2012 discharge: EU general budget, European Council and Council

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The Committee on Budgetary Control adopted the report by Bogusaw SONIK (EPP, PL), and called on the European Parliament to postpone its decision on granting the Secretary-General of the Council discharge in respect of the implementation of the European Council's and the Council's budget for the financial year 2012.

Members recalled that **all Union institutions** ought to be transparent and fully accountable to the citizens of the Union for the funds entrusted to them as Union institutions. They indicated that in the absence of replies to Parliament's questions and lack of sufficient information, Parliament was not in the position to make an informed decision about granting the discharge, which was why the committee asked for postponement of the discharge.

While noting that the Court of Auditors had concluded that the payments as a whole for the year ended on 31 December 2012 for administrative and other expenditure of the institutions and bodies were free from material error, Members pointed out that the Court included observations on **the European Council and the Council concerning errors in the design of procurement procedures.** They concurred with the Court of Auditors' recommendations that authorising officers should improve the design, coordination and performance of procurement procedures by means of appropriate checks and better guidance. They recommended, furthermore, a stricter application of the procurement rules, with which all the Union institutions are bound to comply.

Reasons of postponement of the decision on granting discharge: recalling that Parliament refused to grant discharge to for the implementation of the Council’s budget for the financial years 2009, 2010 and 2011 for the reasons set out in its resolutions, the committee set out the reasons for calling for a postponement of the discharge this year.

- **Increased cooperation:** Members considered that effective supervision of the Union’s budget implementation required cooperation between Parliament, the European Council, and the Council through a working arrangement, and they regretted the difficulties encountered up to now with the discharge procedures. They reiterated that it was **only possible to implement effective budgetary control with the cooperation of Parliament and the Council**, the main elements of which must comprise formal meetings between representatives of the Council and Parliament’s Committee on Budgetary Control, **answering questions asked by the committee’s members** on the basis of a written questionnaire and submitting documents to serve as background material for budgetary controls on request. Without this cooperation, Parliament was not in the position to make an informed decision on granting discharge.

- **Follow-up to the observations made by Parliament**: Members fully endorsed the Commission's views in its letter of 23 January 2014 that all institutions were fully part of the follow-up process to the observations made by Parliament in the discharge exercise and that all institutions should cooperate to ensure the smooth functioning of the discharge procedure in full respect of the relevant provisions in the Treaty on the Functioning of the European Union and in the relevant secondary law.

Workshop on analysis of Parliament’s function: the committee recommended organising a workshop focussing on the legal analysis of Parliament’s function of budgetary control and of the Council’s duty to

cooperate as well as the drafting of an own initiative report focussing on possible amendments to the TFEU in order to **prepare for the possibility of instigating legal proceedings**, as well as the possibility of a change or clarification of the rules on granting discharge to other institutions stated in the TFEU.

Lack of transparency on the part of the Council: Members recalled that Parliament granted discharge to the other institutions after considering the documents provided and the replies given to the questions, and they regretted that Parliament repeatedly encounters problems in receiving answers from the Council. They considered it desirable for Parliament to exercise its power to grant discharge pursuant to Articles 316, 317 and 319 of the TFEU in line with current interpretation and practice, namely to grant **discharge to each heading of the budget individually** in order to maintain transparency and democratic accountability towards Union taxpayers. They regretted that not all the Union institutions respect the same standards in relation to transparency and believed that the Council should make improvements in that regard. The committee was convinced that Parliament and the Council, as joint legislators, should apply the same standards of transparency. It called on the Court of Auditors, therefore, to conduct a thorough audit of the administrative and operational activities of the European Council, the Council, and the European External Action Service, without encroaching on the powers and responsibilities laid down in the Treaties, and to report on the findings to Parliament.

Implementation of the budget: the report noted that in 2012, the European Council and the Council had an overall budget of EUR 533.92 million (EUR 563.262 million in 2011), with an implementation of 91.8 %. Members were concerned that the underspending rate continues to be high and called for the development of key performance indicators within the most critical areas, such as **delegations' travel envelopes,** logistics and interpretation. They took note that EUR 44 million of commitments were cancelled in 2012 due to underspending and a reduction in the use of facilities.

Separate budgets for the Council and the European Council: Members reiterated that the budget of the European Council and the Council should be separated in order to contribute to the transparency of the financial management of the institutions and to improve the accountability of both institutions.

Following last year’s request, they called on the European Council and the Council to send Parliament their annual activity report with a comprehensive overview of all human resources available to both institutions, broken down by category, grade, sex, nationality and vocational training. The committee supported the establishment of an Audit Committee in the Council's General Secretariat and took special note of the internal audit recommendation to **create a specific framework on anti-fraud policy**, which was lacking at the Council's General Secretariat. Members called on the Council to act in accordance with the recommendation to include the measures taken to implement this recommendation in the annual activity report.

Buildings policy: Members took note that **the ‘Europa’ building project** continued to be closely monitored and that some of the audit recommendations were still lagging behind execution. They called on the Council to provide a thorough written explanation detailing the total amount of appropriations used in the purchase of the Résidence Palace building, the budget items from which these appropriations were drawn, the instalments that have been paid thus far, the instalments that remain to be paid and the purpose that the building will serve. The committee invited the Council to inform the discharge authority about the construction progress and the final costs projection compared to the initial budget of EUR 240 million and to **explain any cost increases** incurred between the beginning of the construction works in 2008 and the projected completion in 2014.

Appointment of a Member of the Court of Auditors: lastly, Members considered that the **Council acted disdainfully towards Parliament** by appointing a Member of the Court of Auditors, despite the fact that Parliament gave a negative opinion. They urged the Council to pay attention to the opinions expressed by Parliament on the nomination of members of the Court of Auditors and to the declarations of prospective members of the Court of Auditors before they are nominated.