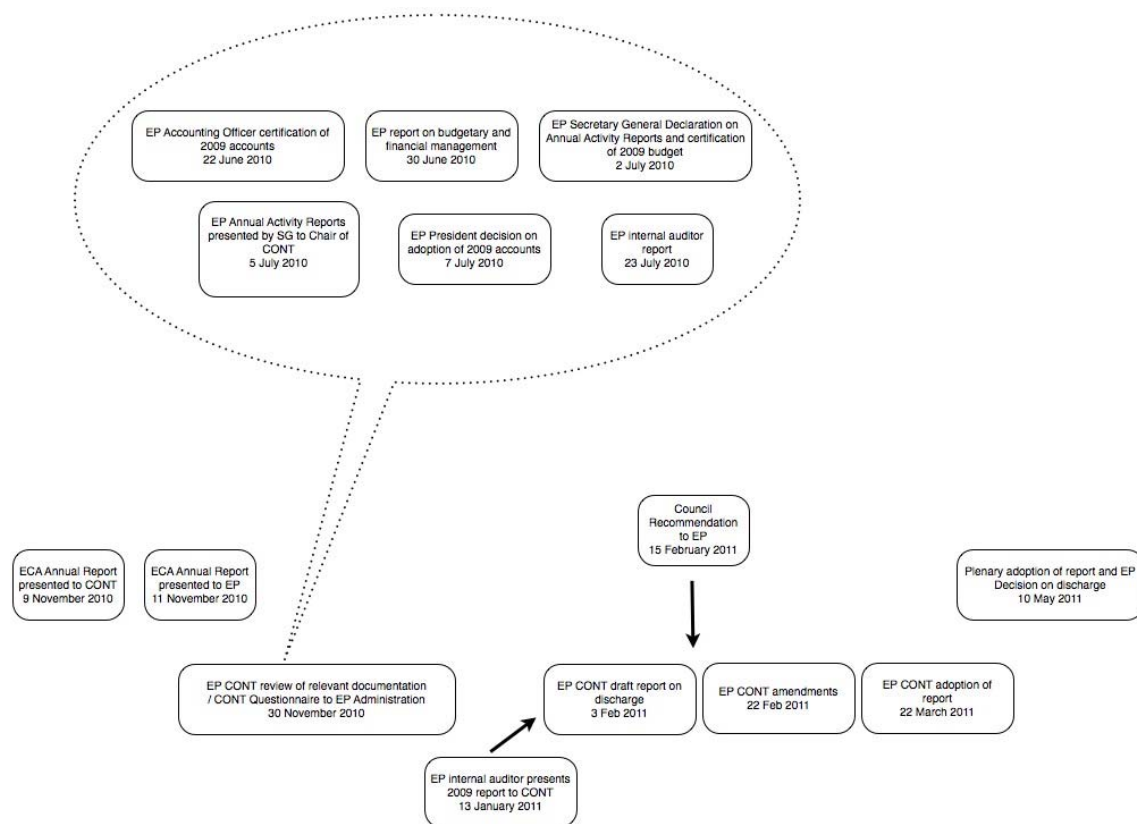
DATE	ACTOR	STEP
22 June 2010	EP Accounting Officer	Certification of the EP 2009 accounts
30 June 2010	European Parliament	Report on budgetary and financial management
2 July 2010	Secretary-General	Declaration on Annual Activity Reports and certification of 2009 budget
5 July 2010	Secretary-General	Presentation of Annual Activity reports to the Chair of CONT
7 July 2010	President of EP	Decision on adoption of 2009 accounts
23 July 2010	Internal Auditor	Internal Auditor Report
9 November 2010	ECA	Presentation of Annual Report in CONT
11 November 2010	ECA	Presentation of Annual Report in Plenary
30 November 2010	Rapporteur	Questionnaire to EP's administration
13 January 2011	Internal Auditor	Presentation of Annual Report in CONT
3 February 2011	CONT	Draft report discussion
22 February 2011	Parliamentary Groups	Amendments to draft report
22 March 2011	CONT	Adoption of draft report
10 May 2011	Plenary	Adoption of report and EP decision on discharge

Source: European Parliament's website

<http://www.europarl.europa.eu/document/activities/cont/201010/20101022ATT89808/20101022ATT89808EN.pdf>

The figure below provides an overview on the EP budget discharge for 2009.

Figure 3 - Overview of EP 2009 budget discharge



Source: Prepared by Blomeyer & Sanz on the basis of stakeholder consultations and desk research.

2.4.5. Assessment

The budget discharge procedure is a key component of the EP budgetary powers established in the Treaties, as explained in section 2.1. The procedure aims to guarantee the **objective and sound financial control of the EP's budget** and to approve its implementation. The procedure also intends to **enhance transparency** in the management of public funds.

One way of measuring the procedure's effectiveness in terms of sound financial control is to review how the EP addresses the ECA's Annual Report observations on the EP. The table below shows that the number of ECA comments to the EP on similar topics decreases in consecutive years, with few exceptions³⁸. Accepting that the ECA does not scrutinise every budget line every year but works on a sample basis, it can nevertheless be concluded that the EP shows itself to systematically address and resolve identified issues³⁹.

Table 4 - ECA observations concerning the EP

	00	01	02	03	04	05	06	07	08	09	10
Human resources											
Employment of contract agents										1	1
Payment of social allowances to staff members										1	
Payment of overtime worked	1										
Multiplication factors applicable to salaries								3			
MEPs											
Payments MEPs assistance allowances			2		1	2	3				
Additional pension scheme for MEPs			4								
Accommodation costs					1	1					
Procurement					1		1				1
Budget / finance											
Performance of the ex ante verification											1
Monthly presentation of invoices									1		
Payments on carried over appropriations								1			
Supervisory systems and control			2	8							
Transactions				1							
AARs and declaration of the authorising officers by delegation				2							
Accumulated actuarial deficit			2								
Budgetary management	2	1									
Reliability of accounts	1										
Other specific issues											
Buildings and equipment	1	1									
Inventory management system	2										
Organisation and functioning of political groups										2	1
Management of the subsidy scheme for visitors groups											2

Source: ECA Annual Reports 2000 – 2010.

³⁸ The number of comments on supervisory systems and control increased significantly from 2002 to 2003; the number of comments on payments of MEPs' assistance allowances also increased from 2004 to 2006. EP interview feedback suggests that regarding the rapporteur's informal meetings with relevant ECA representatives, this cooperation can be further strengthened.

³⁹ <http://eca.europa.eu/portal/page/portal/publications/auditreportsandopinions/annualreports>.

Regarding transparency, we can differentiate between the transparency of the procedure in general terms and public access to documents.

In relation to the first aspect, the EP's budget discharge procedure has a **formal character** and follows the steps legally regulated. Furthermore, there is a **formal decision** of the institution granting discharge in respect of the implementation of its own budget. The report on budget discharge is publicly debated in CONT and in Plenary, the different parliamentary groups have the right to introduce amendments between the two debates, and the final discharge decision is adopted in Plenary. Moreover, the legal background, the formal steps followed by the different actors, the timetables, the documents reviewed and the decisions adopted are all displayed in detail on the EP's website. This can be considered a more than sufficient degree of **openness** in the development of the procedure, insofar as citizens' representatives from all political groups in the EP, and citizens themselves, can have access to and get information about the procedural steps, documents and decisions, thus having a very clear overview on the EP's budget discharge.

However, in relation to the **public access to documents**, and focusing on one of the most important documents supporting the preparation of the discharge report, i.e. the EP Internal Auditor's Annual Report, there is an ongoing debate on whether the report should be made public. The general opinion is that it should be kept confidential. Regarding this issue, the EP's budget discharge for 2009 notes that *'the internal audit reports should be made available, under specific conditions, to the Members of the Committee on Budgetary Control'* and *'urges the Chair of that committee to agree with the Secretary-General on those conditions'*⁴⁰. However, the EP points out in its budget discharge decision for 2010 that *'the ongoing review of the Financial Regulation deals with the question of availability of these reports on request taking on board the ruling of the Court of Justice of the European Union on that matter'*⁴¹.

This issue should be referred not only to CONT or other parliamentary bodies' access to the Internal Auditor's annual reports, but also to these reports' accessibility for citizens who could have a public interest in the disclosure of the EP's internal accountability. In this context, it is worth noting the European Court of Justice's decision on the *Case Toland v Parliament*, which annulled an EP decision refusing access to a 2008 Internal Audit Report⁴².

⁴⁰ REPORT on discharge in respect of the implementation of the European Union general budget for the financial year 2009, Section I – European Parliament (C7-0212/2010 – 2010/2143(DEC)) (28.03.2011), point 71.

⁴¹ European Parliament decision of 10 May 2012 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section I – European Parliament (COM(2011)0473 – C7-0257/2011 – 2011/2202(DEC)), point 34.

⁴² The Court considered that the EP decision failed to establish that 'access (...) would seriously undermine its decision-making process' and failed to give 'reasons for its refusal to grant access, having regard to the requirement that there must be no overriding public interest'. (Court of Justice of the European Union, Judgement of the General Court (Second Chamber) of 7 June 2011, *Toland v Parliament* (Case T-471/08), Official Journal of the European Union, C211/23, 16 July 2011.).

3. BUDGET DISCHARGE IN NATIONAL PARLIAMENTS

This section reviews the specific budget discharge procedures in ten EU Member States, selected according to criteria of size, geographical location, parliamentary system and date of EU accession. The section provides a comparative analysis of the procedures, in order to identify best practices which could inspire the EP to enhance its own budget discharge procedure. In addition to the ten Member States, one Third Country, namely Canada, is reviewed. Canada was chosen as it has a parliamentary tradition and capacity akin to that of many EU Member States, but evidently works outside the normative framework of the EU.

It is worth recalling at this stage that in the case of countries with a bi-cameral parliamentary system this study focuses on the Lower House (i.e. FR, ES, UK, DE, PL, CZ, NL, CN), as these chambers have ultimate decision-making power on budgets and discharge.

The following table presents the main characteristics of the selected case study parliaments.

Table 5 - Main characteristics of case study parliaments

CHARACTERISTICS		FR	UK	ES	FI	DE	PL	CZ	NL	EE	DK	CN
Number of deputies		577	650	350	200	622	460	200	150	101	179	308
Type	uni-cameral				✓					✓	✓	
	bi-cameral	✓	✓	✓		✓	✓	✓	✓			✓
Term (in years)		5	5	4	4	4	4	4	4	4	4	4
Approach	formal	✓	✓						✓		✓	
	informal				✓	✓	✓		✓	✓	✓	✓
	missing			✓				✓				
External professional audit		✓	✓		✓			✓			✓	✓

The section looks at the actors involved in ex post budgetary control (section 3.1) and the procedures for ex post budgetary control (section 3.2).

3.1. THE ACTORS INVOLVED IN EX POST BUDGETARY CONTROL

Regarding the actors involved in ex post budgetary control, this section first looks at the internal (section 3.1.1) and then at the external actors (section 3.1.2).

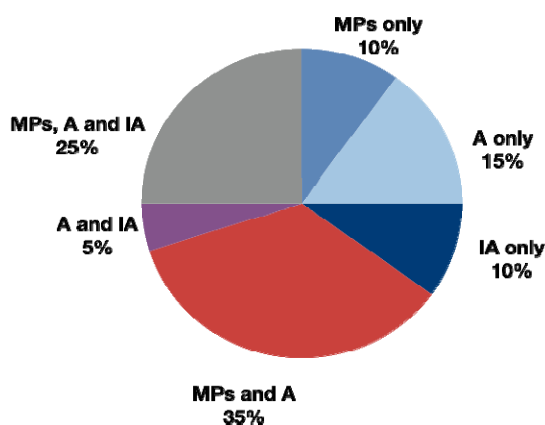
3.1.1. Internal actors

This sub-section focuses on the roles and functions of the different internal actors involved in the budget discharge, namely MPs, who provide the political outlook and are usually responsible for the final decision on discharge, and the parliaments' administration, which is in charge of providing technical assistance and advice to the political bodies.

In the EP, as in national parliaments, we can differentiate between political (e.g. rapporteur, political advisors, CONT MEPs) and administrative internal actors (e.g. Internal Auditor, Secretary General, Secretariat staff) involved in the budget discharge procedure. The close cooperation between all actors is essential to enhance the quality of the procedure. In the EP budget discharge procedure, the Internal Auditor's annual report is the base to prepare the draft report on budget discharge.

The survey results below show feedback in relation to the **internal actors** involved in budget discharge procedures⁴³.

Figure 4 - Internal actors in parliamentary budget discharge (% of survey respondents confirming participation of a specific actor)



Source: Blomeyer & Sanz Survey

35% of survey respondents note the joint involvement of MPs and parliament administration in the budget discharge procedure. In 25% of the cases the Internal Auditor cooperates with the other internal actors (MPs and Administration). 10% of respondents confirmed that only the Internal Auditor is involved, and in only 5% of the cases he develops his tasks together with the parliament's administration. The minor involvement of the Internal Auditor can be explained by the limited presence of this actor in the practices of the parliaments surveyed (CZ, ES, ME, MK, PL, RU, SI, UK). In 10% of the cases only MPs are involved in the procedure, and for 15% the parliament's administration is the only actor involved. The survey results thus give similar relevance to the political and administrative actors. This result is in line with the subsequent assessment concerning the cooperation between MPs and parliament administrations in the case studies.

Members of Parliament

In the national parliaments selected for this study, MPs play a role of varying importance in the budget discharge procedures, depending on the procedure's public or internal character, be it as members of the

⁴³ The survey results shown in figures 4 to 10 were obtained from stakeholder feedback in the framework of a comprehensive survey addressed to national parliament administrations (covering all Member States, Candidate Countries and other European countries); 21 countries answered the survey, including 16 Member States (AT, BE, CZ, DK, EE, ES, FI, FR, IE, MT, NL, PL, PT, SK, SI, UK), two candidate countries (ME, MK) and three other European countries (CH, RU, Republic of Kosovo).

specific committee or other parliamentary body dealing with budget discharge, or in the debate in plenary.

In general terms, it can be observed that in parliaments with a formal or regulated budget discharge procedure (such as the EP), there are **specific parliamentary committees** (PCs) in charge of dealing with the parliament's budget discharge.

- For example, in the Finnish Eduskunta (Finland's parliament), the Audit Committee, after deliberating the Auditors' annual report on the Eduskunta's financial management, writes and submits a report to plenary presenting recommendations and a draft resolution.
- Similarly, the French Assemblée Nationale has a special committee in charge of verifying the parliament's accounts. This committee hears the internal and external auditors, and approves the annual report on the Assemblée's accounts as prepared and presented by its Chair.
- The UK House of Commons has two Audit Committees, namely the Administration Estimate Audit Committee (AEAC) and the Members Estimate Audit Committee (MEAC), in charge of monitoring the internal and external audit work. They were created in 2000 and 2004, respectively. They support the Accounting Officer in discharging his responsibilities under the relevant estimate and produce annual reports. Both committees have the same membership and are composed of MPs and external experts.
- The German Bundestag's Budget Committee and its autonomous Accounts Control subcommittee are involved in budget control. They scrutinise the Federal balance sheet, in which the Bundestag's budget is included. The Bundestag's Rules of Procedure set out the timelines and procedures for the involvement of the Budget Committee and the Accounts Control subcommittee in budget control more generally, but also affecting the parliamentary budget itself⁴⁴.
- In the Dutch Tweede Kamer, the Standing Committee on Finance receives and reviews the national budget report, the Court of Audit's report, the net balance report and the auditor's statement of conformity, before approval in the Plenary. The national budget report includes a specific Chapter (IIA) dedicated to the parliamentary functions, including the Tweede Kamer's budget.

Moreover, MPs are involved in relevant **plenary debates**. Indeed, it is usual practice in some parliaments that, after the discussion in the PC, a debate in plenary takes place.

- This is the case of Finland, where the Audit Committee report is examined in plenary, although the Eduskunta does not formally grant discharge to itself, as we will see further below.
- In the Netherlands, the government's financial report for the previous year, which includes detailed reports for every budget chapter, is presented to the Tweede Kamer in mid-May and then debated in June in the Plenary. Each chapter is voted on separately for approval, including Chapter IIA for the Staten-Generaal (which includes the Tweede Kamer).
- On the contrary, in France, the discussion only takes place in the special PC. The annual accounts are only debated and voted on in plenary if the PC does not approve them; however, this has never occurred in practice.

⁴⁴ <https://www.btg-bestellservice.de/pdf/80060000.pdf>.

- In the UK there is no plenary session or vote on budget discharge. This is explained by the absence of one consolidated set of accounts for the whole of parliament (different oversight bodies are responsible for different budget segments)⁴⁵.

With regard to the parliaments with more informal (e.g. EE) or administrative (e.g. DK) budget discharge procedures, MPs are involved in ex post budget control in cooperation with their parliaments' administration. The **MPs' involvement** is organised via their participation in functions related to the organisation of the parliamentary works, e.g. the Board of the Estonian Riigikogu, or the Presidium of the Danish Folketing. Indeed, the **parliaments' governing bodies** tend to be characterised by their broad political representativeness, and MPs participate in budget management in the framework of these bodies.

- For example, the Board of the Riigikogu discusses the Estonian State Audit Office's annual report observations on the Riigikogu's budget, and can reach agreements on measures to improve the budget implementation and correct the possible deficiencies observed.
- In the Danish Folketing, the Presidium receives an annual report from the Finance Department at the end of each year, regarding the Folketing's accounts and budget implementation for that year. The Presidium members sign this report for approval.
- In the German Bundestag, the President oversees implementation of the parliamentary budget and has sign off powers on major expenditure items of the budget during the implementation period.

Nevertheless, also in parliaments that do not have either formalised or administration led budget discharge procedures, it is still practice that the parliamentary governing bodies have functions related to the budget management and ongoing supervision and control. However, in contrast to the informal discharge procedures, the input from MPs is limited.

- The Board of the Spanish Congreso is responsible for the preparation of the Congreso's budget, the monitoring and control of the budget's implementation, and related expenditure management.
- In Poland, the Sejm's Standing Orders state that the Marshal (President) of the Sejm shall 'adopt, in consultation with the Rules and Deputies' Affairs Committee and the Presidium of the Sejm, the draft budget of the Chancellery of the Sejm and supervise its implementation'.

In addition, there are mixed systems in which MPs play a role in the budget discharge, but not as a body corporate (i.e. a parliamentary committee or the plenary), but as members of an internal administrative or governing body.

- The case of the Finnish Eduskunta is especially interesting insofar as three of the four Auditors of the Parliament are elected among its members (i.e. they are MPs). They are responsible for auditing the Eduskunta's finances and administration, thus ensuring the full involvement of MPs in budget discharge, as Auditors of Parliament and then in the further debates in the Audit Committee and in Plenary.
- Similarly, the French Assemblée Nationale elects three Quaestors among its members to carry out ongoing control and internal audit of the Assemblée's accounts. The Quaestors are involved in the budget preparation, implementation and discharge, and they are accountable to the Special

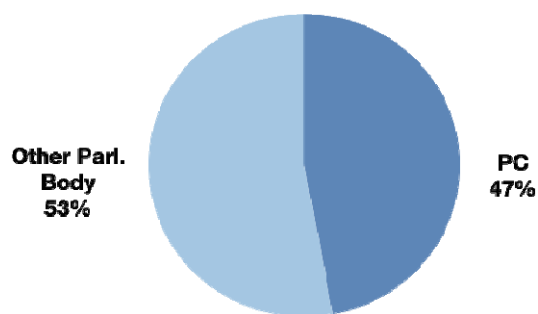
⁴⁵ AEAC, MEAC and the Independent Parliamentary Standards Authority (IPSA).

Accounts Committee of parliament, which gives them discharge for their annual management. They are also members of the Assemblée Nationale's Bureau.

- In the UK, MPs are involved in the budget discharge as members of the two Audit Committees of the House of Commons, and also as members of the House of Commons' Commission. The latter is the non-executive governing body of the House of Commons, chaired by the Speaker. It receives and reviews the Audit Committees and National Audit Office's (NAO) annual reports, and also delivers a public annual report with the AEAC's report for the previous financial year.
- In Germany, the key figure tasked by the Bundestag Council of Elders in the process of building, agreeing, and monitoring the parliamentary budget is the Chief Rapporteur to the Bundestag's Budget Committee. The Chief Rapporteur is elected by the Budget Committee on grounds of seniority and expertise, and can come from any party represented in the Bundestag. He is flanked by other rapporteurs, drawn from every party. The Council of Elders is formally responsible for the initial structuring and setting of the budget ceiling of the parliamentary budget.
- In the Netherlands, the Presidium of the Tweede Kamer is formally responsible for drafting the budget estimate. In practice, however, it is the Finance and Administration Office that performs this task, while the Presidium retains formal responsibility.

Finally, survey feedback regarding the **existence of specific committees for budget discharge**, indicates that in more than 50% of parliaments, other parliamentary bodies, instead of specific PCs, deal with budget discharge.

Figure 5 – Specific Committee (% of survey respondents confirming having a specific committee dealing with budget discharge)



Source: Blomeyer & Sanz Survey

Note that no relation is observed between the existence of specific PCs dealing with budget discharge and the parliament's size, as specific PCs can be found in large parliaments (e.g. FR, PL, UK) and small ones (e.g. BE, CH, SI, SK).

Parliament administration

In the case study parliaments, the parliaments' administrative services contribute substantially to the preparation of their budgets, and to ongoing supervision and control of budget implementation. The

administration provides **technical support** to the PCs and other bodies in charge of the budget discharge procedure.

The parliaments' administration is generally headed by a General-Secretariat or Chancellery, and subordinate departments include a Finance/Budget Department which, besides implementing the ongoing control on the parliament's accounts, prepares the annual compilation of documents that will constitute the basis for the decision on discharge (e.g. CN, DK, EE, FI, FR, NL, UK). It is common practice that the Secretary-General or the Clerk of the national parliament is responsible for the parliamentary financial control (e.g. CN, NL, PL, UK), although this competence can and is usually delegated to the Finance/Budget Department.

- In the UK, the Clerk of the House of Commons acts as Accounting Officer.
- In the Netherlands, the Secretary General is formally responsible for managing the Tweede Kamer's budget⁴⁶. In practice, the budget is managed by the Finance and Administration Office.
- In Germany, the Secretariat supporting the Budget Committee (Secretariat PA8 of the Bundestag's administration) supports the President and the Chief Rapporteur in developing and controlling the budget⁴⁷. On the technical side, the Central Services Directorate of the Bundestag administration is responsible for 'preparing the annual draft budget for the German Bundestag in accordance with the decisions of the competent parliamentary bodies and for implementing the budget that is ultimately adopted [...]'⁴⁸.
- With regard to the case of the Spanish Congreso, it is noteworthy that there is no budget discharge procedure, not even an informal procedure. However, the Congreso's administration ensures the ongoing supervision and control of the Congreso's budget⁴⁹. This results in a Board decision on the settlement of the Congreso's annual accounts.
- Similarly, in the Czech Republic ongoing management of the budget of the Poslanecká sněmovna Parlamentu České republiky (Chamber of Deputies of the Parliament of the Czech Republic) is carried out by the Office of the Poslanecká sněmovna, whilst the Steering Committee discusses the observance of the budget.

The figure of the **Internal Auditor** does not exist in all MS parliaments (e.g. CN, CZ, DK, EE do not count with this specific actor). In these cases the Head of the Finance/Budget Department and the attached staff are responsible for implementing the internal audit functions.

- In the Spanish Congreso, that exerts only an ongoing control over their budgets' implementation, the Internal Auditor exists and plays a relevant role by developing these functions. Other parliaments (e.g. UK) have a very well established system for internal control and audit. The Internal Auditor leads the preparation of the annual accounting documents.

⁴⁶ Rules of Procedure of the Tweede Kamer, Chapter IV, Section 10(2): 'The Secretary General is responsible, on behalf of the President, for the House's financial control. This responsibility can be delegated to others, entirely or in part.'

⁴⁷ Secretariat of the Bundestag's Budget Committee. http://www.bundestag.de/htdocs_e/bundestag/administration/orgplan.pdf

⁴⁸ Susanne Linn and Frank Sobolewski, The German Bundestag: Functions and Procedures (Rheinbreitbach: NDV Neue Darmstädter Verlagsanstalt, 2010), p. 133. <https://www.btg-bestellservice.de/pdf/80080000.pdf>.

⁴⁹ Internal Auditor, DG of Budgets and Contracts, Tender Evaluation Committee.

- In the particular case of the UK, the Clerk of the House of Commons counts with the support and advice of two political Audit Committees to implement this task⁵⁰. These two committees are composed of MPs and external professional members. Overall responsibility for the House's finance, resource accounting and internal control rests with the Clerk of the House, who acts as Accounting Officer and is supported by the Administration Estimate Audit Committee, which has 'oversight of the work of internal audit' and monitors the external audit, carried out by the National Audit Office. Internal Audit is conducted in-house on an annual basis and scrutinised by the Audit Committee.
- The Bundestag central administration has a unit called 'Interne Revision' that fulfils auditing functions. It does not have an auditor's full independence, as it reports to the President of the Bundestag, as opposed to reporting to the Budget Committee. However, it can be said that the German Bundestag has an internal auditor function.

In general, the **cooperation between MPs**, as members of PCs or other parliamentary bodies, **and parliament's administration** is perceived as essential for the development of the budget discharge procedure. The administrative technical advice and support provide a qualified background for the MPs' work. The stakeholders consulted in several cases (e.g. CN, DK, EE, FI, FR) confirm an excellent degree of cooperation between internal actors as concerns budget discharge.

3.1.2. External actors

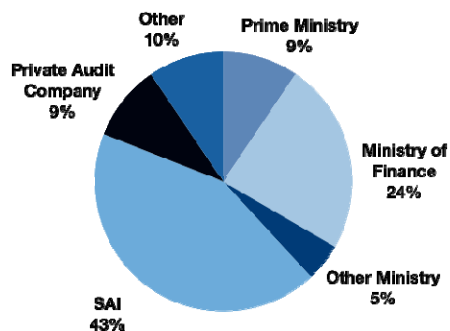
This subsection looks into the external actors involved in the national parliaments' budget discharge procedures. It focuses on the cooperation with the Supreme Audit Institutions (SAIs) (subsection 3.1.2.1), the role of the Executive (subsection 3.1.2.2) and the participation of other external actors, such as private audit companies (subsection 3.1.2.3).

The main external actor involved in the EP budget discharge is the European Court of Auditors (ECA). Its annual report is the point of departure of the EP budget discharge procedure. It contains the findings on the EP's budget implementation. The EP formulates recommendations for further financial exercises on the basis of the ECA's observations.

The following pie chart shows the survey results concerning the **external actors** involved in budget discharge procedures.

⁵⁰ The Administration Estimate Audit Committee (AEAC) and the Members Estimate Audit Committee (MEAC) are composed of three MPs and three external members appointed by the House of Commons Commission. They have a general oversight of internal audit, receive and consider reports from the Internal Audit Service and other resources and, at the same time, produce annual reports. They advise the Clerk in relation to his responsibility as Accounting Officer and support him in discharge his responsibilities under Members Estimate, particularly in maintaining an effective system of internal control.

Figure 6 - External actors in parliamentary budget discharge (% of survey respondents confirming participation of a specific actor)



Source: Blomeyer & Sanz Survey

The results confirm the substantial involvement of SAIs in the external audit of parliaments' accounts and budget implementation (43%).

The second position shows that respondents to the survey identified the Ministry of Finance as involved in the budget discharge procedures in close to a quarter of all case study parliaments. However, as shown in subsection 3.1.2.2, this reflects a general role in collating budget chapters for submission to legal approval rather than a budget setting function or ex post control on how the parliaments have implemented their budgets. The same is true for the involvement of the Prime Minister's office. In the majority of case study parliaments the Executive does not exercise any function of ex post control on the national parliaments' budget implementation. Noteworthy is also the percentage corresponding to 'Other Ministry', which results from Dutch respondents commenting on this question. In that MS, the Departmental Audit Unit of the Ministry of Internal Affairs can (but does not have to) exercise an external control on Chapter II-A, the parliamentary budget, including that of the Tweede Kamer.

The involvement of private audit companies is at present only mentioned by less than 10% of respondents. However, qualitative interviews show that this practice has a great potential, as their involvement adds an additional layer of external review to the parliaments' budget implementation assessment and can thus assist credible political or administrative discharge.

3.1.2.1. The Supreme Audit Institutions (SAIs)

SAIs and parliaments share the function of reviewing government accountability (i.e. implementation of the budget as approved by parliament). SAIs generally **present their audit results to parliament**, contributing in this way to the parliament's function of budgetary control. Both institutions aim to ensure that public funds are spent according to the principles of sound financial management, and that *'possible deficiencies are remedied in a timely and effective manner'*⁵¹.

⁵¹ OECD (2002), 'Relations Between Supreme Audit Institutions and Parliamentary Committees', Sigma Papers, No. 33, OECD Publishing. <http://dx.doi.org/10.1787/5kml60vd5x8r-en>.

In most Member States, the parliament and the SAI are independent institutions that work closely together on budget control issues. Some of the case study parliaments have established specific PCs for maintaining contact with the SAIs (these PCs are generally composed of MPs). It is common practice that the SAI participate in PC meetings (e.g. in ES, EE, FI, CZ, DE, and PL).

In some MS the SAI is however directly accountable to parliament, and in the case of the Estonian Riigikogu, parliament in fact even appoints annually an external auditor for the State Audit Office (SAO), on the proposal by the Finance Committee, and the SAO is also required to submit to Riigikogu an annual report on its own activities within one month after the receipt of the auditor's opinion⁵².

In some other cases the SAI's budget falls within the parliamentary remit either by being linked into the parliament's budget, or because its budget proposal can be reviewed and modified by the parliament (e.g. FI, but also EP), submitted to parliament for approval (e.g. PL), or because parliament indirectly controls the SAI's budget, insofar as its resources are part of the State's budget (e.g. CZ). The latter path is however only a very remote control option.

As discussed in section 2, the ECA has a fundamental role in the EP's budget discharge procedure, as the presentation of the ECA's Annual Report in CONT and then in Plenary is the point of departure for the budget discharge. The ECA report not only contains, albeit usually brief, findings on the EP's budget implementation, the ECA also maintains a permanent contact with the EP in order to prepare the budget discharge. In that sense the ECA supports the EP's accountability in a critical aspect.

On the contrary, in some of the Member State case studies, the **role of the SAI** is limited to **cooperation with the parliament to control the public sector's accountability**, mainly the implementation of the State's budget according to the principles of sound financial management.

- In Spain, a budget discharge procedure is not provided for and the SAI does not play a relevant role regarding the Congreso's budget implementation.
- Similarly, in Finland, the budget discharge function falls under the remit of the Parliament's Auditors and the Audit Committee.
- In Denmark, the National Audit Office of Denmark (NAOD) does not have access to audit the Parliament.
- In Poland, the Supreme Chamber of Control's jurisdiction does not extend to the Sejm of Poland either. While its audit functions extend to the State accounts, they do not apply to the Sejm's budget individually.
- In France, due to the separation of powers, the Assemblée Nationale considered that the legislative power could not fall under the jurisdiction of the Cour des Comptes. Nevertheless, the Cour des Comptes receives a copy of the external annual audit report on the Assemblée Nationale's accounts and publishes the report on its website as part of the State's Annual Audit Report.

In some Member States the SAI audits the accounts of all public administration, whereas in other Member States the audits are limited to the central government.

- In the Netherlands, insofar as the Tweede Kamer's budget forms part of the national budget, it can be subject to control by the NCA.

⁵² National Audit Office of the UK. State Audit in the EU – Estonia – Riigikogu (2005).

- In Germany, the Federal Audit Office audits federal public finances, including of the Bundestag, and provides comments on the management of public finances.
- In the Czech Republic, the Supreme Audit Office is only involved in the Poslanecká sněmovna ongoing budget control, insofar as the Chamber can ask the Supreme Audit Office to comment on the draft budget. It does not, however, exert any kind of ex post control regarding the Poslanecká sněmovna's budget implementation.
- In Estonia, the audit scope of the SAO includes public bodies such as the Chancellery of the Riigikogu. The SAO audits the Riigikogu's accounts on the basis on an annual report submitted by the Chancellery at the end of each financial year.
- In the UK, external audits of all estimates are conducted by the NAO and are highly transparent. Indeed, the NAO produces annual reports⁵³ and delivers them to the House of Commons Commission, and publishes audits on its website⁵⁴.

3.1.2.2. The role of executive government

In all Member States the budget of parliament is included in the general state budget, which is collated and submitted for approval to parliament by the executive branch of government. Within parliaments it is mostly the administrative services which, receiving guidance or direction from MPs or parliamentary governing bodies, prepare the budget proposals from a technical perspective. Once these are reviewed and approved internally, the parliaments' budgets are sent to the government, usually to the Ministry of Finance (CN, CZ, DE, EE, ES, FI, FR, PL, UK), to the Prime Ministry (DK) or to the Ministry of the Interior (NL), to be included in the Member State's General Budget. There is thus some role for government in the parliamentary budget process, but all case study parliaments present the common characteristic of budgetary autonomy from the government, and in the majority of case study parliaments the Executive does not exercise any function of ex-post control over the national parliaments' budget implementation.

As the government has no authority to change the parliaments' budgets, amendments can only be made during the debate of the General Budgets in the parliaments, and then be approved or rejected by Plenary vote, but this is not common practice.

- In Finland, the Ministry of Finance de facto includes the Eduskunta's budget proposal in the Government's budget proposal without any amendments.
- In Germany, the parliamentary budget chapter is part of the final vote on the national budget, and hence part of the budget bill presented by government, as well as part of the Ministry of Finance's monitoring duties and eventual report to the Bundestag and overall discharge request.
- It is worth noting that in the Netherlands, the Tweede Kamer's budgetary autonomy is somewhat limited by the government. The Dutch Constitution (Article 105.2) assigns to the government the right of initiative concerning the budget. The Tweede Kamer, though, has the right to amend all bills, including budget bills. This implies that parliament can decide about its own budget by amending Chapter II-A of the national budget, i.e. the bill about the financial year expenditures of parliament itself. Regarding this exemption, the Tweede Kamer and the Dutch government established a 'gentlemen's agreement', stating that the government 'automatically' accepts the parliamentary proposals considering the draft bill of Chapter II-A. This means that practically the Tweede Kamer practically decides about its own budget since government in fact has to accept

⁵³ http://www.nao.org.uk/publications/1012/annual_report_2011.aspx.

⁵⁴ <http://www.nao.org.uk/publications.aspx>.

the budgetary proposals of parliament, although government is formally responsible for the draft bill of the mentioned chapter⁵⁵.

Nevertheless, the Departmental Audit Unit of the Ministry of Internal Affairs in the Netherlands may conduct audits on all budget chapters, including Chapter II-A, which contains the budget of the Tweede Kamer. Insofar as the Tweede Kamer's budget forms part of the national budget, it can be subject to control by both the independent internal auditor (the Departmental Audit Unit of the Ministry of Internal Affairs) and by the NCA.

3.1.2.3. Other external actors

Some Member State parliaments use an **external professional audit service** to audit their internal accounts, thus establishing a hybrid audit system, implemented in cooperation between internal auditors and external private audit companies. This aims to guarantee the accuracy and transparency of budget implementation.

- In Denmark the NAOD is an institution subordinated to the Folketing, and the Folketing appoints the Auditor-General as Head of the NAOD. Previously, this institution was attached to the Ministry of Finance, but since its placement under the Folketing, the parliament considered that the NAOD's independence in auditing the Folketing's accounts would not be completely guaranteed. Therefore, the Folketing has established an audit system implemented by a private audit company, selected via a public tender procedure for a four-year term, renewable for another two years. This private external audit system has been implemented since 1991.
- In Finland the Eduskunta elects three Auditors of Parliament from among its members, and a designated deputy for each auditor. The auditors elected shall then select a fourth auditor and his or her deputy. The fourth auditor represents an external auditing firm which is chosen through public procurement. This professional external auditor has a leading role in auditing the Eduskunta's accounts, including recalculation and receipt inspection.
- In France, the Supreme Council of Expert Accountants (Conseil Supérieur de l'Ordre des Experts-Comptables - CSOEC) is a public body concerned with all accountancy professional interests. Since 2007, it is in charge of the annual audit of the Parliament's accounts and chooses two private audit companies to assist it. Therefore, there are three external reviews of the Assemblée Nationale's accounts and budgeting. The CSOEC implements this task as an accountant commissioner would do, guaranteeing its absolute independence. Its report aims to certify the accuracy of the Assemblée Nationale's accounts and compliance with the financial rules⁵⁶.

⁵⁵ European Centre for Parliamentary Research and Documentation. Seminar 'The control of a Parliament over State budgetary spending / The Financial Autonomy of a Parliament'. Ljubljana, 27-28 March 2009. Questionnaire with answers provided by the parliament of the Netherlands Tweede Kamer (Bureau for Parliamentary Research and Public Expenditure).

⁵⁶ This external audit system is foreseen in article 37.2 of the Assemblée Nationale's Financial Rules. Before the intervention of the CSOEC in the auditing of Assemblée Nationale's accounts, the implementation of this procedure was internal. Only the Quaestors, the administrative services and the SAC were involved. As concerns the Cour des Comptes, its audit scope falls only on the State's accounts. Due to the separation of powers, the Assemblée Nationale considered that the legislative power could not fall under the jurisdiction of the Cour des Comptes. However, it was necessary to have an external view on the Assemblée Nationale's accounts and it decided to contract the CSOEC as a public body that might exercise its auditing functions on the Assemblée Nationale following the same rules as it would do for the auditing of a private company. It is worth noting that the CSOEC is also in charge of auditing the Cour des Comptes' accounts. This indicates the quality and impartiality of its reports.

- In Canada, the House of Commons selects an independent accounting firm via a tender procedure, to conduct an annual audit of its Financial Statements. This external audit system has been implemented since 2004.
- In the case of the UK, a professional audit company acts as an internal audit partner, carrying out its audits under the supervision of the House of Commons Service. Its reports are considered working documents and remain internal, they are not publicly available. Other external experts are members of the two Audit Committees, together with MPs.

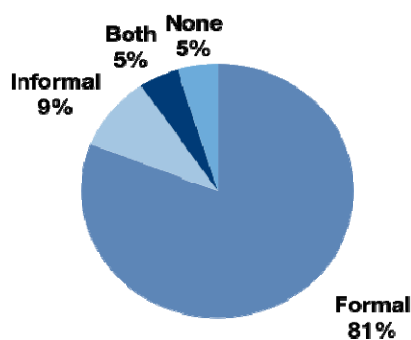
3.2. THE PROCEDURES

This section reviews the national (specific) budget discharge procedures. Section 3.2.1 comments on the relation between ongoing and ex post control. Section 3.2.2 focuses on formal approaches to budget discharge (including the procedures' legal basis and implementation). Section 3.2.3 reviews the more informal approaches adopted by some case study parliaments.

To introduce the section, we present the survey feedback on the procedural aspects.

As concerns the national parliaments' **approach** to specific budget discharge, more than 80% of survey respondents confirm the existence of formal budget discharge procedures; 10% have adopted an informal approach; 5% have a combined formal and informal approach and 5% have no budget discharge procedures in place.

Figure 7 – Formal or informal approach (% of survey respondents confirming having formal and/or informal steps in their budget discharge procedures)

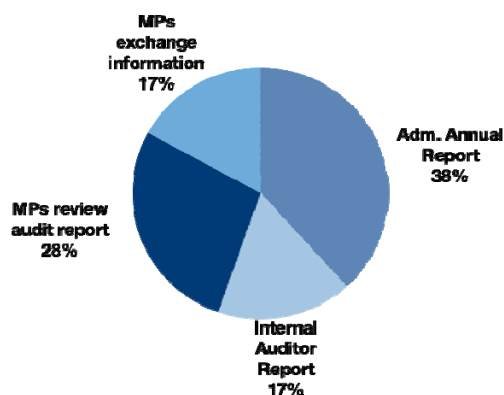


Source: Blomeyer & Sanz Survey

It is worth noting that the survey results do not suggest any relationship between the parliament's size and the formality or informality of the approach adopted for their budget discharge. Capacity issues, such as limits that a smaller chamber often imposes on the number of committee members, therefore do not seem to be a factor influencing approaches to discharge process.

Regarding the **documentation reviewed**, in 38% of parliaments that answered the survey the administrative services prepare an annual report with the accounting and financial information for the previous year. In 17% of parliaments, the MPs dealing with budget discharge review the annual report (CH, CZ, DK, FI, FR, NL, PL, SK, UK) and exchange information with the parliament's administration. In some parliaments, the internal auditor delivers an annual report (CZ, IE, NL, PL, SK, Kosovo), together with the administration's annual report, except for the case of Ireland, where only the internal auditor's report is delivered.

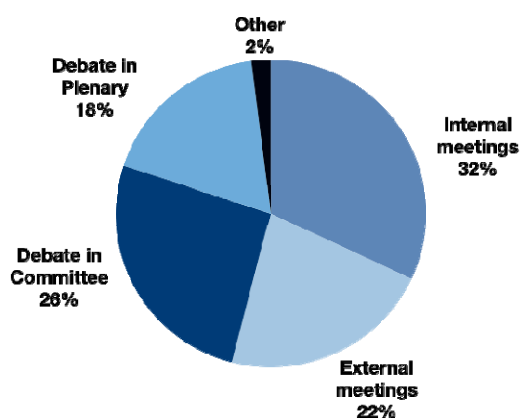
Figure 8 – Documentation (% of survey respondents specifying the different kind of documents reviewed in the context of the budget discharge procedure)



Source: Blomeyer & Sanz Survey

The following figure provides survey feedback on the **exchanges of information** among the different actors. 18% of parliaments debate their budget discharge in Plenary (CH, FI, NL, PL, SI, SK, PT and Kosovo). 32% of respondents hold internal meetings among representatives of parliament's administration and in 26% of them the budget discharge debate takes place in committee. In 22% of parliaments, MPs also maintain exchanges of information with external actors involved in the budget discharge procedure (EE, DK, FR, NL, PL, PT, SK, UK and Kosovo). This is a sign of fluent communication between all actors involved in the procedure.

Figure 9 – Exchanges of information (% of survey respondents specifying which exchanges of information among actors take place during the procedure)



Source: Blomeyer & Sanz Survey

3.2.1. Relation between ongoing and ex post control

The relation between the ongoing and ex post control of the parliaments' own budgets is a key aspect in the context of the budget discharge procedures. The concepts of ongoing and ex post control are closely interrelated, and this section asks whether the presence of comprehensive and effective internal control and audit implies reduced requirements for ex post budget control, and vice versa.

In general terms, parliaments with a more **informal approach** to budget discharge (e.g. EE) or with no established budget discharge procedure (e.g. ES) have established **thorough internal ongoing control** of the parliament's accounts.

Moreover, a parliament's size and the structure of a parliament's budget are further factors that can explain the relation between ongoing and ex post control. Indeed, parliaments with **small budgets and simple budget structures** (in terms of expenditures categories) experience **less need for ex post control** as ongoing control mechanisms comply with requirements of sound financial control and transparency.

- The stakeholders consulted in Estonia stress the fact that the small size of the Riigikogu and the exhaustive day-to-day accounting and budget control contribute to a satisfactory degree of sound financial control and transparency.
- Regarding the Spanish case, the main characteristic of the Congreso's budget implementation (there is no budget discharge procedure) is the very exhaustive ongoing control. The Internal Auditor monitors and controls exhaustively all the expenditure files and records, even the less significant ones, before the expenditures' execution. This strict policy of control and monitoring of the Congreso's budget implementation has proven effective, and the Congreso's administration emphasise the good results obtained with the modest resources available. This is considered to justify the absence of a formal budget discharge procedure.

Some of the parliaments with a more informal approach, have a balanced relation between ongoing and ex post control, with thorough internal control systems easing the burden for ex post budgetary control.

- This is the case of Finland, where the Eduskunta has fully reformed its budgeting system during the last years⁵⁷, and the new ongoing budget control keeps the Auditors as well as the members of the Office Commission up-to-date. Besides, the Auditors of the Eduskunta write the Auditors' Report, which focuses on bookkeeping, financial statements and administration. This report is the basis for the subsequent budget discharge procedure, and the budget usually has been passed in committee and in plenary without much discussion. Therefore, in this case a higher intensity of ongoing control creates more confidence in the quality of the budget implementation process at the final stage of the ex post budgetary control, leading to less scrutiny pressure in this phase.

In some other Member States which work with a more **formal approach** to the budget discharge procedure, the relation between ongoing and ex post control is reported to be balanced, and thus also contributes to the quality of the budget discharge overall.

- As concerns the Danish Folketing, stakeholder feedback confirms that the thorough and detailed ongoing control that the Folketing's exerts over its own budget reduces the need for further procedural requirements or improvement measures under the budget discharge procedure. The actors' permanent interaction during the ongoing control contributes to obtaining good results under the budget discharge procedure.
- In the UK there has long been good ex post budgetary control, in that the NAO, as independent body, audits the accounts of all government departments and public bodies, including the House of Commons. This explains why until recently ex ante and ongoing control was much less

⁵⁷ This reform owes in large part to the previous Speaker, Sauli Niinistö (2007-2011), during whose term the Office Commission adopted a strong oversight in budget control. The Eduskunta's Commission brought to attention several projects which had exceeded their budgets. As a consequence, the Eduskunta's budgeting practices were reformed and Parliamentary Office's organisational culture is transforming due to increased economic awareness. Part of the reform stipulates that the departments write their plan of action and annual report. The Accounts Office is introducing a cost accounting system.

stringent. Additional internal ex post control is provided by the Internal Audit service and relevant audit committees for the different estimates. These audit committees are composed of MPs and external professional members, appointed by the House of Commons Commission. Furthermore, a private audit company has been selected as a partner to cooperate in the implementation of the internal ongoing control, under the supervision of the House of Commons Service. There is therefore strong budgetary control at all stages, with ex ante and ongoing control increasing in recent years in part as a response to the high profile expenses scandal in 2009⁵⁸. The increased control at the Independent Parliamentary Standards Authority (IPSA) has been followed by greater planning and monitoring within the House of Commons itself.

In some other cases however, there does not appear to be a strong logical link between the level of ex ante (preparatory), ongoing, and ex post control, or the entities responsible for the different elements are not related.

- For instance the ex post control of the Czech Poslanecká sněmovna's budget could be considered strong because it is the remit of an independent body, the Supreme Audit Office, whereas ex ante control is exercised by Chamber committees, which are ultimately accountable to the Chamber itself.
- In the case of Poland, the budget of the Sejm itself is subject to slightly stricter ongoing and ex post, than ex ante control. The greatest control is provided by the parliament's constitutional inclusion in the state budget, which is then discharged overall by parliament.

3.2.2. Formal approach

This subsection focuses on the parliaments with a formal approach to their budget discharge procedure. We first describe the legal background of these procedures (3.2.2.1); then we analyse their implementation (3.2.2.2), differentiating between the documentation reviewed and the different steps in the path to a budget discharge decision.

For the purpose of this study, formal budget discharge procedures are the ones that result in a formal decision on discharge, adopted after debate in committee or by other parliamentary bodies dealing with budget discharge.

3.2.2.1. Legal basis

Formal and informal budget discharge procedures are established in the national Constitutions and in other legislation, e.g. rules of procedure, etc. There does not appear to be a necessary link, however, between the degree of 'formality' and where the procedures are fixed in the legal framework. E.g. the Danish procedure (formal) is regulated in the Folketing's Standing Orders, whilst the Estonian procedure (informal) is provided for in the Estonian Constitution.

⁵⁸ In 2009 there was a widely publicised expenses scandal in the UK which highlighted practices including MPs claiming expenses for a second home in Westminster and repeatedly switching the designation of primary and second homes for tax purposes. Following this, the Coalition Government devolved responsibility for paying MPs' salaries and expenses to the Independent Parliamentary Standards Authority (IPSA) from 07/05/2010- the day after the General Election. These budget lines are now included in IPSA's own estimate rather than the Members Estimate.

The context for the EP's specific budget discharge is set up in Articles 314 and 318 TFEU and in Articles 145, 146 and 147 of the Financial Regulation applicable to the general budget of the European Communities. The EP's specific budget discharge is provided for under the EP Rules of Procedure (Rules 77, 80 (3) and Annex VI).

The following table shows the legal basis for the specific budget discharge procedures in the Member States:

Table 6 – Budget discharge procedures' legal basis

MEMBER STATE	BUDGET DISCHARGE PROCEDURE	LEGAL BACKGROUND
CZ	NO	
DE	INFORMAL	Law on Federal Budget Regulation Law on Baselines for Budgeting Bundestag's Rules of Procedure
DK	FORMAL	Sections 43, 51-52 of the Folketing's Standing Orders
EE	INFORMAL	Article 133.1 of the Estonian Constitution Article 7.1 of the State Audit Office Act
ES	NO	
FI	INFORMAL	Sections 14 and 72-73 of the Eduskunta's Rules of Procedure
FR	FORMAL	Article 16 of the Assemblée Nationale's Regulation Articles 36 to 38 of the Assemblée Nationale's Financial Rules
NL	FORMAL	Article 76 of The Netherlands Constitution Sections 10, 39a and 43 of the Tweede Kamer's Rules of Procedure
PL	INFORMAL	Chapter X, Constitution of Poland Articles 105-111 and 201, Standing Orders of the Sejm
UK	FORMAL	House of Commons Administration Act, 1978, Chapter 36 Instrument of Delegation, 22 Oct 2007 (amended 2012) Parliamentary Standards Act 2009 Constitutional Reform and Governance Act 2010
3rd Country: Canada	INFORMAL	Articles 6.2, 13, 14 and 18 of the House of Commons' Governance and Administration by-law

Source: Prepared by Blomeyer & Sanz on the basis of stakeholder consultations and desk research.

3.2.2.2. Implementation

This subsection describes the implementation of the procedures established in systems with a formal approach. The section differentiates between the preparation and review of documentation, tasks which usually fall under the remit of the parliaments' administration, and the formal budget discharge decision, a task of political bodies or actors (e.g. DK, FR, NL, UK).

Documentation

The presentation of the ECA Annual Report in the EP is the budget discharge procedure's point of departure. The Internal Auditor Annual Report is also a key input for the rapporteur's draft report on budget discharge. Further key documentation for the rapporteur's preparation of the draft report on budget discharge includes, among others, the EP's DG Annual Activity Reports, the EP report on budgetary and financial management and the questionnaire addressed to the EP's administration.

The **basis** for the implementation of the budget discharge is **the work of the parliaments' administration**, preparing the accounting and budgetary documentation that shall be further reviewed in committees, in plenary or internally in other parliamentary bodies. The role of the parliaments' Finance/Budget Departments is essential, as they prepare the documentary basis for the budget discharge procedure. It is common practice that these parliamentary departments, besides exercising a permanent ongoing control over the parliaments' accounts, compile all the parliaments' accounting documents and summarise them in an annual report that is delivered to the specific PC dealing with budget discharge (e.g. FR), or to the internal parliamentary body competent for the discharge decision (e.g. DK).

In some cases the MPs are also involved in the **preparation of the accounting and financial documents**.

- For example, in France, the three Quaestors are MPs elected among the Assemblée Nationale's members, and they implement the functions of internal auditors. The Quaestors are in charge of the financial and administrative services and are involved in the budget preparation, implementation and discharge. They prepare an annual report on the basis of the documents provided by the Finance Department. It is worth noting that this annual report, similarly to the EP's internal auditor report, is a working document that is not made public, and delivered only by hand and under signature to the Special Accounts Committee's members.
- Another peculiarity of the French case, regarding the revision of documents, is the existence of a written questionnaire to the parliament's administration. The Special Accounts Committee's members, once aware of the Quaestors' report, send questions to the Quaestors and other administrative departments on specific aspects of the Assemblée Nationale's accounts and budget implementation.

Moreover, it is noteworthy that in the case studies where a PC debates the parliament's budget discharge, an MP is designated as **rapporteur**, which means that he is in charge of preparing the report that will be debated in committee.

- This is again the case in France, where the Chair of the Special Accounts Committee elaborates the report based on the internal audit and accounting documents and the external annual audit report.

In other cases, the starting point of the parliamentary debate is the **presentation of an external report on public accounts and financial management**.

- In the Netherlands, the Government draws up an annual report on the previous financial year, to be discussed in the Tweede Kamer on 'Accountability Day' in May. On this day, the President of the NCA also presents a report to the Tweede Kamer scrutinising the Government's policy over the past year. The Government's report contains realised expenditure for each budget chapter,

including Chapter II-A (Tweede Kamer), albeit in summary form. This main report is complemented with detailed reports for each budget chapter.

Budget discharge decision

The EP adopts a decision giving discharge to its own budget after the presentation, debate and vote on the draft report in CONT and in Plenary. The EP discharge decision is accompanied by recommendations on improving the implementation of future budgets.

Some parliaments have established a budget discharge procedure where the committee in charge of budgetary control writes a report on the execution of the parliament's budget, based on the internal documentation which provides information about the parliament's accounts and execution of its budget (e.g. administrative departments' accounts, internal auditor's report, etc.). The report elaborated by the PC is debated in this Committee and sometimes in Plenary. The examining body adopts a decision giving discharge to the parliament's own budget.

- This is the case of France, with some particularities: the Special Accounts Committee debates the Chair's report, and the report is only subject to debate and vote in plenary if the Special Accounts Committee does not approve the report.
- In the UK House of Commons, the two Audit Committees monitor the implementation of the Members Estimate and the Administration Estimate. They produce annual reports based on the financial and accounting documents provided by the House of Commons' administration and the Internal Audit Service. The AEAC monitors the work of the Internal Audit Service and also reviews the NAO's external audit work. Its report is published in the House of Commons' Commission annual report. The MEAC was established to support the Accounting Officer in discharging his responsibilities under the Members Estimate, particularly in maintaining an effective system of internal control. It also produces a report to be published with the Members Estimate Annual Report and Resource Accounts. These reports consider the acceptability of the accounts for the Accounting Officer's signature, the consistency of the Statement on Internal Control and the satisfactory work of the NAO. Therefore, the Audit Committees are responsible for the decision on discharge, and the House of Commons' Commission acts as a supervising actor. It receives and reviews the Audit Committees and NAO's annual report, and also delivers a public annual report which contains the AEAC's report for the previous financial year.
- In the Danish Folketing, the Speaker (the Head of the Presidium, i.e. the supreme authority of the Folketing) is responsible for the final decision on discharge. The Speaker must sign for approval the Annual Report prepared by the private audit company in charge of auditing the Folketing's accounts following the financial year's completion. The particular characteristic of the Danish procedure is that it remains internal. There is no debate in any specific PC or in Plenary. The Presidium debates the private audit company's report, and then the President signs it for approval (section 52 (3) of the Folketing's Standing Orders).
- In the Dutch Tweede Kamer, the Standing Committee on Finance reviews the Government's and the NCA's annual reports presented on 'Accountability Day'. The Government's general and detailed reports include the Government's proposed discharge law for parliamentary approval. In June, a further debate on the government's past year's annual report including finances is scheduled to allow parliamentarians to take stock of any relevant results of the auditing process. Final approval in Plenary involves the formal closure of the books for each particular budget chapter, including Chapter II-A.

The involvement of an **external auditor** varies from case to case.

- In the Danish case, a professional audit company delivers the annual audit report that constitutes the basis for the Speaker's discharge decision.
- In the French case, the basis is the report by the Chair of the Special Accounts Committee. This report includes the CSOEC's annual audit report (without modifications) as an annex.
- In the UK, the external auditor is the NAO, but a professional audit company acts as an internal audit partner, reporting and advising the two Audit Committees.
- The Dutch Tweede Kamer's budget, like other State's finances, is subject to audit by the NCA. In addition to this, the Departmental Audit Unit of the Ministry of the Interior may audit the expenditure of the Tweede Kamer as any state body on an ad hoc basis.

3.2.3. Informal approach

For the purpose of this study, informal procedures are those where **the parliament does not adopt a formal decision on its own budget discharge**, in spite of the procedure being regulated in the parliaments' internal rules or other legal instruments. There are some common features with the formal budget discharge procedures, namely the preparation of accounting and budget documents by the parliaments' administration, and sometimes the decision on discharge, though without a formal character.

Documentation

Just as with the formal procedures, the parliaments' administrative services prepare all the information and documentation necessary for the development of the procedure. Moreover, the **General-Secretariats** or **Chancelleries** provide **technical assistance and advice** to the parliamentary bodies dealing with budget discharge.

MPs can be involved in the preparation of this documentation.

- In Finland, three Auditors of the Parliament are selected among the Eduskunta's members. They are responsible for auditing the finances and administration of the Eduskunta, and they submit an Annual Audit Report to the Eduskunta's Audit Committee. Note that this function is similar to the Quaestors' in the French Assemblée Nationale. A fourth auditor, represented by an external audit firm, assists them in this task. The Auditors of the Parliament write the Auditors' Report, which focuses on accounting, finance and administration. Traditionally, they deliver a formal one-page report to the Eduskunta concluding that they have no objections to the Eduskunta's finance, accounting and governance. In addition to this, the Auditors often write a separate Memorandum containing observations, which is given to the Office Commission (a political parliamentary body similar to other parliaments' Bureau) for its consideration.

On the contrary, in other national parliaments MPs do not play any role in the preparation of the documentation (e.g. CN, EE).

- In the Estonian Riigikogu, only the parliament's administration is involved in preparing the financial documents and annual report. The Chancellery is in charge of drafting an annual report on the previous year's budget implementation that is delivered to the SAO by springtime. It includes the Secretary-General's statement of assurance on the legality, effectiveness and reliability of the internal audit system, according to the current legal framework, the internationally recognised standards and the internal audit principles applied. This report is

supported by the Financial Office's accounting and budgetary information and by the Research Department's legal and economic advice.

- In Canada, the House of Commons' Administration, especially the Financial Services, is involved in preparing the Financial Statements that are subject to external audit, once the financial year is closed (by 31st March).
- Regarding the case of Spain, there is no budget discharge procedure established. However, the possibility of delivering an accountability report for discussion in a Plenary session is foreseen in Article 31.1.2 of the Congreso's Standing Orders. Nevertheless, it has never been done and no political group has ever requested its implementation.
- In Poland, implementation of the budget of the Sejm is performed by the Chief of the Chancellery of the Sejm and considered by the Rules and Deputies' Affairs Committee⁵⁹. The Chancellery of the Sejm ensures ongoing control, reacting to any inconsistencies between actual expenditure and the budget.
- In the Czech Republic, according to the Poslanecká sněmovna's formal Rules of Procedure, it is the Steering Committee that is responsible for preparing the draft budget of the Chamber. Nevertheless, in practice it is the Economic Department of the Economic Administration Division of the Office of the Poslanecká sněmovna that prepares the draft budget based on the budgetary requirements of the bodies and officials of the Chamber and senior staff of the Office of the Chamber.

Budget discharge decision

Some parliaments rely on procedures that are formally regulated, however the final decision on discharge cannot be considered as 'formal', as it does not specifically grant 'discharge' to the parliament's budget (FI) or it is adopted in the context of the State's budget discharge and is not voted separately in Plenary (DE, PL). In other cases, the procedure results in an external audit report (EE, CN), which is also reviewed by the parliament's bodies dealing with budget discharge (CN). This revision, though, does not involve a formal decision on discharge.

- This is the case of the Finnish Eduskunta. There is a procedure in which the Audit Committee prepares a report, based on the information concerning the Eduskunta's budget and accounts provided by the Auditors of the Parliament. This report is debated in the Audit Committee and then in Plenary, and the latter adopts a statement of 'non-objection to the debated report'. However, the parliament does not take a formal decision granting discharge to its own budget, and therefore the procedure is formally not considered a budget 'discharge' procedure.
- In the case of the Estonian Riigikogu, the audit and control of the parliament's accounts fall under the authority of the State Audit Office, according to Article 133.1 of the Estonian Constitution⁶⁰, and to Article 7.1 of the State Audit Office Act⁶¹. Therefore, there is no parliamentary decision giving discharge to its own budget. Instead, the SAO delivers an Annual Report on the accuracy of the Chancellery's accounting and budget implementation during the previous financial year.

⁵⁹ Standing Orders of the Sejm of the Republic of Poland, Article 201 (2)

<http://legislationline.org/download/action/download/id/831/file/87114cc7b009b8f0f06ad8308873.htm/preview>.

⁶⁰ 'The State Audit Office shall audit: (1) the economic activities of state agencies, state enterprises and other state organisations'.

⁶¹ 'The State Audit Office exercises economic control over the following authorities and persons: (1) the Chancellery of the Riigikogu, the Office of the President of the Republic, the courts, Eesti Pank, the Government Office and the Office of the Chancellor of Justice'.

This report focuses on the aspects of legality and reliability⁶². The SAO makes observations and remarks on the Chancellery's annual report submitted to the SAO, including a statement on the Chancellery's compliance with the SAO's observations in previous years.

- In the Canadian House of Commons, the appointment of an external auditor 'to audit the financial records of the House of Commons or any part of its organization that the Board considers should be audited' is specifically regulated⁶³. A professional audit company is selected through a tender procedure, and delivers an annual report to the Clerk of the House on the House of Commons' Financial Statements. The Clerk and the Chief Financial Officer, after having read this annual audit report, sign a 'statement of management responsibility', that could be considered as an informal decision of the House giving discharge to itself for its financial management, according to the external annual audit report's results. This decision, together with the external audit report and the House's Financial Statements, is sent for information purposes to the Board of Internal Economy (the governing body of the House of Commons). However, no further formal decision is taken at political level.
- In Germany, the decision on budget discharge is adopted indirectly, regarding that the final step in the national budget discharge procedure involves the Ministry of Finance presenting the balance sheet to the Bundestag, requesting discharge following advice from the Federal Audit Office⁶⁴. Both the proposition of the Ministry and the views of the Federal Audit Office are discussed in the Budget Committee, for final resolution by the Bundestag. The parliamentary budget performance is reported on as part of the overall balance sheet by budget chapter and scrutinized by the Federal Audit Office and the Budget Committee; however, the parliamentary budget performance is not voted on separately in plenary.
- The Chancellery of the Polish Sejm also performs a detailed analysis of revenues and expenditure after the second and third quarters of the year, which serves as the basis for reports on compliance with financial plans. According to the Sejm's Bureau of Finance, 'the functional control allows [sic] to evaluate the task implementation and budget expenditure in terms of technical and financial compliance with the budget of the Chancellery of the Sejm for a given year'. The Sejm discharges the government on the overall state budget, which includes the Sejm's Budget. However, there is no separate decision on discharge for the parliamentary budget.

It is noteworthy that in some parliaments the budget discharge procedure is not established (e.g. CZ, ES); instead, the focus in these parliaments is on ongoing audit and supervision of the accounts and their budget implementation.

- The Poslanecká sněmovna's Office carries out the ongoing management of the Chamber's budget.
- The Spanish Congreso performs an exhaustive ongoing control that results in a Bureau final decision on the settlement of the financial year's accounts. However, the Congreso does not take a decision giving discharge to itself on the implementation of its own budget.

⁶² <http://www.riigikontroll.ee/tabid/206/Audit/2176/Institution/4/language/en-US/Default.aspx>.

⁶³ Article 18 of the House of Commons' Government and Administration by-law.

⁶⁴ See Bundestags Drucksache 17/2305 for the initiation of the 2009 discharge process by the Ministry of Finance, <http://dip21.bundestag.de/dip21/btd/17/023/1702305.pdf>.

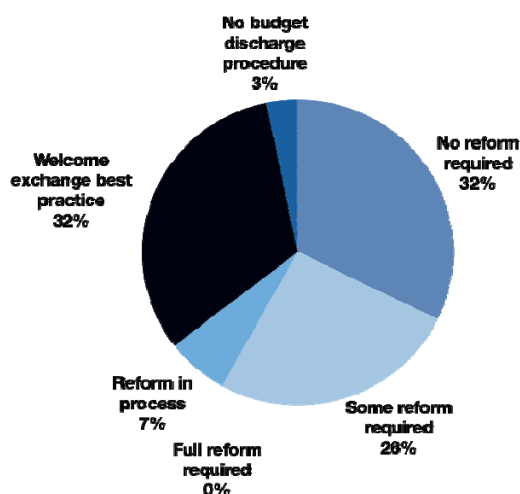
4. CONCLUSIONS AND RECOMMENDATIONS

4.1. CONCLUSIONS

The conclusions focus on the reviewed budget discharge procedures' effectiveness in terms of achieving their two main objectives, namely to guarantee sound financial management (section 4.1.1), and to enhance transparency (section 4.1.2).

The following figure shows survey feedback on the respective budget discharge procedures' effectiveness.

Figure 10 – Effectiveness (% of survey respondents confirming the (lack of) need of reform for their budget discharge procedures)



Source: Blomeyer & Sanz Survey

About one third of the survey respondents consider their budget discharge procedures well established with no need for reform. This includes the Spanish Congreso, that whilst not having a budget discharge procedure, considers that no reform is required. A further third of survey respondents confirm a need for reform of their budget discharge procedures, and a further third would welcome an exchange of best practices on budget discharge procedures.

4.1.1. Contribution to sound financial management

As discussed in the report above, the integrity of the parliamentary budget discharge procedure, both in terms of process and results, is not only a factor contributing to establishing institutional credibility and accountability, but also has some very concrete benefits in terms of administrative practice in the management of public resources.

This sub-section therefore reviews the budget discharge procedures' contribution to the sound financial management of public resources. It identifies a number of key points:

1. The **level of compliance and follow up with the external auditor's observations** and recommendations from one year to the next proves a useful tracer for a parliament's sound financial management. This was particularly obvious in the cases that work with an external audit system (e.g. CN, EE, FI, NL, UK), or - where, as in the EP, a SAI is involved. A possible indicator to measure the 'compliance and follow up discipline' can be the de- or increase of the number of the auditors' observations on similar topics. Ideally these would decrease from one year to the next, showing that the parliament systematically addresses and resolves identified issues.
 - For example, according to the SAO's annual reports on the Chancellery of the Estonian Riigikogu during the last years, the parliamentary expenditures have been implemented according to the principles of sound financial management. The SAO's annual reports on the Chancellery's accountability contribute to enhance the degree of reliability of the Riigikogu's management of public funds.
 - In the case of Canada, the audit of the House of Commons' Financial Statements resulted in unqualified audit opinions since 2006. This is the optimal situation as it indicates that the auditor is satisfied that the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the House of Commons. Note that in 2005-2006 the scope of the audit of the Financial Statements changed to include expenditures associated with Members and House Officers, on the basis of a remark of the previous year's audit report (2004-2005)⁶⁵.
 - In the Netherlands, the budget of the Tweede Kamer is subject to audit by the NCA, an independent authority established by the Constitution, which is responsible for examining the State's revenue and expenditure overall⁶⁶, and reports to Parliament once a year in time for the June debate. In addition, the Departmental Audit Unit of the Ministry of the Interior can audit the expenditure of the Tweede Kamer as any State body on an ad hoc basis⁶⁷. Parliament follows up the NCA's report by debating it in June with the Ministers responsible⁶⁸. This is done with a primary view to incorporate findings on over- and underspends, but also systemic issues into the forthcoming budget⁶⁹.
 - A special feature of the UK's House of Commons is that both Audit Committees periodically review their own effectiveness and report the results of this to the Accounting Officer. Furthermore, the AEAC's annual reports since 2005-2006 reflect an overall satisfaction with the internal and external audit work, consider the annual accounts acceptable for the signature by the Accounting Officer, and state on the implementation of the House of Commons

⁶⁵ Auditor's Report to the Clerk of the House of Commons, on the Financial Statements for the year ended 2005. 23 June 2005. 'These financial statements include the salaries, office and travel expenses of the Members of the House of Commons and their staff, which are incurred under the authority of the Parliament of Canada Act and the Board of Internal Economy's Bylaws. These expenses, consisting of \$133,985,608 of constituency expenses and \$12,127,378 of caucus expenses, were not subject to our audit procedures. Accordingly, we were unable to determine whether any adjustments might be necessary to constituency and caucus expenses, Members' advances, accounts payable and accrued liabilities, net results for the year and net liabilities'.

⁶⁶ Article 76, Netherlands Constitution, 17 February 1983.

⁶⁷ European Centre for Parliamentary Research and Documentation. Seminar 'The control of a Parliament over State budgetary spending / The Financial Autonomy of a Parliament'. Ljubljana, 27-28 March 2009. Questionnaire with answers provided by the parliament of the Netherlands Tweede Kamer (Bureau for Parliamentary Research and Public Expenditure).

⁶⁸ Inter-Parliamentary Union, 'Netherlands: Tweede Kamer der Staten-Generaal (House of Representatives): Parliamentary Oversight'.

⁶⁹ <http://www.houseofrepresentatives.nl/accountability-day>.

Commission's recommendations⁷⁰. The MEAC's annual reports also provide an overview on the progress made as concerns the external auditor's findings on the MPs' expenses. They also stress 'the importance of close collaboration between the Department of Resources and the NAO to ensure that work undertaken to support the audit was proportionate, well prioritized and front-loaded as far as possible'⁷¹.

- In Finland, the Auditors submit their Annual Audit Report to the Speaker who hands it over to the plenary session for the preliminary debate. In the 2000s the Annual Audit Report has passed the preliminary debate without much discussion⁷². On the other hand, the Audit Committee's report presents various recommendations and a draft resolution to the Parliament, and it is approved in Plenary in a single reading⁷³. Regarding the Committee's report observations, in 2010⁷⁴ it recommended an evaluation of the Eduskunta's own auditing system, and in 2011 it recommended that the evaluation should also discuss other national parliaments' budget discharge procedures⁷⁵.
2. Internal **ex ante, ongoing and/or ex post budgetary control systems** support sound financial management beyond what purely ex post review can do. This early and mid-stage control process can be supported by external auditors or a SAI, and can be implemented independently of the formality of the discharge process.
- In Germany, the Bundestag's budget performance is scrutinised by the Federal Audit Office as part of the State's balance sheet. The ex-ante and ongoing monitoring of the Bundestag's budget, communication in the drafting stages involves many internal stakeholders with the aim of achieving consensus on a high quality budget to facilitate ongoing monitoring and control. At the same time internal stakeholders recognise that the resulting budget document may not meet very well external demands, which tend to take an interest in budget figures and presentations more from the point of view of probity and accountability for economical, efficient and purposeful use of taxpayers' money rather than the management of expenditure itself.
 - In Poland's Sejm, ongoing control is carried out by the Chancellery of the Sejm, reacting to any inconsistencies between actual expenditure and the budget. The Chancellery also performs a detailed analysis of revenues and expenditure after the second and third quarters of the year, which serves as the basis for reports on compliance with financial plans.
 - In Spain, the Congreso's Services highlight the fact that a strict and exhaustively monitored ongoing control, as the one carried out within the institution, can avoid the implementation of a budget discharge procedure.

⁷⁰ House of Commons Commission's annual report 2007/2008: implementation of HCC recommendation (2007) 'that a member of the FSC should be appointed to the AEAC, and that a third external member should be appointed'; House of Commons Commission's annual report 2009/2010: Implementation of HCC recommendation (2007) that 'the AEAC should be chaired by a 'suitably qualified external member'.

⁷¹ MEAC's annual report 2009-2010, point 18 (external audit).

⁷² Usually, two to four speeches are delivered, with the exception of the year 2005 session where none took the floor and the 2001 session where 43 speeches were given.

⁷³ During the 2000s, it has received typically three to five comments. The notable exception is the plenary session in June 2010 when 51 speeches were given. In 2001, 2003, 2006, 2009 and 2011, the Audit Committee's draft resolution was approved without any debate.

⁷⁴ TrVM 2/2010 vp: the Committee's report recommended that the Parliament should evaluate how appropriate its current control and auditing system is, and assess whether the auditing of the Parliamentary Office's finances and administration could be transferred to the National Audit Office.

⁷⁵ TrVM 2/2011 vp.

4.1.2. Contribution to transparency

This section assesses the level of transparency of the national parliaments' budget discharge procedures, and how citizens perceive the procedures and the parliaments' work regarding budget discharge.

Concerning the transparency of the national parliaments' budget discharge procedures, we can observe **different measures and instruments** which guarantee **public access to the results of these procedures or to the parliaments' management of public funds**, e.g. the publication of the procedure's formal steps and related documentation on the institutional website. These two publicity measures are adopted by the EP and they enhance the procedure's transparency.

Other instruments that can be stressed regarding the parliaments' transparency are **the use of external professional auditors to control parliament accounts** (e.g. CN, CZ, DK, FI, FR, UK) or the **constant monitoring and scrutiny that the media exert on parliament's expenditure**, which focus the public's attention on the parliament's budget implementation. In some cases the use of private audit companies includes the auditing of the political groups' accounts (e.g. FI), even though they are separate from the parliament's accounts⁷⁶.

In some MS the media not only have access to the parliament's budgetary and accounting information, but they also regularly go through the parliament's receipts and publish news about parliamentary expenses, deputies' salaries and allowances and the use of public funds.

- For example, in parliamentary circles in Finland, the media is sometimes referred to as the 'fifth auditor' of the Parliament. Because of the constant media scrutiny, the Eduskunta's budget is continuously in the public eye.
- In Germany, while, like in many other countries, budget issues are one of the most discussed topics in politics, internal stakeholders share the observation that only very few members of the public (including the press) make use of the information already on offer, and those that do require very individual and time consuming treatment because of often strong normative views informing their search for data (i.e. 'parliamentarians waste funds'). The stakeholders consulted stress that communicating the 'costs of democracy', despite being minor in the larger scheme of the national budget figures, remains one of the more difficult and controversial tasks both for parliamentarians and for administrators when approached by media and citizens.
- In Denmark, the stakeholders' perception is that the existing budget discharge procedure in the Folketing, although internal and not public, is appropriate and effective. The publication of the Folketing's accounts is considered a sufficient measure of publicity to give the citizens an overview on the parliamentary management of public funds. This publication is regulated in section 52 (3) of the Folketing's Standing Orders.

Similar **publicity measures** on the parliaments' accounts and budget implementation are established in other national parliaments (e.g. CN, EE, FI, FR, PL, UK).

- In Canada, the annual Financial Statements and audit report have been available on the House of Commons' website only since 2009; however, before that date public access to these documents was more restricted, as it was only possible to get hard copies of them on request.

⁷⁶ In the Eduskunta, the auditing of the Groups' accounts is now carried out by a professional auditor approved by the Central Chamber of Commerce (KHT auditor) together with a layman auditor who is usually a member of the Group. This private auditor must not be confused with the private auditor who audits Eduskunta's accounts.

- In Poland, transparency of elements of the budgetary procedures is legally mandated by the Polish Constitution and the Standing Orders of the Sejm. They stipulate that the Public Finance Committee's meetings must be open to the public and the media may report on them. Once meetings are completed, a short record of proceedings is also published on the Sejm's website along with all related documents.
- In the UK, with the establishment of IPSA, transparency regarding MP expenses has increased enormously. This body was created in order to provide an expenses scheme that is wholly transparent both in its creation and implementation. It publishes details of all MPs costs and expenses on its website⁷⁷. In creating its expenses scheme, IPSA consults with MPs parliamentary bodies and NGOs as well as the general public. Superficially, the discharge procedures of the Administration and Members Estimates appear to be reasonably transparent: formal minutes of the Administration, Members Estimate and Members Expenses Committee meetings are available on their websites⁷⁸. However, these are not a record of all discussions held, but a list of formal discussions and witnesses heard⁷⁹. In addition, those of the Commission, Members Estimate Committee and Finance and Services Committee are not open to the public. The House of Commons Commission does produce an annual report⁸⁰, as do the two audit committees along with resource accounts⁸¹.

Nevertheless, there are **other cases where transparency could be strengthened**.

- In the Czech Poslanecká sněmovna, the Steering Committee's meetings are closed to the public, unless the Committee decides otherwise⁸². Since it is the Steering Committee that approves the draft budget of the Chamber, there is thus a lack of public transparency at a critical stage of the process. Similarly, the drafting process undertaken by the Economic Department and their negotiation with the Ministry of Finance is not transparent. This is presumed to be due to the informal nature of this practice, as according to the Rules of Procedure it is 'formally' the Steering Committee that drafts the Poslanecká sněmovna's budget. In addition, since it is the same Committee that monitors the observance of the budget, this stage is also lacking transparency due to the closed nature of the Committee's proceedings.
- In Spain, citizen perceptions suggest that the Congreso falls short on transparency⁸³. However, according to Congreso administration feedback a change of perceptions would be necessary, not only within the Congreso, but also in the public opinion. The stakeholders' perception is that the public opinion is not very concerned with the Congreso's management of public funds.

⁷⁷ www.parliamentarystandards.org.uk/MPExpenses/Pages/default.aspx.

⁷⁸ <http://www.parliament.uk/business/committees/committees-a-z/commons-select/members-expenses/formal-minutes/> and <http://www.parliament.uk/business/committees/committees-a-z/commons-select/administration-committee/formal-minutes1/>.

⁷⁹ *ibid.*

⁸⁰ <http://www.publications.parliament.uk/pa/cm197879/cmacts/036/80036--a.htm>.

⁸¹ Supporting Guidance for the Terms of Reference of the AEAC <http://www.parliament.uk/business/committees/committees-a-z/other-committees/administration-estimate-audit/role/supporting-guidance-for-aeac-tor/> <http://www.parliament.uk/business/committees/committees-a-z/other-committees/members-estimate-audit/role/>.

⁸² Rules of Procedure of the Poslanecká sněmovna (1995), 37 and 46(3).

⁸³ According to the Standard Eurobarometer 76 (December 2011), the Spanish citizens' lack of trust in the national parliament is of 74% and the lack of trust in the national government is of 80%, showing an increase of five and nine points respectively in few months, with regard to the previous Standard Eurobarometer's results (August 2011).

4.2. RECOMMENDATIONS

This section presents **selected best practices** that might contribute to a further enhancement of the EP's own budgetary control approach. The focus is not only on the EP's proposals to improve its own budget discharge, but also notes best practices from national parliaments that could be of inspiration to the EP in order to further enhance its budget discharge procedure's effectiveness.

4.2.1. Recommendations concerning a robust and trust instilling multi-faceted auditing framework

The following best practices have been identified in national parliamentary discharge procedures and can be recommended to the EP as a possible 'source of inspiration' for improving its own budget discharge procedure:

1. The **involvement of external professionals in the auditing and ex-post control of the parliaments' accounts and budget implementation** is becoming common practice among national parliaments. In some cases the external auditors act independently (CN, DK, FR), and in other cases, in cooperation with internal actors dealing with budget discharge, mainly MPs (FI, UK). The auditors always maintain a fluent communication with the concerned parliaments' internal actors that provide them with the required financial information. In the case of Finland, the fourth Auditor is a representative of a professional audit company and implements the auditing tasks together with the other three Auditors of the Eduskunta, which are designated among the MPs. In the UK, the professional audit company cooperates with the House of Commons' Services and acts as an internal audit partner. There are also external professionals appointed as members of the two Audit Committees. This practice adds the value of an additional independent external view on the parliaments' budget implementation. Regarding the case of the EP, this practice would attenuate any perceived conflict of interest in the practice of an institution giving discharge to itself. However, this practice needs to be implemented carefully, insofar as the more actors involved in the procedure with similar functions, the higher the risk of unnecessary duplication of work or coordination problems.
2. An independent external view on the parliaments' budget implementation can be combined with the **involvement of the Supreme Audit Institution**, that has a public nature while being at the same time an external independent auditor. In some cases the involvement of SAIs is more direct (EE) and in other cases the SAI's remit does not cover the parliament's accounts, however, the SAI is informed of the external audit results, and makes them public (FR). This 'public-private' cooperation would contribute to enhance the transparency of the procedure. Importantly, any audit institution (private or SAI), that is involved in control of implementation should be separate from the audit institution involved at the point of ex post review.
3. The EP stakeholders consulted have noted that the cooperation between the ECA representatives and the EP internal actors involved in the budget discharge could be further strengthened. The possibility of **combining the ECA's auditing functions as a public institution with the external view of an independent private auditor** would provide a more in-depth analysis of the EP's accountability and would contribute to the identification of any shortcomings. The external professional auditor could also make additional recommendations, in order to correct the weaknesses detected and therefore improve the quality and effectiveness of the budget discharge procedure and of the management of public funds.

4. In some cases the executive branch of government has been found to be able to contribute to the discharge procedure through ad hoc auditing of any state budgets and hence including those of parliaments (such as The Netherlands, the Czech Republic and Poland). In the European context this would mean **involving a dedicated inspectorate function** of the Commission also in occasional review of the integrity of the parliamentary budget implementation.
5. The existing EP practice of giving a central role to **the Internal Auditor** in the budget discharge procedure, which is mirrored in some national parliaments' procedures, could receive further public emphasis as an additional and effective integrity support.
6. Currently, the ECA's observations on the EP's budget are not very extensive considering the latter's size and complexity, and to some extent ad hoc. Yet these observations constitute the basis for the EP's recommendations for further financial years. A consistent (i.e. not ad hoc) record of **follow up on both SAI and private / external auditors' recommendations** would allow the tracking of corrective action being taken as a sign of sincerity and probity of the institution giving itself a discharge.

4.2.2. Recommendations to generate public transparency and accessibility of the budget

7. The **Annual Audit Report on the parliament's accounts**, be it prepared by the internal actors (i.e. parliament administration) or by external actors (i.e. professional audit company), is a key document for the understanding of how a parliament manages public resources. Although in some cases the report remains internal, as far as it is considered a working document (DK, UK), in other cases it is made public on the parliament's website (CN, FR) and sent to the respective SAI that includes it as part of its annual report (FR). Stakeholder feedback recommends the **publication of the report**, in summary form at least, as this would enhance the documentary transparency of the budget discharge procedure and contribute to increase public trust in the institution.
8. Both at the stage of budget publication, scrutiny ahead of discharge, and review, **non-governmental and independent research input and advice** could be sought by budget oversight committees on a more regular basis. In some cases this is established (such as for the UK in relation to MP's expenses through IPSA), and in other cases stakeholders consulted stress the benefit of engaging with external views from a perspective of improving accessibility of the budget process, and legitimising the 'costs of democracy' and parliamentary work itself more generally.

4.2.3. Recommendations regarding the documentary basis of the EP's discharge procedure

Regarding the EP's own concerns on its budget discharge procedure, a detailed review of the 2009 budgetary discharge points to possible improvements in terms of **enhancing the documentary basis** for budget discharge.

9. Specifically, the EP asks for a **more transparent presentation of the accounts**, the preparation of an overall Annual Activity Report for the institution (consolidating the existing Annual Activity Reports of the EP's ten Directorate Generals and the Legal Service, i.e. 11 separate reports), limiting this reporting to one version per year (instead of the current three reports), and

enhancing the reports' quality⁸⁴. Best practice from national parliaments similarly suggests that this consolidation and accessible production of a single report is desirable.

10. The budget discharge resolution also points to **information gaps** (Secretary General information on internal control measures)⁸⁵. These could again be closed with the development of a consolidated report along a systematic and comprehensive framework of reporting on parliamentary budget and discharge.
11. Moreover, the EP asks for **information supporting the budget discharge to be made available in a more timely way** (follow-up by the Secretary General to the 2008 discharge resolution)⁸⁶.

4.2.4. Recommendations to foster accountability in MP's expenses

In relation to MP expenses, several cases of MPs having failed to use allowances in line with regulatory requirements have been detected in recent years (e.g. UK). Considering the public lack of trust in government institutions, the need for a clear and transparent use of public funds must be stressed.

12. As concerns the UK House of Commons, one of the most novel aspects of the UK parliamentary budget discharge procedure is **the existence of a body, independent of parliament, that is responsible for determining and paying MP salaries and expenses** (IPSA). In many other cases MPs or a parliamentary committee determine their own budget; however, in the UK this autonomy has been removed in response to public criticism. The IPSA's transparent approach in managing expenses is unique⁸⁷. Together with the UK, Canada is also an example of best practice regarding the publicity of MP expenditures, with the publication of a separate annual report on this issue (accessible on the House of Commons' website).

4.2.5. Recommendations for building skills

13. In relation to the actors' skills, stakeholders confirmed that MEPs designated to CONT do not receive any specific training on budget discharge. This contrasts with the Danish Folketing's practice. The Folketing organises two seminars a year (in Spring and Autumn) to provide training and information to the Presidium on parliamentary procedures and on the Folketing's needs, including budgetary issues. These seminars take place rather informally, and members of the Folketing's administration can be invited to present on different subjects under their responsibility. Feedback from Finland confirms the usefulness of training on budget discharge issues. Training for the EP could be organised in the form of **training seminars** with the participation of technical experts, or MEP **exchanges** with Members of the national parliaments.

⁸⁴ European Parliament resolution of 10 May 2011 with observations forming an integral part of the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, Section I – European Parliament (C7-0212/2010 – 2010/2143(DEC)), 10 May 2011, points 44, 47, 48, 50.

⁸⁵ Ibid, point 51.

⁸⁶ Ibid, point 67.

⁸⁷ IPSA publishes every expense claim online as well as its scheme. The combination of removing MP autonomy and massively increased transparency should build public trust.

4.2.6. Recommendations to formalise the discharge procedure

14. The **establishment of a formal budget discharge procedure**, as found for instance already in the EP and some MS parliaments, legally regulated and resulting in a formal decision on discharge adopted in Committee or in Plenary, is recommended as a good practice with a view to enhance the public opinion on how the Parliament manages public resources.

While in several members states with no formalised budget discharge procedure stakeholder opinions were divided on whether such a step would materially improve the budget management (ES) and / or not unnecessarily add to MPs workload (DK), the suggestion put forward regarding the Finnish Eduskunta that it might be advisable for Parliament to grant formal budgetary discharge to the Office Commission, who oversees the administration and finances of the Eduskunta, constitutes a helpful 'middle ground' proposal which emphasises that some form of formal endorsement of the discharge decision by the body of MPs adds credibility to the process.

ANNEX 1 – BUDGET OF THE EP AND CASE STUDY PARLIAMENTS

This Annex briefly presents factual information on the expenditure covered by the budget of the EP, the budgets of ten MS parliaments and one third country parliament (section 1.1). The section then goes on to discuss differences between the ratios of particular expenditure categories (section 1.2).

1. EP AND NATIONAL PARLIAMENTS BUDGETS: CATEGORIES OF EXPENDITURES AND RATIOS

This section aims to present in figures the different categories of expenditures included in the budget of the EP and the budgets of the ten MS parliaments and one non-EU country parliament for **2011**, as the grounds for further discussion on the differences between them in the following section.

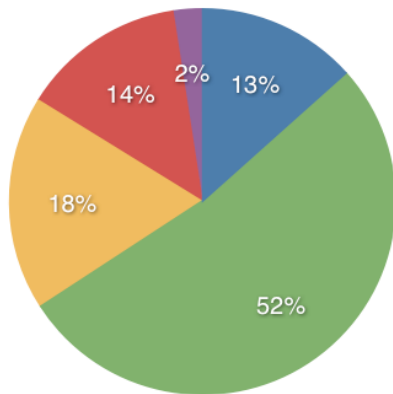
In the actual budget documents the EP and MS parliaments' budgets are divided into different categories of expenditures that vary from one parliament to another. This section presents the budget categories grouped in five main general categories, in order to facilitate a further comparative analysis:

- Members of Parliament (MPs)
- Staff and administrative expenditure
- Buildings and equipment
- Operating costs and/or investments
- Other expenses

After each chart, there is a brief explanation of the methodology used for itemising these five main categories.

EUROPEAN PARLIAMENT⁸⁸

- MPs
- Buildings and equipment
- Other
- Staff and administrative costs
- Operating costs and/or investments



The expenditure figures for the five budget categories for the EP were calculated as follows:

Members of Parliament

This category coincides with the EP's budget category 'MEPs'.

Staff and administrative costs

The figures include the costs assigned to the following categories: 'Officials and temporary staff', 'other staff and outsider services' and 'parliamentary assistance'.

Buildings and equipment

This includes the expenditures of 'buildings', 'data processing' and 'equipment and movable' categories

Operating costs and/or investments

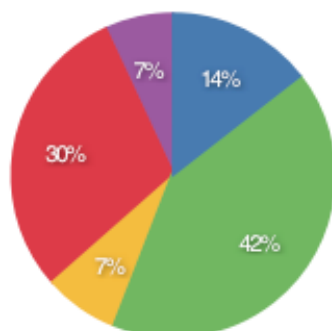
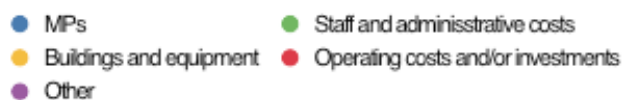
These are the expenses related to 'meetings and conferences', 'expertise and information acquisition' and 'expenditure on certain institutions and bodies'.

Other expenses

This category also coincides with the EP's budget 'other expenses'.

⁸⁸ OJ L 68, 15 March 2011. <http://eur-lex.europa.eu/budget/data/D2011/EN/SEC01.pdf>.

CZECH REPUBLIC⁸⁹



The expenditure figures for the five budget categories for the Czech Poslanecká sněmovna were calculated as follows:

Members of Parliament

This category contains expenses related to 'non-capital purchases, subsidies, allowances and gifts'.

Staff and administrative costs

The figures include employee wages and insurance premiums. It is unclear whether this refers to administrative staff, MPs or both. If it is both, the breakdown is unknown.

Buildings and equipment

This comprises purchases of materials and acquisition of tangible fixed assets.

Operating costs and/or investments

It includes purchases of water, fuel, energy and 'services'.

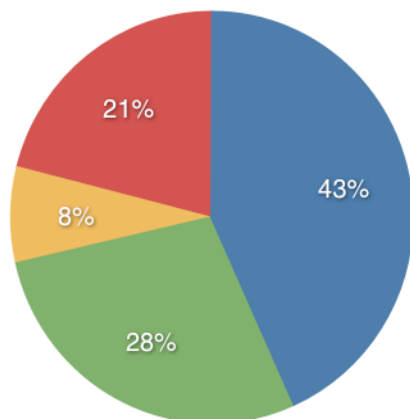
Other expenses

This category includes non-capital transfers, payments to other budgets, compensations paid to population and other purchases.

⁸⁹ Information provided by the Secretary of the Committee on Budgetary Control.

DENMARK⁹⁰

- MPs
- Buildings and equipment
- Other
- Staff and administrative costs
- Operating costs and/or investments



The expenditure figures for the five budget categories for the Danish Folketing were calculated as follows:

Members of Parliament

This is the part of the 'Folketing Members remuneration' category, which includes MPs remuneration, domestic travel costs, party groups, Members' housing and pension expenses.

Staff and administrative costs

This category includes the expenditures assigned to the wages and pension expenses of the Folketing administration.

Buildings and equipment

This is the extraction of the building costs and rest and property costs from the 'Folketing administration' category.

Operating costs and/or investments

This category includes the sum of the 'Folketing administration' following sub-categories: 'Operating costs', 'Contributions to external activities', 'Committees' (operating costs) and 'Delegations' (operating costs and contributions).

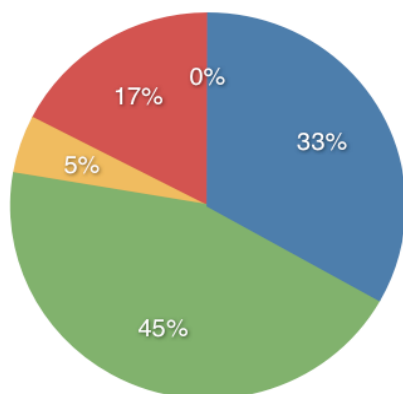
Other expenses

No expenses included. All the expenses have been distributed into the four previous categories.

⁹⁰ Information provided by the Danish Folketing Economic Office (Økonomikontoret).

ESTONIA⁹¹

- MPs
- Buildings and equipment
- Other
- Staff and administrative costs
- Operating costs and/or investments



The expenditure figures for the five budget categories for the Estonian Riigikogu were calculated as follows:

Members of Parliament

This is the part of the 'Carrying costs' category related to MPs salaries and social security.

Staff and administrative costs

This category includes the staff costs and pensions, and the coverage of the study loans.

Buildings and equipment

This category coincides with the Riigikogu's category 'Building renovation and capital costs'.

Operating costs and/or investments

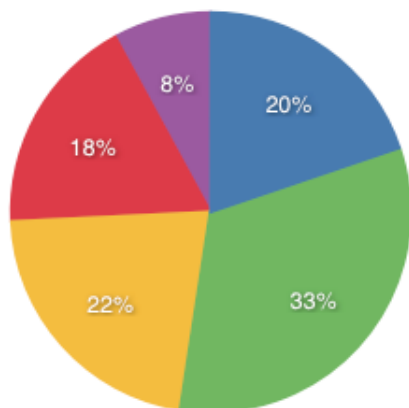
This category includes the sum of the general carrying costs, the costs of economic activities, scholarships, the assignment to the Estonian Language Institute and the membership of international organizations costs.

Other expenses

This category coincides with the Riigikogu category 'other expenses'.

⁹¹ Information provided by the Riigikogu's Research Department (Decrees of the Riigikogu Chancellery, of 29 December 2010 and 14 December 2011).

FINLAND⁹²



The expenditure figures for the five budget categories for the Finnish Eduskunta were calculated as follows:

Members of Parliament

This coincides with the Eduskunta's category 'Members of the Parliament'.

Staff and administrative costs

This category contains the Parliamentary Office personnel expenses.

Buildings and equipment

This is the sum of the building renovation costs and IT equipment and development costs.

Operating costs and/or investments

This category contains the Parliamentary Office operational expenses, excluding salary expenses, which are included in category 'Staff and administrative costs'.

Other expenses

Includes the VAT expenses.

The following sub-budgets are excluded from the figure:

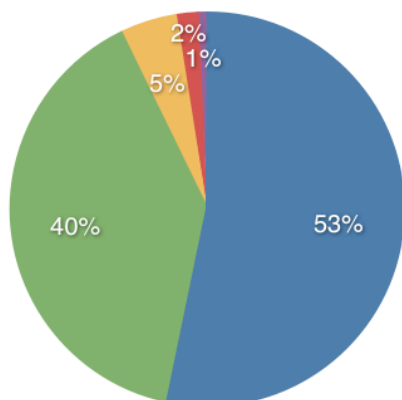
- the Parliamentary Ombudsman's Office (POO): 5,27 million €
- the Finnish Institute of International Affairs (FIIA): 3,29 million €
- the National Audit Office: 15,55 million €
- the subsidy for the parliamentary groups: 3,92 million €

These are listed under the Eduskunta's budget but they are not in fact part of its expenditure. FIIA and NAO are independent institutions with their own accounts; POO does not have its own accounts but it is a separate body from the Eduskunta, and the subsidy goes to groups that are not part of the Eduskunta organisation.

⁹² State budget 2012. Ministry of Finance. http://budjetti.vm.fi/indox/download.jsp?lang=fi&file=/2012/aky/pl21/pl21_1.pdf.

FRANCE⁹³

- MPs
- Buildings and equipment
- Other
- Staff and administrative costs
- Operating costs and/or investments



The expenditure figures for the five budget categories for the French Assemblée Nationale were calculated as follows:

Members of Parliament

It contains the parliamentary expenses within the 'Operating expenses' budgetary section, including indemnities, social security, MPs secretariat and other expenses.

Staff and administrative costs

This category includes the staff and external services expenses.

Buildings and equipment

This is the sum of the building costs and the expenses assigned to the acquisition of goods and stationery.

Operating costs and/or investments

It includes other operating costs.

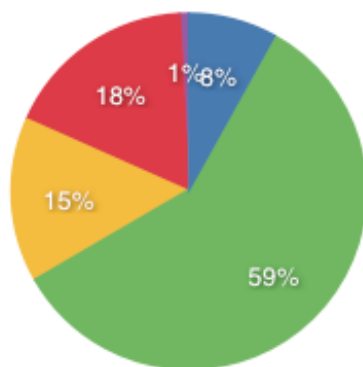
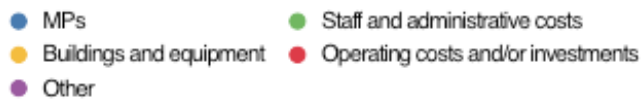
Other expenses

This category sums up the exceptional and unforeseen expenses and the taxes.

Note that the total expenses forecast is of 547.519.270 €, from which it is necessary to deduct the National Assembly's incomes from its own resources (13.609.270 €). Thus the total budget predicted for 2011 is of 533.910.000 €.

⁹³ http://www.performance-publique.budget.gouv.fr/farandole/2011/pap/pdf/PAP2011_BG_Pouvoirs_publics.pdf.

GERMANY⁹⁴



The expenditure figures for the five budget categories for the German Bundestag were calculated as follows:

Members of Parliament

It contains the remuneration of the elected Members of the Bundestag only.

Staff and administrative costs

This category includes the salary and related costs for all staff and consultants of the Bundestag, including allocations for the offices and business of the MPs.

Buildings and equipment

This is the sum of the building costs, maintenance and costs dedicated to small improvements/enlargements.

Operating costs and/or investments

It includes all operating expenses, including for core services (e.g. support for committees, experts giving evidence, visitor's service and public relations) and allocations to the party caucuses (Fraktionen) in the Bundestag. It includes also investments in IT infrastructure and communications and in long-term support infrastructure for the work of the Bundestag.

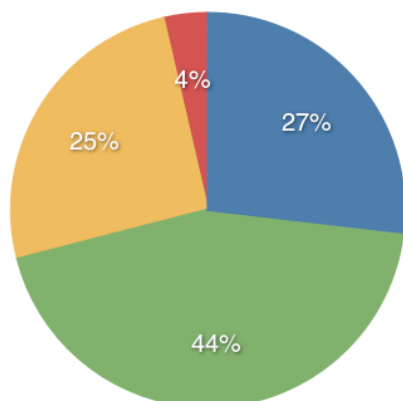
Other expenses

This category includes the costs for the German MEPs.

⁹⁴ <http://www.bundesfinanzministerium.de/bundeshaushalt2011/pdf/epl02.pdf> .

THE NETHERLANDS⁹⁵

- MPs
- Buildings and equipment
- Other
- Staff and administrative costs
- Operating costs and/or investments



The expenditure figures for the five budget categories for the Dutch Tweede Kamer were calculated as follows:

Members of Parliament

It includes the quantities assigned to the MPs salaries, pensions and foreign activities, and the salaries of Dutch MEPs. This last sub-category was contemplated in the Tweede Kamer's budget for 2011, but it is no longer used.

Staff and administrative costs

Article 2 of the Tweede Kamer's budget law for 2011 sets up in its section 01 (Apparaatskosten) the expenses assigned to the parliament's staff, buildings and equipment. The division of this section is calculated on the information provided by stakeholders, which assigns approximately 50% of the quantity foreseen in this section to staff expenses and 50% to buildings and equipment. Thus this main category includes the aforementioned 50% plus the expenses assigned to the political fractions staff.

Buildings and equipment

According to the above, it includes 50% of section 01 (Apparaatskosten).

Operating costs and/or investments

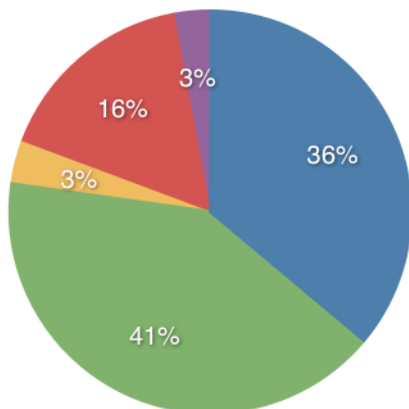
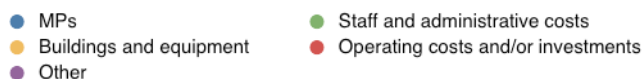
It includes the costs corresponding to publications and reprography, regular parliamentary investigation and special parliamentary inquiries (enquêtes).

Other expenses

No expenses included. All the expenses have been distributed into the four other categories.

⁹⁵ Tweede Kamer, vergaderjaar 2009–2010, 32 370, nr. 1. 21 April 2010. Information provided by the Parliamentary Research and Public Expenditure Unit and the Department of Social and Financial Affairs of the Public Expenditure Committee of the Tweede Kamer.

POLAND⁹⁶



The expenditure figures for the five budget categories for the Sejm of Poland were calculated as follows:

Members of Parliament

This category includes the MPs expenses, social security, salaries and travel costs.

Staff and administrative costs

The following sub-categories of the Sejm's budget have been considered in this category: 'Officials salaries and wages, social security contributions, other expenses for individuals'; 'officials travel costs', and 'staff training'.

Buildings and equipment

Includes the purchase of materials and equipment, teaching aids and books, and the category named 'administrative costs, rents, garages'.

Operating costs and/or investments

This is the sum of the following categories: 'Purchase of energy, repair services, health services, maintenance services', 'Telecommunications and internet', 'translations and research', 'capital expenditures'.

Other expenses

Includes various charges and fees (VAT, local taxes, contributions to international organizations, legal costs and others).

Note that the budget categories of the Sejm of Poland are structurally sub-divided into:

- Organizational Units
- Members of Parliament
- EU Presidency
- Change of Parliamentary term

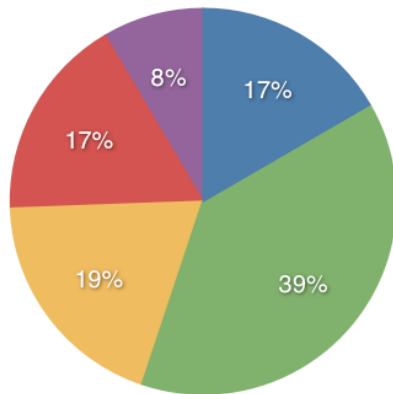
⁹⁶ Information provided by the Bureau of Research of the Chancellery of the Sejm.

Whereas the figures for the 'Members of Parliament' category includes the above specified expenses assigned to MPs, the rest of the expenses included in the other four main categories are the ones assigned to the Organizational Units, EU Presidency and Change of Parliamentary Term, and also the expenses assigned to MPs in the following categories, insofar as quantitatively it was not relevant to separate them:

- Purchase of energy, repair services, health services, maintenance services.
- Purchase of materials and equipment, teaching aids and books.
- Administrative costs, rents, garages.
- Various charges and fees (VAT, local taxes, contributions to international organizations, legal costs and others).

SPAIN⁹⁷

- MPs
- Buildings and equipment
- Other
- Staff and administrative costs
- Operating costs and/or investments



The expenditure figures for the five budget categories for the Spanish Congreso de los Diputados were calculated as follows:

Members of Parliament

This includes the staff costs (salaries) assigned to MPs.

Staff and administrative costs

This category sums up the staff costs of civil servants and workforce, the performance incentives, social security and other social benefits.

Buildings and equipment

This category extracts the 'leasing and fees' and 'material supplies' expenses from the Congress' category 'Running costs of goods and services'.

Operating costs and/or investments

It contains the sub-categories 'Repairs, maintenance and preservation', 'Indemnities', and 'Publications' from 'Running costs of goods and services', plus the category 'Real investments'.

Other expenses

It includes the running transfers to private companies, on one hand, and to families and nonprofit institutions, on the other hand.

Section 02 of the State's General Budget is divided into five subsections:

02.01. Cortes Generales (Parliament)

02.02. Congress of Deputies

02.03. Senate

⁹⁷ http://www.spgg.pap.meh.es/Presup/PGE2011Proyecto/MaestroTomos/PGE-ROM/doc/L_11_A_G1.PDF

02.04. Central Electoral Committee

02.05. Ombudsman

Subsection 02.01., though, contains three chapters related to both Chambers, Congress and Senate, the most important one, in terms of quantity of expenditure, being Chapter 1 (Staff expenses: 50.046.330 €), related to the salaries and wages of the civil servants attached to both Chambers. Note that, due to its relevance, this expenditure has been included in the category 'Staff and administrative costs'; as the exact division of the quantities of expenditure between the two Chambers remains internal and it is not publicly accessible, the category includes the staff costs of subsection 02.02. (Congress of Deputies) plus the proportional part of section 02.01. Chapter 1, corresponding to the civil servants attached to the Congress, calculated in base to the number of civil servants assigned to each Chamber.

Total civil servants: 675, from which

Attached to the Congress of Deputies: 404

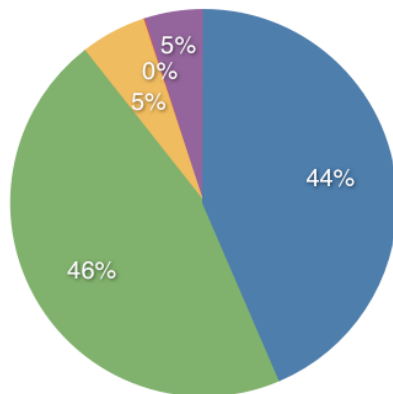
Attached to the Senate: 262

Attached to Joint Bodies: 9

Therefore, the proportional staff costs that should be added to the Congress' budget is of 29.953.655 €. Then, the Congress' official budget (91.710.500 €) is increased up to 121.664.155 €.

UK⁹⁸

- MPs
- Buildings and equipment
- Other
- Staff and administrative costs
- Operating costs and/or investments



The UK Parliamentary Budget is divided into two estimates - the Members Estimate which covers expenditure related directly to MPs (salaries, pensions, expenses etc.), and the Administration Estimate which covers all other expenditure required for the running of Parliament. There are therefore two reports published annually, one each by the Audit Committees of the two Estimates.

The expenditure figures for the five budget categories for the UK House of Commons were calculated as follows:

Members of Parliament

In 2009 there was a widely publicised expenses scandal in the UK which highlighted practices including MPs claiming expenses for a second home in London and repeatedly switching the designation of primary and second homes for tax purposes. Following this, the Coalition Government devolved responsibility for paying MPs' salaries and expenses to the Independent Parliamentary Standards Authority (IPSA) from 07/05/2010 - the day after the General Election.

The total given in the table is therefore a combination of the figures from this [House of Commons Report](#), - covering the period 01/04/2010 to 06/05/2010 - and from IPSA's first [Annual Report and Accounts](#) which covers expenditure from 07/05/2010 until the end of the financial year:

	01/04/10-06/05/10	07/05/10-31/03/2011	TOTAL FOR 2010-11
MPs' Salaries	£4,296,000	£42,919,000	£47,215,000
MPs' Pensions			£14,746,000
Total for Salaries and Pensions			£61,971,000=€70.2m
MPs' Expenses	£12,724,000	£75,063,000	£87,787,000=€99.4m

⁹⁸ <http://www.parliament.uk/documents/commons-resources/hc1424members.pdf>
<http://www.official-documents.gov.uk/document/hc1012/hc12/1249/1249.pdf>.

Resettlement grant and winding up expenditure refer to payments to MPs who have retired, died or lost their seats during the year.

Staff and administrative costs

The figures in this column represent the salaries paid to staff of the House of Commons who aren't MPs and other administrative expenditure (including accommodation services, security and ICT) and are taken from the Statement of Comprehensive Net Expenditure from the [House of Commons Administration Resource Accounts](#).

Buildings and equipment This is the net loss on revaluation of Property, Plant and Equipment from the same accounts as above.

Operating costs and/or investments

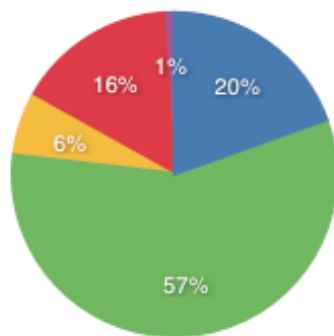
The purchase of intangible assets (i.e. not Property, Plant and Equipment) from the House of Commons Administration Statement of Cash Flows.

Other Costs

Includes programme costs (grants-in-aid to various trusts and groups), short money grants, depreciation charges and other expenditure not captured in the 4 principal categories.

CANADA⁹⁹

- MPs
- Staff and administrative costs
- Buildings and equipment
- Operating costs and/or investments
- Other



The expenditure figures for the five budget categories for the Canadian House of Commons were calculated as follows:

Members of Parliament

This includes the MPs assistance salaries and benefits, the costs dedicated to 'hospitality and events' and the MPs training, as well as the costs for MPs accommodation and transportation.

Staff and administrative costs

This category sums up the costs of salaries and employee benefits and the expenditures on professional and special services. MPs salaries are included in this category. The breakdown of the staff and MPs salaries is unknown.

Buildings and equipment

This category extracts the following expenses: 'utilities, materials and supplies', 'Rentals', 'computer and office equipment, furniture and fixes', 'repair and maintenance'.

Operating costs and/or investments

It contains the expenses on accommodation and transportation of the House of Commons' staff, communications, advertising, printing and publication services.

Other expenses

It includes the amortization of tangible capital assets, the loss on disposal of tangible capital assets and the contributions to international associations.

⁹⁹ <http://www.parl.gc.ca/About/House/BOIE/pdf/FinancialStatements-2010-2011-e.pdf>
<http://www.parl.gc.ca/PublicDisclosure/SummaryExpenditures.aspx?Language=E&Year=2010-2011>.

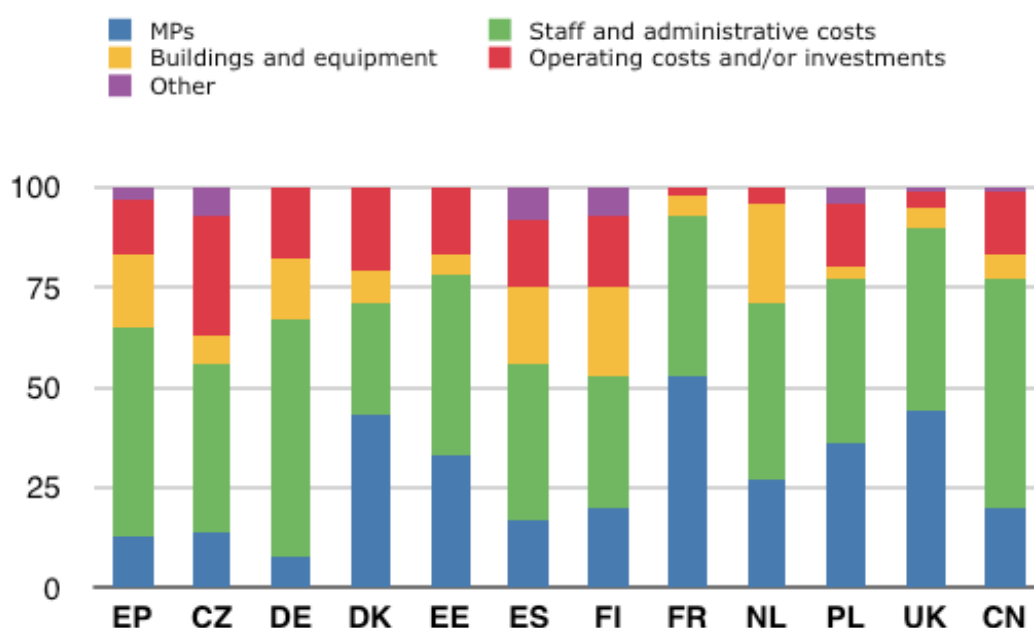
2. COMPARATIVE ANALYSIS

This section presents a comparison between the different expenditure categories of the national parliaments' budgets, according to the five main categories elaborated in the previous section.

It is worth noting that expenses for MEPs are low in comparison to national parliaments, whereas expenses for staff and administration are relatively high in comparison. There is less variation between national parliaments in this expenditure category.

The following figure compares how the different categories of expenditures are distributed in each parliament's budget, including the EP's budget.

Figure 11 – EP and national parliaments' expenditure categories



- Regarding the **'Staff and administrative costs'** category, the ratios show that in 11 of the 12 parliaments compared, 39% (ES) to 59% (DE) of the budget is related to staff and administrative expenses. In Denmark only 28% of the Folketing's budget is included in this category, whilst 43% of its budget corresponds to MPs expenses. France is also included in the first group. However, unlike the other parliaments, the Assemblée Nationale dedicates the biggest percentage of its budget to MPs expenses (53%).
- In relation to the category **'MPs expenses'**, the case of Denmark, where 43% of the Folketing's budget is allocated to this category, is an exception among the smaller parliaments (CZ, EE, FI, NL), which assign between 14% (CZ) and 33% (EE) of their budgets to this category. On the contrary, some of the bigger parliaments (CN, DE, ES, PL) and the EP assign between 8% (DE) and 36% (PL) of their budgets to MPs expenses. Therefore, no direct relation is perceived between the parliament's size and the parliamentary budget's ratio dedicated to MPs expenses¹⁰⁰.

¹⁰⁰ Note that, as mentioned in the previous section, the breakdown of the Bundestag's and the Canadian House of Commons' expenses related to staff and MPs' salaries is unknown.

- Seven of the 12 parliaments (CZ, DK, EE, FR, PL, UK, CN) assign between 3% (PL) and 8% (DK) of their budgets to **'Buildings and equipment'** related expenses. The other five parliaments dedicate to this category between 15% (DE) and 25% (NL) of their budget.
- Nine parliaments dedicate between 14% (EP) and 30% (CZ) of their budgets to **'Operating costs and/or investments'**. Only three parliaments assign very few resources to this category (2% FR and 4% NL, UK).
- The less significant category is the miscellaneous **'Other costs'**, that includes taxes, transfers, exceptional expenses, contributions to international organisations, among others. Parliaments dedicate between 1% (DE, EE, FR, UK) and 8% (ES, FI) of their budget to these expenditures.

The two first categories (MPs and staff expenses) show bigger variations in the costs distribution from one parliament to another.

The other three expenditure categories show a more similar distribution in all the national parliaments and the EP.

ANNEX 2 - STAKEHOLDERS

The following list notes stakeholders consulted (in alphabetical order):

- Accounts Office of the Eduskunta (FI)
- Administration, House of Commons (UK)
- Administrative Office of the Eduskunta (FI)
- Audit Committee of the Eduskunta (FI)
- Board of Congreso de los Diputados (ES). MP, Socialist Group (GS)
- Board of the Riigikogu (EE). MP, Estonian Centre Party.
- Budget Commission, Bundestag (DE)
- Budget Department, Assemblée Nationale (FR)
- Bureau of Finance. Chancellery of the Sejm (PL)
- Bureau of Research. Chancellery of the Sejm (PL)
- Bureau for Parliamentary Research and Public Expenditure. Tweede Kamer (NL)
- Clerk of the House of Commons (CN)
- Chief Financial Officer, House of Commons (CN)
- CONT MEPs from the following parliamentary groups: ALDE, EPP, Greens/EFA.
- Department of Social and Financial Affairs. Permanent Secretary of the Public Expenditure Committee. Tweede Kamer (NL)
- DG of Budgets and Contracts, Congreso de los Diputados (ES)
- DG of Internal Affairs, Congreso de los Diputados (ES)
- Director of Administration, Eduskunta (FI)
- Director of Financial Management Operations, House of Commons (CN)
- Economic Office, Folketing (DK)
- EP Directorate D, Directorate-General Internal Policies of the Union
- EP Political Advisors from the following parliamentary groups: ALDE, EFD, EPP, Greens/EFA, S&D
- EP Secretariat General Officers
- Folketing's Presidium (DK), 1st Deputy Speaker, Liberal Party.
- General-Secretariat, Congreso de los Diputados (ES)
- Independent Parliamentary Standards Authority (IPSA) (UK)
- Internal Audit Service, Congreso de los Diputados (ES)
- MP of the Social Democratic Parliamentary Group, Eduskunta (FI), former Auditor of the Parliament.
- Office Commission of the Eduskunta, MPs from Finnish Centre Party and National Coalition Party (FI)

- Open Knowledge Foundation Deutschland
- Public Finance Committee. Sejm (PL)
- Research Department, Riigikogu (EE)
- Riigikogu Finance Committee (EE). MP, Estonian Centre Party.
- Secretariat of the Budget Commission (Haushaltsausschuss), Bundestag (DE)
- Secretariat (Rechnungsprüfungsausschuss), Bundestag (DE)
- Secretary of the Committee of Budgetary Control. Poslanecká sněmovna Parlamentu České republiky (CZ)

ANNEX 3 - REFERENCES

The following list notes the documentation consulted for the preparation of the report (in chronological order):

- European Parliament decision of 10 May 2012 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section I – European Parliament (COM(2011)0473 – C7-0257/2011 – 2011/2202(DEC)), 10 May 2012.
- EP Rules of Procedure, 7th Parliamentary Term, May 2012.
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- Special Eurobarometer 374, Annex, February 2012.
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- European Parliament decision of 5 May 2010 on discharge in respect of the implementation of the European Union general budget for the financial year 2008, Section I – European Parliament (C7-0173/2009 – 2009/2069(DEC)), 26 March 2010
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- UK House of Commons Administration Act, 20 July 1978.
- Assemblée Nationale's Regulation, 3 June 1959 (current version as of December 2011).
- Danish Folketing, Standing Orders, 17 December 1954 (latest amendments of 27 January 2012).

ANNEX 4 - SURVEY

Parliament budget discharge procedures

Identification of the Member State Parliament

Please note that the focus of this study is on the ex-post control, i.e. the ex-ante or ongoing control is not covered by this study. Moreover, the focus is exclusively on the parliament's own budget, i.e. the budget discharge of the executive is not covered.

This introductory section aims to collect information on your parliament.

1. Please indicate whether you have a uni-cameral or bi-cameral structure.

☐ Uni-cameral

☐ Bi-cameral

2. Please indicate the number of elected representatives (only lower house in case of a bi-cameral structure).

3. Please indicate the total budget of your parliament in EURO, e.g. members of parliament, staff and administrative and operational costs, buildings etc. (in case of bi-cameral structures, only the lower house).

The budget discharge procedure the actors involved

This section aims to obtain general information on the actors involved in the budget discharge procedure. Please note that the focus is on the ex-post control, i.e. the ex-ante or ongoing control is not covered by this study. Moreover, the focus is exclusively on the parliament's own budget, i.e. the budget discharge of the executive is not covered.

Parliament budget discharge procedures

4. 'Internal' actors: who is involved within the parliaments, e.g. members of parliament, parliament administration (e.g. internal auditor)

☐ Members of parliament

☐ Parliament internal auditor

☐ Parliament administration

Other (please specify)

5. 'Internal' actors: Do you have a designated Committee or other body specifically dealing with the budget discharge?

☐ Parliamentary Committee dealing with budget discharge

☐ Other Parliamentary body dealing with budget discharge (please note in the text box below)

Other (please specify)

Parliament budget discharge procedures

6. 'External' actors: Are any external actors involved? For example, does the Parliament consult with the Member States' Ministry of Finance, Supreme Audit Institution, or NGOs etc.?

- ☐ Executive - Prime Ministry ☐ NGOs
- ☐ Executive - Ministry of Finance ☐ Private sector audit company
- ☐ Executive - other ministry (please indicate in text box below) ☐ Other external actors (please indicate in text box below)
- ☐ Supreme Audit Institution

Other (please specify)

Procedures

The following set of questions focuses on the formal and informal procedures for the budget discharge.

7. Please indicate whether you have formal and / or informal procedures in place.

- ☐ Formal
- ☐ Informal
- ☐ No budget discharge procedure in place

Parliament budget discharge procedures

8. Please note the 'documentation' that supports the formal procedure

- ☐ Parliament administration prepares annual report
- ☐ Internal auditor prepares annual report
- ☐ Member of parliament in charge of budget discharge reviews annual audit report
- ☐ Member of parliament exchanges information with internal actors (parliament administration)

Other steps

Parliament budget discharge procedures

9. Please note the 'exchanges of information' involved in the formal procedure

☐ Internal meetings between representatives of the parliament administration

☐ Member of parliament exchanges information with external actors (e.g. government, Supreme Audit Institution etc.)

☐ Debate on budget discharge in Committee

☐ Debate on budget discharge in Plenary

Other steps

Your views on effectiveness

The final question seeks your views on the effectiveness of your budget discharge procedure.

Parliament budget discharge procedures

10. Please provide your feedback regarding the effectiveness of your budget discharge procedure

☐ Our budget discharge procedures are well established and work effectively. No reform required.

☐ Our budget discharge procedures are well established and work somewhat effectively. Some reform required.

☐ We would welcome an exchange with other parliaments on best practices.

☐ Our budget discharge procedures is not considered to work effectively. Full reform required.

☐ We are currently in the process of reforming our budget discharge procedures.

☐ We do not have a formal budget discharge procedure.

Other comments

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DIRECTORATE-GENERAL FOR INTERNAL POLICIES

POLICY DEPARTMENT BUDGETARY AFFAIRS **D**

Role

Policy departments are research units that provide specialised advice to committees, inter-parliamentary delegations and other parliamentary bodies.

Policy Areas

- Budgets
- Budgetary Control

Documents

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ISBN 978-92-823-3833-9
doi: 10.2861/19196