

2008 discharge: EU general budget, Council

2009/2070(DEC) - 23/03/2010

The Committee on Budgetary Control unanimously adopted the report by Ryszard CZARNECKI (ECR, PL) recommending that the Parliament postpone its decision on granting the Council's Secretary-General discharge in respect of the implementation of its budget for the financial year 2008.

The committee begins by noting that in 2008 the Council had available commitment appropriations amounting to a total of EUR 743 million (2007: EUR 650 million), with a utilisation rate of 93,31 %, considerably higher than in 2007 (81,89 %), but still below the average of the other institutions (95,67 %).

Reasons for the postponement of the discharge decision: generally, the committee's reasons for postponing the decision on the discharge are that there has been a lack of progress in most of the areas of concern that were discussed in Parliament's resolution of 25 November 2009 (see [DEC/2008/2277](#)). Members call on the Council to take a series of measures to strengthen transparency and to provide Parliament with certain documents on the Council's expenditure before 1 June 2010. The committee also requires further information on the following: i) expenditure in connection with ESDP /CFSP expenses (a full explanation of the need to transfer money from one item to another within the Council's budget; ii) the amount allocated for interpretation at European Security and Defence meetings iii) certain specific items of expenditure; iv) certain items on delegate travel costs.

Members also made the following observations :

A budget scrutinised in the same way as that of the other EU institutions: Members consider that in view of the increases in administrative expenditure and especially due to the possible presence of expenditure of an operational nature, the expenditure of the Council ought to be scrutinised in the same way as that of the other EU institutions as part of the discharge procedure. They reject the Council's suggestion that the fact that Parliament and the Council have not, in the past, scrutinised the implementation of their respective sections of the budget was the result of a "Gentlemen's agreement ". They consider the Gentlemen's Agreement not to be a binding document, and the interpretation attributed to it by the Council to be exceedingly wide. The valid legal basis in this case is the IIA. The preparation of the budget – which rests on the Gentlemen's agreement - and the discharge of the budget are two separate procedures. The Gentlemen's Agreement between Parliament and the Council over the preparation of their respective sections of the budget must not absolve the Council of its responsibility to be fully accountable to the public for the funds placed at its disposal.

EEAS: Members believe that the 2008 discharge takes place at a crucial time, when a formal agreement on the discharge process for the new European External Action Service (EEAS) must be set out clearly. They call on Council to ensure that it submits, before the end of the 2008 discharge procedure, concrete, detailed and all-encompassing plans for the staffing, organisational and control structures of the EEAS, including EU military staff, the Situation Centre, the GSC's Crisis Management and Planning Directorate, the Civilian Planning and Conduct Capability, as well as all staff in the General Secretariat working on Foreign and Security Policy. The committee wants the Council immediately to take part in the negotiations with the budgetary authority on the basis of the proposals submitted.

More democratic scrutiny: Members insist that the Council abandon its adherence to out-of-date and arcane procedures regarding discharge and instead join with all the other institutions of the EU in striving for the highest standards of public scrutiny and transparency regarding the use of public funds. They condemn the Council for its perfunctory involvement in the discharge process, including its refusal to participate in Parliamentary discharge debates. They believe that this demonstrates contempt for

Parliament's discharge function and for the public's right to see all those responsible for the use of EU funds called to account.

Activity report and transparency: regretting that that, unlike other institutions, the Council does not submit an annual activity report to Parliament, Members call on the Council to rectify this. They also call on the Council and the European Parliament, in their capacity as joint budgetary authorities, to establish, with a view to improving the exchange of information on their respective budgets, an annual procedure within the discharge procedure. Under this procedure, the President of the Council would meet officially with the Committee on Budgetary Control with a view to providing all the information needed for the execution of the Council's budget. Members also want a review of the informal arrangement covering the Council budget discharge and call for an undertaking for this to be included in the review of the Financial Regulations and to be in place for the start of the new financing period after 2013.

CFSP: the committee considers that the annual report from the Council on the main aspects and basic choices of the CFSP, presented to Parliament in application of point 43 of the IIA, is restricted in its scope to a description of CFSP common positions, joint actions and implementing decisions and contains very limited information on financing aspects, and is therefore not sufficient for the discharge exercise.

Conditions for granting discharge : before Parliament decides on discharge, the committee requests the Council to confirm the following:

- it has closed all its extra-budgetary accounts in accordance with the recommendations of the Council's internal auditor;
- it has improved the verification of invoices following the recommendations of the Council's internal auditor;
- it has published all administrative decisions used as the legal basis for budget items;
- it has transmitted to Parliament and its competent committee the Council's annual activity report;
- it has explained fully the need to transfer money from one item to another within the Council's budget;
- it has provided written answers to relevant questions asked by Parliament's competent committee and its rapporteur, and it is available and willing to provide an oral explanation to Parliament's competent committee, on the basis of these written answers, should they require further clarification.

Members reiterate their request to the Council to provide detailed information on the nature of expenses, within its Title 3 (Expenditure arising out of the institution's performance of its specific missions). They are concerned by the lack of transparency of the cost incurred by the activities, in particular the missions carried out by the special representatives and asks for a detailed breakdown of the expenditure of the special representatives and their missions budget.

Court of Auditors' comments: the committee asks the Court of Auditors why there is no mention of the unresolved problems, as pointed out in Parliament's above-mentioned resolution of 25 November 2009, in its Annual Report on 2008 concerning the Council. It also notes the comment made by the Court of Auditors on the over-budgeting of the Secured European System of Automatic Messaging (SESAME). Lastly, Members note the considerable increase in advance payments for the Residence Palace (EUR 70 million instead of EUR 15 million as envisaged). They call for buildings policy to be detailed in future annual reports.