European Communities

EUROPEAN PARLIAMENT

Working Documents

1980 - 1981

Interim Report

drawn up on behalf of the Committee on Budgetary Control

on the budgetary control aspects of the Data Processing Centre of the Commission of the European Communities

Rapporteur: Mr E. KELLETT-BOWMAN

On 7 November 1979, Parliament, in plenary session, called for an examination of the budgetary control aspects of the data processing centre of the Commission of the European Communities.

At its meeting on 26/27 November 1979, the Committee on Budgetary Control appointed Mr Edward Kellett-Bowman rapporteur.

The Committee considered the matter at its meetings on 23/24 January 1980, 20/21 February 1980 and 23 June 1980. It adopted unanimously the motion for a resolution in the interim report at the latter meeting.

Present : Mr Aigner, chairman; Mr Edward Kellett-Bowman, rapporteur; Mr Balfe (deputizing for Mr Key); Mr Battersby; Mr Colla; Mr Gouthier and Mr Simonnet.

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

MOTION FOR A RESOLUTION

on the budgetary control aspects of the data processing centre of the Commission of the European Communities

The European Parliament,

- Having regard to the interim report of the Committee on Budgetary Control (Doc. 1-283 /80),

    (a) recalling its earlier resolution on the budgetary aspects of the operations of the data processing centre[1],

    (b) wishing to ensure that wasteful use of resources does not occur and that there is no avoidable overlapping of acquisition of equipment by the institutions of the European Communities,

    (c) desiring to have available to its **Committee on Budgetary Control** full information on all matters undergoing political audit,

    (d) conscious of the need to make available to the institutions of the Community an adequate data processing service,

    (e) stressing the importance of transparency of the budgetary presentation of appropriations for data processing as well as for rther services,

    (f) believing that it is desirable to have regard to the medium term and longer term options in the sphere of data processing, if Community needs are to be met economically,

1. Notes the apparent transitional difficulties experienced by the data processing centre in effecting the changeover to new equipment intended to cope with an increasing work load;

2. Calls for (a) thoroughgoing periodic reviews of existing programmes so as to verify that there is a continuing justification for them, and (b) a careful screening of proposed new programmes in order to ensure optimum use of equipment and staff time;

3. Expects that staff savings should result from the use of data processing techniques and equipment and asks the Commission to have special regard to this aspect in its annual reports on data processing;

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[1] O.J. C 76 of 7.4.75, p. 5-7

4. Is conscious of the escalating cost of manning the centre and is anxious to effect tight control over outlay in this area;

5. Expresses its concern that difficulties in regard to the recruitment, motivation and management of the appropriate personnel should be manifest at the centre and expects an early improvement in this regard;

6. Considers that the Commission's data processing centre should be fully utilised by the other institutions so as to avoid overlapping of effort or the acquisition of costly duplicate installations and asks the Commission to evolve an appropriate legal formula which will guarantee access by the other institutions to the data processing centre;

7. Insists that the Commission, and all other Community institutions and bodies should make available all necessary data and background material to Parliament's Committee on Budgetary Control in a frank and prompt manner so that fully informed democratic control can be effected;

8. Would like to be assured that, where possible, Community data processing operations of an ad hoc nature are offered for tender so as to ensure the most economic solutions, and believes that regard should always be had to the prospective medium and longer term situation when solutions to short term issues are being sought;

9. Attaches great importance to the clarity and transparency of budget presentation as this is essential (a) to the work of the budgetary authority in considering the draft budget and (b) to the work of control;

10. Will consider a further report from its Committee on Budgetary Control when the report of the Court of Auditors on the matter is to hand and the Commission has provided further information on the recent acquisition of equipment and on its views on (a) the longer term requirements of the Community in this sphere, and (b) the organisation of data processing activity;

11. Requires that, pending reception of this further report, no institution should take steps that would pre-empt the establishment of a Community wide data processing service;

12. Recognises that an appropriate procurement policy for data processing equipment at the level of the Community institutions could constitute a valuable element in the integration of European industrial policy;

13. Instructs its President to communicate this resolution and the report of its Committee to the other institutions of the Community.

B.

EXPLANATORY STATEMENT

Introduction

1. Important decisions are imminent in the Community data-processing sphere regarding (a) the acquisition of equipment for the Data Processing Centre at Luxembourg and Ispra, (b) the range of applications of data processing to Community operations, (c) medium and long-term management of the staff, equipment, applications and premises at the Data Processing Centre, (d) the appropriate inter-institutional coordination of efforts in this domain, (e) industrial aspects, (f) the staffing of the Centre and (g) budgetary presentation and the transparency of appropriations for this sector of Community activity.

Control Committee Aspects

2. As explained in paragraph 1 of the Annex to this Explanatory Statement, the Committee on Budgetary Control is involved because its mandate covers such aspects as (a) value for Community money spent, (b) regularity of procedures, (c) adequacy of accounting, (d) whether management standards and results obtained are satisfactory, (e) whether there have been any irregularities, inefficiences or waste, (f) whether there has been overall coordination of Community effort and (g) whether regard has been had to future requirements when taking short-term decisions.

Problems at the DPC

3. As indicated at paragraph 17 of the rapporteur's working document on the 1978 accounts[1] and as set out at paragraph 2 of Annex I to the present report, the situation at the Data Processing Centre at Luxembourg is extremely complicated for a variety of reasons - growing use of computers, changeover, premises, personnel difficulties, the absence of a clear and unified budgetary presentation of the cost to the Community budget and, apparently, a degree of parallel data processing operations in the various institutions.

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[1] Annex XI to Doc. 1-150/80.

Coordination of inter-institutional activity

4. The rapporteur is convinced of the special significance which attaches to the coordination of data-processing efforts at the Community level. It is wasteful for different institutions to run operations in parallel. The advantages in expertise and economy to be gained from harmonisation are, indeed, self-evident. Nevertheless, the rapporteur fears that there is a danger of a growing apart of the sections of the different institutions in this field with, inevitably, some duplication of effort: this is objectionable from the budgetary control viewpoint. (See also para.10)

Complex situation

5. The situation within the DPC is particularly complex because of (i) the fact that there are six working languages and (ii) the wide number of programmes operated[1]. The Committee on Budgetary Control noted the difficulty of getting to grips with the situation and, therefore, sought a report from the Court of Auditors on the matter[2]. In the light of such an expert report, certain accounting aspects could be clarified.

Budgetary presentation

6. It is evident that the work of the Budgetary Authority in authorising appropriations for Community data-processing activities would be rendered more transparent if the full cost of the various sections engaged in this work was pulled together in a simple tabular statement - showing equipment, staff and rent[3]. This is not yet the case.

Medium and longer-term aspects

7. Efficient management of the Community data-processing facilities entails medium and longer-term programming of the pattern of applications and of the need to replace or expand equipment. Only by way of such rational programming can the Community be reasonably assured of a rational and economic use of resources. At present, the rapporteur is not at all sure that a sufficiently long-term comprehensive view is being taken of data-processing needs. Indeed, such forecasting of requirements could best be undertaken in a forum which involved all the institutions of the Community.

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[1] See Annex I for a more extensive summary.

[2] See Annex II.

[3] See Annex III

Industrial aspect

8. The Committee on Budgetary Control is aware that data-processing has an industrial harmonisation aspect as well. Indeed, the Committee's Chairman and the rapporteur were assured, in the course of a discussion with the responsible Members of the Commission, that the necessary work was under way and that a position paper was in preparation. This aspect concerns primarily the Committee on Economic and Monetary Affairs - who have presented a report in the matter; the present interim report is confined to budgetary control aspects.

Full information

9. The Committee on Budgetary Control has always insisted on the need for access to full information if it is to be in a position to carry out its mandate properly. This requirement is particularly essential in the data-processing sphere where, at one point in time, many members were not certain that they had all the necessary elements available to them.

Coherent policy

10. The Committee on Budgetary Control noted that, on considering the situation in the European Centre for the Development of Vocational Training[1], the Commission does not appear to have communicated policy guidelines in regard to the selection, acquisition or utilisation of computers to the different satellites. A comprehensive approach could lead to economies and it is hoped that this situation will be set right so that experience gained can be made available to all Community organs.

Further report

11. When the Committee on Budgetary Control is in possession of

(a) a report of the Court of Auditors which will cover the audit aspects of the data-processing centre which relate to budgetary transparency, regularity, efficient use of Community funds, and the overall management of the resources available to the Commission in this area;

(b) the details of the Commission's decision in regard to the recent acqui-sition of data-processing equipment; and

(c) the Commission's position paper on the computer section of European industry;

a final report will be presented on all the relevant aspects adverted to in the present explanatory statement.

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[1] PE 64.876, para. 16

PE 64.474/fin.

Development of the Data Processing Centre of
the Commission of the European Communities
from its inception to the decision to replace
the equipment and the circumstances leading up
to the Committee on Budgetary Control being
involved in an examination of the situation at
the Centre

This Annex is presented as follows:

INTRODUCTION

1. At its meeting of 23 and 24 January 1980 the Committee on Budgetary Control asked the draftsman responsible for preparing the discharge for the financial year 1978 on the decentralized agencies, autonomous organizations and satellite bodies of the European Community to draw up a report on the operating difficulties of the Commission's Data Processing Centre.

This task was assigned to your rapporteur following a request from Parliament during the budgetary procedure for 1980 (PE 60.000/fin. paragraph 378) and following a request from the Committee on Budgetary Control to the Commission to postpone any final decision on the substantial replacement of its data processing equipment pending a visit by the rapporteur.

2. Your rapporteur visited the Centre and had long talks with the officials in charge of the Centre and with its staff. The situation at the Centre is extremely complicated owing to:

- difficulties following the changeover to new equipment;
- the growing use of the computer in ever-widening fields as more and more Directorates-General become aware of the possibilities of using the advanced technology involved;
- certain personnel and management problems that have arisen;
- the diversity of users now that institutions other than the Commission have data processing needs;
- a certain lack of transparency; the total operating costs of the Data Processing Centre are not entered against a single chapter: they are spread among different Directorates-General;
- rising costs;
- the involvement of three different types of operator: the Commission's own staff, certain temporary staff and company experts who are responsible for running in the new equipment.

3. The Commission's replies to a first questionnaire on these difficulties were communicated to members in document PE 62.906 (copy attached)[1]. The present text relates to the development of the Centre from its inception until the 1976 invitation to tender for the replacement of the equipment.

THE CENTRE AND ITS EQUIPMENT:

4. The European Communities entered the data processing field in 1953 with punch card equipment in the ECSC's Computer Centre. In 1960, the Centre was equipped with real computers in the form of second-generation IBM machines and in 1964 with third-generation machines. The Commission of the EEC was also using data processing so that at the time of the merger of the

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[1] See Annex III

Communities' institutions in 1965 there were two computer centres each equipped with an IBM 360/40 computer.

5.   The decision of the Representatives of the Governments of the Member States of 8 April 1965 on the provisional location of certain institutions and departments of the Communities provided in Article 9   that the Data Processing Department would be located in Luxembourg. In accordance with that decision the Commission arranged for its data processing activities to be concentrated in Luxembourg, where it set up a single computer centre.

Nevertheless, the data processing work of the Joint Research Centre (JRC) remained independent. Even now, CETIS (Centre for the Technical Study of Scientific Data Processing) is located at Ispra. An invitation to tender was published in late 1979/early 1980 for the replacement of the CETIS equipment (IBM 165).

Before the merger of the executive bodies and their computer services, data processing was a fairly stable activity, but in 1968 the difficulties in transferring staff from or to Brussels/Luxembourg gave rise to personnel problems and, from 1970 onwards, the Centre's work began to be disrupted by equipment changes.

6.   In April 1968, the Commission published an invitation to tender for a single computer to replace the two computers inherited from the original two centres. The contract with CII was signed in August 1969. In October 1970, in order to make room for the CII 10070, the two IBM 360/40 computers were replaced by one IBM 360/50. The CII 10070 arrived in January 1971 and was taken over by the Centre's staff at the end of 1972. The difficulties which arose from this first changeover are considered in paragraphs 15 et seq.

In May 1973, the IBM 360/50 computer was replaced by a smaller IBM 370/145. And so it was clear that the plan to replace the two computers by a single European-built computer had failed.

7.   1974 also saw the beginning of a study which was to lead in 1976 to an invitation to tender for the replacement of the two existing units   - by a single unit. Notwithstanding this study, the Commission once again had to replace its IBM 145 computer by a more powerful IBM 158 in 1977 and, in addition, installed a SIEMENS 7740 computer for integration into the EURONET system, in November 1976 - later used also for other mainly linguistic work.

8.   In October 1976, the Commission decided to acquire an ICL 2980 central configuration and a mixed Olivetti, Nixdorf and Mitra network of terminals. This move is further explained at paragraph 18. To make room for the ICL equipment ordered in addition to the configuration originally planned, the SIEMENS 7740 computer was moved in 1978 to a building in Luxembourg's city centre on a temporary basis.

The IBM 158 computer was taken out of the Centre in November 1979, i.e. before the final acceptance of the ICL computer.

One month later,on 13 and 14 December 1979, the Commission replaced the SIEMENS 7740 with a 7760, three to four times more powerful[1]. It should be pointed out that in its report on the 1980 draft budget[2] Parliament adverted to the need for a thorough investigation before extension of equipment. Moreover the Committee on Budgetary Control at its meeting of 17 and 18 December 1979 asked for the postponement of any final decision on new equipment. This was confirmed by letter on 20 December 1979. The Commission in its reply of 14 January 1980 merely referred to the reply to a written question and made no mention of the expansion of the SIEMENS computer.

THE HISTORY AS SEEN IN AUDIT REPORTS

9. In its reports on the accounts for the financial years 1968, 1970 and 1971[3], the Audit Board (the forerunner of the Court of Auditors) drew attention to serious operational problems at the Computer Centre which had also been the subject of questions in the House.

The Audit Board had called for better management of the Computer Centre. In its 1968 report, it demanded better work planning and better documentation so that the cost of the Centre's various activities and services could be calculated; in addition,it called for greater budgetary transparency. In 1970,the Audit Board found that little progress had been made. It took the view that, no matter how one looked at it, the documents which ought to serve as a basis for the management of the Computer Centre were inadequate and expressed the hope that suitable decisions would be taken to deal with all the problems associated with data processing with a view to defining the role of the Computer Centre and to evolving procedures which would permit a wider dissemination of its results.

10. In its report on the financial year 1971, the Audit Board expressed its satisfaction with the programme for logging the number of machine hours per application, but it criticized the continued lack of any short or medium-term planning for equipment use, the increasing use of equipment outside the Computer Centre and of specialist firms for analysis and programming in connection with various applications. A study of the Centre's administrative structure revealed excessive decentralization. Its operating difficulties were resulting in the proliferation of data processing facilities elsewhere.

PARLIAMENT'S EARLIER REPORT (THE PETRE REPORT)

11. On 9 May 1973 in its decision giving a discharge for the financial year 1970[4], Parliament set up an investigating committee within the framework of the Committee on Budgets with a view to looking into the Centre's operating

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[1] Although the rental costs increased by only 15% to 20%.

[2] PE 60.000/fin,, paragraph 378

[3] PE 236/II-A-1969/70, p. 75-76; PE 163/III-A, p. 55-56; PE 206/III-72-A, p. 63-65

[4] OJ No. L 145, 2.6.1973, p. 32

difficulties. Mr PETRE was appointed rapporteur. He prepared a number of working documents and presented his oral report to the House on 10 March 1975. The resolution adopted by Parliament (attached as Annex IV to this report) made recommendations on the need for the Centre's operations and management to be centralized, asked the Commission for information on the Centre's development and instructed its Subcommittee on Budgetary Control to monitor the replacement of the Centre's data processing equipment.

UNDERTAKING TO KEEP PARLIAMENT INFORMED

12. This instruction related to a formal undertaking by the Commission to the effect that it was ready to keep the parliamentary committee informed of progress in the process of replacing the equipment. The undertaking was given in the report on the organization and operation of the Computer Centre for- warded to Parliament in its final version on 30 September 1974.

13. Parliament did receive regularly - but belatedly - the annual reports on the operations of the Computer Centre; however, these reports were rather vague on the subject of replacing the equipment. The 1975 report contained an annex on the preparation and content of the specifications for the invitations to tender, estimates of the necessary work load, costs, timetable etc. ... The report did not reach Parliament until October 1976. That same month, the Commission took the final decision awarding the contract. The 1976 report does not properly explain the reason for the choice.

14. It was not until 1979, when the Centre's operating difficulties came to notice and when a transfer of appropriations of 4.4 million EUA was requested, representing an increase of 39% over the original budget, that Parliament's attention was again drawn to this matter.

THE FIRST ATTEMPT TO CHANGE OVER TO EUROPEAN EQUIPMENT: CII

15. Following the invitation to tender in April 1968, the contract with CII was signed on 20 August 1969 for delivery 16 months later. This contract was to remain in force for 5 years from the acceptance of the computer and its software. The machine was delivered in January 1971. Delivery of the software began on 1 July 1971. A number of defects were discovered. About the middle of January 1972, a total standstill on all the equipment was ordered. The notice of cancellation of the IBM equipment was suspended. A new demonstration was carried out in May 1972. Final acceptance did not come until December 1972 with the signature of an addendum to the main contract providing for a sub- stantial reduction in respect of the whole of the period during which difficulties had been experienced (25% for 1971 and 1972). Subsequently,a reduction of 15% was also obtained in respect of the period from 1 January 1973.

16. The CII equipment never completely replaced the IBM equipment, which did not leave the Centre until 1979. The CII equipment was taken out of service in July 1977, which necessitated a changeover to IBM. The applications involved were to be converted to ICL in 1978/79.

17. For its internal documentation system (ECDOC) the Commission made a contract with a "Bureau Service", in December 1973, which uses a CII IRIS 80 computer. The Commission envisages continuing the use of that computer - which was taken over by CII - HB in 1977 and which is located in Brussels - in view of the conversion difficulties.

THE SECOND ATTEMPT: ICL

18. The Centre's operating difficulties, aggravated by equipment problems, led the Commission to undertake an overall study of its data processing needs. The task of carrying out that study was given in 1975 to CAP-SOGETI. On the basis of the study the Commission drew up:

- a medium-term plan of appropriations and staff required for data processing
- an invitation to tender for the replacement of the Centre's equipment.

19. The computer for which tenders were invited was to be designed basically for teleprocessing[1] and had to be able to handle all the foreseeable data processing needs for 1978, the year in which the new computer was to be installed. This was the configuration forming the basis of the tender as such. Manufacturers were also required to demonstrate that their equipment could be expanded to handle the workload envisaged for 1983, i.e. for the whole duration of the contract. In addition, tenders had to indicate what services would be provided in the way of maintenance, repair, assistance and conversion etc.

20. The Commission made known from the outset that it reserved the right not to take the whole of the configuration proposed and, in particular, to issue a separate invitation to tender for the terminals.

21. The specification contained:

- a list of the applications to be covered which included those envisaged up to 1978 and in addition all the work done outside the Computer Centre such as ECDOC, work on mini-computers and time-sharing arrangements;

- for each application, an estimate of the work load envisaged up to 1978 with an extrapolation to 1980.

The work load was expected to double between 1980 and 1983. Thus, the total work load in standardized CPU hours[2] for an IBM 370/145 computer was calculated at 11,500 for 1978, 15,000 for 1980 and 31,000 for 1983;

- the minimum requirements in respect of software.

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[1] The term 'teleprocessing' relates to data processing systems accessible from a remote location by means of terminals linked to the computer by telephone lines. The possibilities of direct dialogue between user and system and of controlling data permit faster access and greater flexibility. Auxiliary operations are also reduced (data preparation, listings etc.)

[2] CPU: central processing unit

22. The invitation to tender was issued in January 1976 and sent to about the 10 principal potential suppliers of central configurations and also to a number of suppliers of terminals in each of the Community countries. The tenders short-listed[1] for the central configuration were as follows:

	1978	1980	1983[2]
CII-HB	2 x 66/60	2 x 66/80	3 x 66/80
IBM	370/145 + 158	2 x 370/158	370/158 + 168
ICL	2980	2980	2980 biprocessor
SIEMENS	2 x 7.755	2 x 7760	2 x 7.700

Unidata, of which there were high hopes, had, in the meantime, gone out of business.

23. The technical and financial evaluation of the tenders showed that these four potential suppliers could meet the requirements. Nevertheless, in 1976, some doubt persisted as to whether CII - HB would continue to produce its range of machines - following the failure of Unidata and fusion with Honeywell-Bull.

The Siemens 7760 and 7700 were not yet operational and Siemens had no experience with large main frames.

The ICL 2900 range, of which the 2980 was the most powerful, was relatively new on the market and its software was still partly at the development stage.

While IBM offered certain advantages of continuity, it did not blend fully with Community policy in regard to the development of data processing.

24. In October 1976 the Commission decided to acquire:

- ICL 2980 equipment for the central configuration and .
- Nixdorf and Olivetti programmable terminals and MITRA machines for the teleprocessing network.

25. The contract was awarded to ICL in accordance with Article 52d of the Financial Regulation, which states that 'contracts may be made by private treaty ... where for technical practical or legal reasons the supply of goods or services can only be carried out by a particular contractor or supplier'.

26. It would appear that priority was given to an essentially political consideration, namely the promotion of European data processing by selecting a European manufacturer who had chosen to develop machines and software totally independently. The choice of a mixed terminal network meant that the manufacturers had to make their machines interconnectable.

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[1] Agence Europe, 16 and 25 September 1976
[2] Probable configuration based on estimates of the 1983 workload.

27. It has to be admitted that this was a brave decision but it involved great risks, in particular:

- the considerable cost, the human effort and the delay in the development of data processing due to what has been the largest changeover the world has yet seen and to the fact that the change was to an incompatible mainframe.

- the operating difficulties and lower productivity, almost inevitable in situations where it is necessary at the same time to conduct research and development (in the field of software) and to guarantee a high output on complex programs;

- the risk of being isolated from the rest of the data processing world and from market developments if ICL did not succeed in its efforts to win a place on the market for mainframe and associated software.

28. Furthermore, it was inconceivable in 1976, and it is even more so today, that a European institution responsible for assisting industrial policy, in which the data processing industry occupies a very important position, should equip itself exclusively with non-European equipment for fear of not being able to overcome the problems posed by choosing European equipment.

29. The outcome of the current negotiations on the final acceptance of the ICL system and the Court of Auditors' report should show whether the decisions taken in 1976 were justified and whether the policy on data processing pursued since then has been satisfactory.

ORGANIZATION AND MANAGEMENT OF THE CENTRE

30. Before 1973, the Centre was merely a specialist service whose tasks were to manage the existing equipment and acquire data. Three Directorates-General each had a UDAF (decentralized analysis and programming unit) at their exclusive disposal. A users' committee attempted to balance the sometimes conflicting interests of the Centre's users.

31. In 1973, the users' committee was replaced by a management committee, composed of the Directors-General most affected by data processing. It was set up to manage the Centre's resources and to coordinate the working of the Centre with that of the three UDAP's which from then on could also work for other Directorates-General. The Centre became a division but without any actual broadening of its duties.

Relations with CETIS in Ispra were improved and steps taken to supplement the internal organization of data processing work. In addition, the staff complement increased from 20 in 1972 to 40 in 1974. The scope and duration of the training received by data processing staff was substantially increased. Shift work from 1974 required an amendment to the Staff Regulations. From 1974, the Commission also began to use outside staff.

32. In 1976, the management committee became the Steering Committee on Data Processing at the Commission (CDIC) although its powers remained substantially unchanged. The CDIC is assisted by a technical committee. Later the old UDAP system was replaced by project leader groups consisting of system analysts in order to bring the user closer to the functional analysts. The creation of these units was accompanied by the setting up of a centralized analysis and programming service (SSAP) and the creation of a computer operation division (DEI), comprising managers, operators, punch operators, systems engineers etc.).

33. Within DG IX the data processing administrative and financial management service (IGAF) was responsible for the corresponding project leader groups unit and the CDIC secretariat. In 1979, this service was split into a 'planning and administration unit' and a 'project leader group'.

34. In DG XIII, the SSID service (specialised documentary data processing service) is responsible for analysis for documentary applications. DG XIII shares with DG IX financial and staff responsibility for the exploitation of the Siemens computer in view of the integration of the Commission's data bases on Euronet.

A Siemens steering committee and a technical committee assure proper management, within the framework of the CDIC, of the Siemens operations.

35. There are also other Directorates-General with services carrying out data processing work which use the Centre's equipment (e.g. DG XIX), or decentralised equipment (e.g. DG VI) or alternatively an external bureau service (e.g. ECDOC and DG II). However, CDIC controls here also the use of equipment and financial resources.

36. The current organization chart is as follows:

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                                    C D I C

        ┌──────────────────────┐   ┌──────────┬──────────┐   ┌──────────────────────┐
        │ Technical Committee  │   │ Steering │ Technical│   │ Secretariat, planning and│
        │                      │   │ Committee│ Committee│   │ admin. unit - DG IX  │
        │                      │   │ Siemens  │          │   │                      │
        └──────────────────────┘   └──────────┴──────────┘   └──────────────────────┘

Analysis            ┌──────────┐     ┌──────────┐     ┌──────────────────────┐
                    │ S O E C  │     │ DG XIII  │     │ DG IX                │
  (project leader   │          │     │ S.S.I.D. │     │ Admin. and financial │   ┌──────────┐
   groups)          │Statistics│     │Documentary│    │ applications         │   │ CIRCE    │
                    └──────────┘     │Research  │     └──────────────────────┘   │Documentary│
                                     └──────────┘                                │Research  │
                                                                                 │DG IX     │
                    ┌──────────────────────────────────────────────────────┐    │          │
Programming         │  S. S. A. P.              (DG IX)                     │    │          │
                    └──────────────────────────────────────────────────────┘    └──────────┘

                    ┌─────────────────────────────────────────────────────────────────────┐
Computer            │  D. E. I.                 (DG IX)                                    │
  operations        └─────────────────────────────────────────────────────────────────────┘
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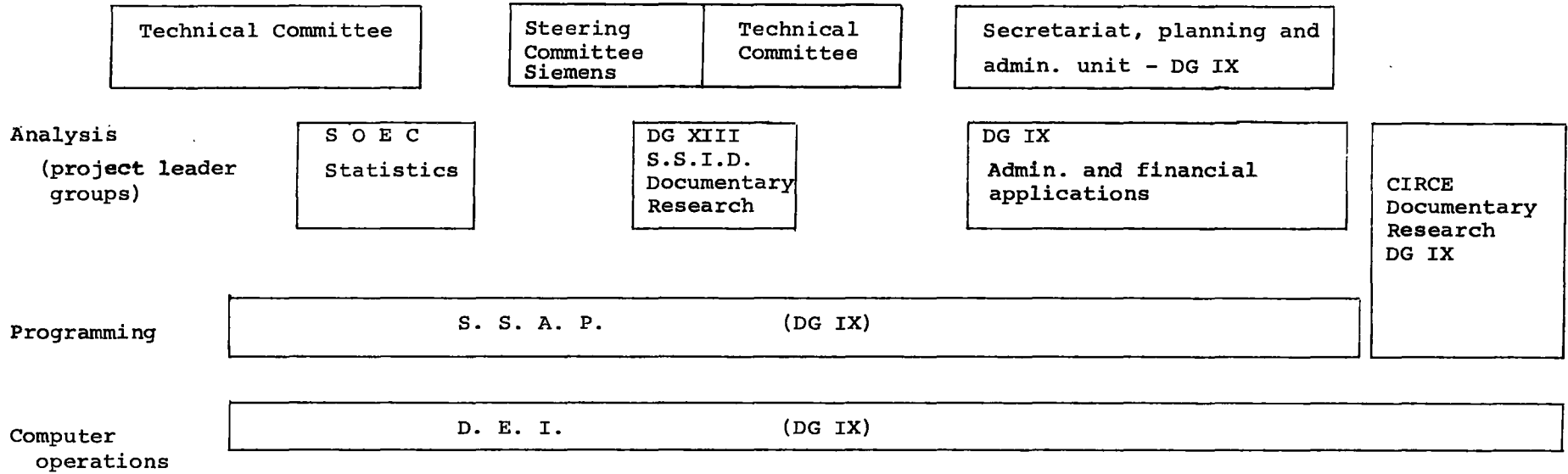
37. The Commission still has to clarify the exact function of the CIRCE division and how the management and use of the various computers inside and outside the Centre is organized.

38. The Commission criticizes the attitude of the budgetary authority for not providing the Centre with enough staff. The Commission engaged an outside firm to conduct a study to determine the necessary level of staff. On the basis of that study it requested 144 additional posts, making a total of 344. Close reading of the report has not enabled the rapporteur to arrive at the same figure. This study dates back to 1978. The difficulty in adopting the 1980 budget has so far not permitted an increase in the Commission's data processing staff; there is evidence that this situation creates a difficult position for data processing management and production and leads to additional expense.

The staffing level envisaged by the Parliament for 1980 will ease this situation. However, given the numbers of staff requested and the time which has passed since the 1978 report was established, a decision on the proper staffing levels for the Commission data processing set-up should only be taken after careful examination of available and possible additional evidence.

Brussels, 21 -2- 1980

BR 000588

Mr Arne JOHANSEN
Member of the
Court of Auditors
Rue Aldringen
LUXEMBOURG

Dear Mr. Johansen,

As you are aware from the representative of the Court of Auditors who attends the meetings of the Committee on Budgetary Control of the European Parliament, this Committee has charged one of its members - Mr Kellett-Bowman - with the preparation of a draft report on the data-processing centre of the European Communities at Luxembourg.

The Committee's rapporteur is concerned primarily with those audit aspects of the data-processing centre which relate to budgetary transparency, regularity, efficient use of Community funds, and the overall management of the resources available to the Commission in this area.

The rapporteur is pressing ahead with his work and I hope that a draft report can be placed before Parliament for consideration at the June session.

The study of the data-processing centre, which it is understood that the Court of Auditors is undertaking, would be valuable to the rapporteur in completing his draft text - and to this Committee when weighing up his conclusions. Therefore, I would urge you to expedite the preparation of your report on the data-processing centre so that it may be of maximum benefit to us.

Yours sincerely,

/s/ Heinrich AIGNER

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PE 64.474/Ann.II /fin.

The Rappórteur's questionnaires

(a) to the Commission

ANSWERS TO QUESTIONS FROM MR KELLETT-BOWMAN

1. Q: Has the equipment been found to be satisfactory overall when the acceptance tests were carried out? In other words, is the Commission satisfied that the ICL machine is up to the data processing tasks envisaged for it?

A: - The final acceptance tests took place in December 1979.
- The results are still being evaluated.
- Initial findings indicate that:
    - The present throughput on the machine is 40-50% greater than the initial work-load specified in the invitation to tender;
    - The machine is not getting through the work it should during a 16 hour day (ICL believes this problem will be resolved if, at their own expense, they add additional central memory;
    - The Circe system is not yet giving satisfaction on ICL (this is one of the major applications that ICL had to convert to the 2980);
    - The ICL system needs a larger quantity and higher quality of staff for certain functions (e.g. systems engineering).

2. Q: What has been the cost of changeover? To what extent has it exceeded the estimates made in advance? (cost and staff levels)

A: It was estimated that the changeover costs would be some 300 mio FB. The costs have been nearer 450 mio FB.

The extra costs of changeover are largely due to the fact that the conversion is approximately one year later (it should have been finished by the end of 1978).

This meant that old and new equipment has had to be run in parallel for a much longer time than expected.

In addition, more external personnel had to be used as a result of the lack of posts.

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3. Q: Can the Commission estimate the growth in volume of work on existing programmes (applications)?

   A: Because of the work of conversion very few new applications have been undertaken during the last four years.

   Nevertheless, the work-load arising from previously existing applications has increased by more than 40% per annum (available processing power is now four times greater than in 1976) - expansion of data bases (Cronos, Celex), multilingual needs, full text, etc., plus inefficiencies resulting from conversion. We believe that existing applications will continue to grow at approximately this rate.

4. Q: How many programmes are envisaged and what growth in demand for new programmes can be expected in the immediate future?

   A: This depends entirely on the availability of informatics staff and credits.

   We know there is a very large demand because of the new work that has been blocked for some years because of the conversion to ICL. We believe that we could start to satisfy this demand on two conditions:

   - that the budgetary authority give us the extra 144 posts that are deficient;

   - that the levels of credits for informatics in the Commission be increased from the present level (some 15 million ECU's per year) to a level of 25 million ECU's per year (i.e. 1,000 million FB per annum);

   - that we receive in particular the means to develop internal and interinstitutional procedures to cope with the increased needs in as economical fashion as possible.

5. Q: From the transparency angle, can the appropriation related to the Data Processing Centre be pulled together in a single chapter?

   A: It is the intention to have in 1980 a special chapter devoted solely to informatics - Chapter 21.

6. Q: <u>The Commission is now examining its data processing requirements:</u>
   <u>does this examination extend to the possible needs of the other</u>
   <u>institutions? When will the results of this examination be avail-</u>
   <u>able?</u>

   A: A draft report is being drawn up. It is hoped to submit this to
   the Commission in February/March 1980.

   We believe we must solve our own problem of resources (posts and
   credits) before we try to offer a generalised service to <u>all</u> the
   institutions. (Having said this, we do have certain interinstitu-
   tional activities such as Celex - the data base of Community law).

   In the short term we believe we should have a much closer collabora-
   tion with the European Parliament. The Parliament should be able:

   - to use our equipment - including Siemens (to avoid the wasteful
     duplication of creating a second computer centre);

   - to use our programmes (already the case for the payroll for
     example);

   - to have access to our data bases - where these are not purely
     internal and confidential to the Commission;

   - to give the Parliament a budget for using these facilities.
   At the same time, the Parliament should be free to develop its
   own applications and run them on the computer centre equipment -
   in those cases when their needs differ from those of the Commission.

   Meetings along the lines of the above have already taken place with
   our colleagues from the Parliament.

7. Q: <u>How many different European manufacturers are involved and have they</u>
   <u>been able to cooperate smoothly?</u>

   A: The main suppliers involved have been:
   - ICL (United Kingdom) - central computer;

   - Olivetti (Italy), Nixdorf (Germany) and the subsidiaries of
     Thomsons (Sems in France and Sait in Belgium) for terminal
     equipment;

   - Cap-Sogeti (France), Sobemap (Belgium) and Dataskil (UK)

   are the main software houses that have been concerned with the
   conversion.

8. Q: <u>Could the Commission explain the staffing situation to the Committee ?</u>

A: The Commission has some 200 permanent informatics staff

- 49 A posts
- 76 B posts
- 75 C posts.

It also has some 27 temporary posts.

In addition, the Commission uses up to 100 external personnel from software houses, even though each such person costs the Community approximately twice the amount that an equivalent official costs.

In 1978/79 a detailed study of the staff requirements was carried out by P.A. Consultants, ICL, and the Commission.

This study revealed that the Commission needs some 344 permanent posts if informatics is to function normally in the Commission on the basis of the present machine capacity.

The deficit in permanent posts is therefore:

- 51 A posts
- 58 B posts
- 35 C posts.

These permanent posts are required for the following departments:

- Management and planning (including an A2 post for a director of
  informatics)   11
- Operations (to manage and operate the computers) 75
- Analysis   25
- Programming   <u>33</u>

                                    making   144 posts in total
                                                       ⎯⎯

The Rapporteur's questionnaires

(b) to Parliament

1.   At the same time as Parliament, through its specialised Committees,is
investigating data-processing requirements, is there a possibility of the
Steering Committee on.Computers taking decisions without consulting the
Committee and without keeping them informed?

A.   No.

    The Data-Processing Steering Committee (CDI) was appointed in November 1978
by the Secretary-General who delegated to it certain powers of decision with
a mandate "to promote a gradual and appropriate development of the use of
data-processing in the General Secretariat".   It works within guidelines
established by the Parliamentary authorities either by specific decision
(e.g., the instruction given in October 1979 to use, temporarily, the computer
of the Centre Informatique de l'Etat (CIE))or within the general budgetary
framework (e.g., Item 2222 of the 1978-1979 budgets and Article 224 of the
1980 budget, provided explicitly for the rental of data-processing equipment,
viz, terminals).

    The CDI tries to keep the Committee on Budgets informed of developments
(cf. the report dated October 1977 - PE 50.610) but unfortunately there has
been no extended discussion of the Parliament's data-processing requirements
since the purchase of the LOGABAX office computer in 1974.   In cases of doubt
on matters of principle, the CDI would not hesitate to consult the Committee
on Budgets and, indeed, it was in this way that the matter of the policy on
hardware to be adopted following the departure of the Commission's IBM was
brought to the Committee's attention.   The question was raised initially at
the meeting of 17 May 1979 (end paragraph 7 of minutes), pursued in a letter
from Mme VEIL dated 10.8.1979 (PE 59.339) and a decision was communicated to
the Administration on 24 October 1979 i.e. three working days before the
departure of the Centre de Calcul IBM.

2.   Has the Working Party on Structures been kept informed of data-processing
developments?

A.   No, not specifically.

The Working Party has been informed of the structure of DG IV, including the Data-Processing Division. It has not so far asked for further information about its activities. It has, however, received a report referring to data-processing in the field of documentation covered by DG V.

3. What decisions were taken by the Administration of Parliament over the past six months in regard to the procuring of data-processing equipment?

A. (1) To purchase, for the needs of user services, six TRANSAC VDUs and two hard-copy printers at a total price of BF 1,169,300.

   (2) To hire an IBM heavy terminal for the use of the Data-Processing Division, in order to make use of the facilities of the CIE for a minimum period of nine months plus three months' notice of termination.

The monthly rental is 243,000 BF (including maintenance and software) for a short-term contract. The necessary credits were included in the 1979 budget.

4. On what authority were these decisions taken?

A. Contracts were signed by the Director of General Administration as ordonnateur for Item 2222 and within the framework of the budget on the basis of favourable opinions from the CCAM and the CDI.

5. How do these decisions fit in with the ruling of the Committee on Budgets in the matter?

A. The requirement for the IBM heavy terminal (Question 3(2)) flowed directly from the decision of the Committee on Budgets at its meeting on 8.10.1979 to use temporarily the IBM of the CIE.

This decision was taken in the context of the requirements set out by the Administration in an aide-mémoire prepared for the Committee (PE 59.339) including:

- confidentiality concerning personnel data (need for a line-printer in our own buildings);
- the possibility of running programmes concerning various other applications from a terminal in the Parliament's buildings (instead of being dependent upon batch-processing at an outside Centre).

The fact that the CIE did not have (as the Centre de Calcul had) the software necessary to enable the modification of programmes from the terminal contributed to the determination of the choice.

The purchase of the TRANSAC terminals (Question 3(1)) had nothing to do with the ruling of the Committee on Budgets. More terminals were needed for the user services and, following a restricted invitation to tender addressed to ten firms (see Question 6), the order was placed with the cheapest of the five firms who replied. These terminals would be needed whatever and wherever the central hardware might be; and furthermore (unlike some other offers) the TRANSAC offer guaranteed compatibility with any of the central computers to which the European Parliament might be linked in the future.

6. Were the provisions of the Financial Regulation (Title IV) respected?

A. Yes.

Article 51(2) provides for restricted invitations to tender; Article 52(d) provides for single-tender contracts when technical considerations are paramount.

7. Could the documentation on the basis of which the decisions were made be furnished to this Committee?

A. Yes, but in French (except the ICL offer) and subject (in the interests of the tendering firms) to guarantees of confidentiality.

8. Could the minutes of the meeting of the Advisory Committee on procurements and contracts, at which the selection was approved, be furnished to this Committee?

A. Yes: herewith.

9. What are the authorised channels for conveying information (on decisions in regard to the selection of tenders) to those companies who have not been asked to submit a tender or who have not responded to a call for tender?

A. None.

10. Why has the Administration of Parliament drawn up computer programmes over the past two years in a format suited to IBM equipment when it was well aware of the intention to change over to another supplier?

A. Until December 1978, the Administration of Parliament had not drawn up any new computer programmes. It used for administrative needs a software already available on the IBM of the Centre de Calcul, but not used for the same purpose by the Commission. This enabled it to create quickly an on-line personnel management file. The Centre de Calcul's own project (SYSPERS) under study since 1974 and promised for 1978 was not then (and still is not) available.

From December 1978, it had to expand the possibilities of personnel management programmes (REPA) and create a new programme for the urgent problem of mission allowances, an area for which the Commission has also had a project in mind for years but nothing operational.

The Administration was well aware of the impending departure from the Centre de Calcul of the IBM which finally took place on 31 October 1979. However, it also knew that programmes developed for the IBM could quickly and easily be converted by its own staff (without the expense of an external contract) to a Siemens computer (a European make also available at the Centre and expected to be upgraded). As the Centre de Calcul was adopting this solution for one of its own applications (EURODICAUTOM) and as it was aware of the programmes developed by Parliament on the IBM and had made no comment, a positive response was expected when it was written to on 5 January 1979 asking to use the SIEMENS.

By letter of 14 March 1979, the Administration of the Commission refused Parliament's Administration access to the SIEMENS computer. The matter was then raised at a meeting of the Committee on Budgets, as mentioned above, on 17 May 1979 with the temporary solution notified to the Administration in October 1979.

RESOLUTION ON THE COMPUTER CENTRE

(adopted on 10 March 1975)

The European Parliament,

- having regard to its decision of 9 May 1973 requesting the submission of a report on the problems affecting the functioning of the computer centre and setting up a committee of inquiry to seek a constructive solution to these problems with the Commission,

- having regard to the work of the Subcommittee on the Budget of the Communities (control of implementation) entrusted with this task by the Committee on Budgets at its meeting of 13 July 1973,

- having regard to the report from the Commission of the European Communities forwarded to this subcommittee of Parliament on 30 September 1974,

- having regard to the statements received and the information obtained by the rapporteur on behalf of the Subcommittee on the Budget of the Communities (control of implementation); whereas data processing is a new technique destined to play an increasingly important role in administration; having regard to the need to move towards optimal utilization of data-processing equipment,

- having regard to the report of the Committee on Budgets (Doc. 486/74),

1. Stresses that the smooth running of the centre is of prime importance in view of developments in data processing and its increasing role in the administrative work of the Community;

2. Recalls its own concern, when adopting the budget for the 1975 financial year, that the Commission should be endowed with the necessary staff and appropriations to improve the Community's computer system[1];

3. Notes with satisfaction the steps taken by the Commission to remedy the centre's operating problems and believes that these measures can give practical effect to the desire for improvement felt by those responsible for the centre; notes in particular among these measures:

- the reform of analysis and programming units,

- the establishment of a management committee,

- the establishment of a 'utilization' department at the centre;

4. Believes that the Commission's efforts at improvement could usefully follow the main recommendations reached by the subcommittee, in particular:

- functional unity of the computer centre,

- unified authority, management and responsibility in defining and implementing the Community's data-processing policy,

- clarity in the budget concerning the use of appropriations earmarked for data-processing activities;

5. Requests the Commission to forward to the parliamentary subcommittee responsible the documents at present being drawn up concerning:

- the future organization of the centre,

- the development plan for the centre,

- the detailed estimates of foreseeable requirements of appropriations and staff for the financial years 1976 to 1978;

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[1] In its amendments to the draft 1975 budget, Parliament increased certain appropriations for computer activities, totalling 877,480 u.a.; these amendments allowed: - the creation of 30 extra posts for the computer centre (Amendment No.40), - an increase in appropriations for the centre(Article 224)of 447,000 u.a.(Amendment No. 36), - an increase in appropriations for the ECDOC programme(Article 226)of 100,000 u.a. (Amendment No. 37).

6. Requests the Commission in addition to forward to the parliamentary subcommittee responsible: (1) a detailed account of appropriations provided for in the 1975 budget for developing the Community's data-processing activities as regards estimated expenditure on staff (salaries and training), equipment (computers, other equipment, supplies), premises (hiring and upkeep), expenditure on program design and implementation, external contracts, etc.; (2) an annual activity report giving details of the use made of appropriations and the utilization ratio of the data-processing equipment;

7. Instructs the subcommittee responsible to follow, particularly through information provided by the Commission, the process of renewing the centre's data-processing equipment;

8. Hopes that the Commission will continue its efforts to promote the essential coordination of the activities of the various Community institutions on data-processing equipment and operations and instructs its subcommittee to follow the progress of this coordination;

9. Recalls the importance of the proposals put forward by the special committee of inquiry in the light of Parliament's increased powers of control over Community expenditure;

10. Instructs its President to forward this resolution to the Council and Commission of the European Communities.

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