

Basic information

2007/2039(DEC)

DEC - Discharge procedure

2006 discharge: EC general budget, Council

Subject

8.70.03.07 Previous discharges

Procedure completed

Key players

European
Parliament

Committee responsible

CONT Budgetary Control

Rapporteur

LUNDGREN Nils (IND/DEM)

Appointed

27/03/2007

Committee for opinion

AFET Foreign Affairs

Rapporteur for opinion

The committee decided not to give an opinion.

Appointed

DEVE Development

The committee decided not to give an opinion.

INTA International Trade

The committee decided not to give an opinion.

BUDG Budgets

The committee decided not to give an opinion.

ECON Economic and Monetary Affairs

The committee decided not to give an opinion.

EMPL Employment and Social Affairs

The committee decided not to give an opinion.

ENVI Environment, Public Health and Food Safety

The committee decided not to give an opinion.

ITRE Industry, Research and Energy

The committee decided not to give an opinion.

IMCO Internal Market and Consumer Protection

The committee decided not to give an opinion.

	TRAN Transport and Tourism	The committee decided not to give an opinion.	
	REGI Regional Development	The committee decided not to give an opinion.	
	AGRI Agriculture and Rural Development	The committee decided not to give an opinion.	
	PECH Fisheries	The committee decided not to give an opinion.	
	CULT Culture and Education	The committee decided not to give an opinion.	
	JURI Legal Affairs	The committee decided not to give an opinion.	
	LIBE Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
	AFCO Constitutional Affairs	The committee decided not to give an opinion.	
	FEMM Women's Rights and Gender Equality	The committee decided not to give an opinion.	
	PETI Petitions	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meetings	Date
	Economic and Financial Affairs ECOFIN	2847	2008-02-12
European Commission	Commission DG	Commissioner	
	Budget	KALLAS Siim	

Key events			
Date	Event	Reference	Summary
		SEC(2007)1055	Summary

30/03/2007	Non-legislative basic document published		
25/10/2007	Committee referral announced in Parliament		
26/03/2008	Vote in committee		Summary
01/04/2008	Committee report tabled for plenary	A6-0096/2008	
22/04/2008	Decision by Parliament	T6-0135/2008	Summary
22/04/2008	Results of vote in Parliament		
22/04/2008	Debate in Parliament		
22/04/2008	End of procedure in Parliament		
31/03/2009	Final act published in Official Journal		

Technical information

Procedure reference	2007/2039(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 102
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/53935

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE400.415	05/02/2008	
Amendments tabled in committee		PE402.767	07/03/2008	
Committee report tabled for plenary, single reading		A6-0096/2008	01/04/2008	
Text adopted by Parliament, single reading		T6-0135/2008	22/04/2008	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2007)1055 	30/03/2007	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N6-0005/2008 OJ C 273 15.11.2007, p. 0001	15/11/2007	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Budget 2009/0186 OJ L 088 31.03.2009, p. 0019	Summary

2006 discharge: EC general budget, Council

2007/2039(DEC) - 22/04/2008 - Final act

PURPOSE: to grant discharge to the Council for the financial year 2006.

LEGISLATIVE ACT: Decision 2009/186/EC of the European Parliament on the discharge for implementation of the European Union general budget for the financial year 2006 (Section II - Council).

CONTENT: with the present decision, the European Parliament grants the Secretary-General of the Council discharge in respect of the implementation of the budget for the financial year 2006.

This decision is in line with the European Parliament's resolution adopted on 22 April 2008 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 22/04/2008).

2006 discharge: EC general budget, Council

2007/2039(DEC) - 30/03/2007 - Non-legislative basic document

PURPOSE: to present the final annual accounts of the European Communities for the financial year 2006 – Other institutions: section II – Council.

CONTENT: this document establishes the amount of expenditure and the balance sheet of the Council for 2006 and presents an analysis of its financial management.

The figures: the following figures are taken from the provisional annual accounts of the Council for the financial year 2006. These figures may be subject to amendment after consolidation.

- **Authorised appropriations for 2006:** EUR 591 752 953;
- **Appropriations committed amount to:** EUR 558 172 930, a utilisation rate of 94.3%;
- **Appropriations cancelled:** EUR 33 580 023
- **Appropriations carried over from 2006 to 2007:** EUR 91 209 024 (16.3% of appropriations in 2006);
- **Appropriations carried over from 2005 to 2006:** EUR 110 161 780 (91.8% utilisation rate of appropriations).

Main axes of expenditure for 2006: the implementation of the Council's budget was marked by a significant difference between budget forecasts and the implementation of this budget, resulting in a cancellation of appropriations to the value of EUR 33.6 million. There are several reasons for this difference:

- the low rate of staff occupation (average of 86%);
- the success of a new allocation system for interpretation as well as the lack of interpreters for the new languages (general staffing problems);
- Member States failing to justify the amounts granted for delegates' travel expenses;
- lower production of pages in the Official Journal of the EU than expected;
- delays in the SESAME project (Title III of the budget).

The budgetary year was also marked by the development of the activities of the Council. In net terms, these activities developed as follows:

- the number of European summits: 3 in 2006 (as in 2005);
- the number of councils: 76 in 2006 (compared to 80 in 2005);
- the number of COREPER meetings: 120 (compared to 123 in 2005);
- the number of working group meetings: 4 037 (compared to 3 918 in 2005);
- the number of legislative acts published in the Official Journal: 1 317 acts in 2006 (compared to 1 056 in 2005).

The other main points concerning the implementation of the Council's budget can be summarised as follows:

Title I (Staff costs): this sector was mainly marked by the low implementation rate of appropriations entered into chapter 1100 "basic salaries": a budget of EUR 212 million had been entered into this item but some EUR 20 million was redeployed to other areas. The significant saving made is mainly due to the difficulties in recruiting staff, given the reduced number of successful candidates in the European civil service competitions. The under-estimation of staff (14% on average) for the year led to an average under-implementation of around EUR 15 million. The unused appropriations were transferred to other lines within the same category of expenditure.

This budget item was also marked by:

- the low implementation rate of item 1102 "Entitlements under the Staff Regulations related to the personal circumstances of the staff member" for the same reasons previously described;
- the reduction in the amount of expenditure for social security cover.

The surplus amounts from these items were redeployed to other budget lines or cancelled. The title was also marked by the reinforcement of the line "other servants" (EUR 350 000).

Title II (Operating expenditure): Title II of the Council's budget was mainly marked by the non-utilisation of item 2001 "annual lease payments" in its entirety (EUR 14.4 million). This entire amount was used to reinforce the line "purchase of premises" to enable the full purchase of the LEX building (item 2002). From the beginning, this line (2002) was granted a "p.m.". An additional EUR 84.31 million was necessary to ensure the purchase of the LEX building and the crèche, via several transfers of appropriations. A large proportion of this figure (around EUR 35 million) was carried over to 2007. Item 2003 ("fitting-out of premises") was also reinforced (EUR 540 000) in order to proceed with work in the LEX building. A proportion of the budget for the security and surveillance of buildings was redeployed.

The title was also marked by the reinforcement of the budget established for the purchase of information technology equipment (item 2100): a budget of EUR 7.2 million was unnecessarily established, reinforced by an additional budget of EUR 4.2 million. However, EUR 9 million out of the EUR 11.4 million available was ultimately carried over to 2007. Items 2101 (outside assistance for the development of data-processing systems) and 211 (furniture) applied the same system (reinforcement of the budget and carry-over of a proportion of the appropriations to 2007).

In terms of chapter 22 "operating expenditure", there is a significant difference between the forecasted amounts and the actual expenditure. This can be explained as follows:

- travel costs: an overall budget of EUR 30.8 million was available; the savings made from the under-implementation of the envelopes assigned to the Member States for travel costs of delegates in 2005 enabled the reinforcement of appropriations for this line by EUR 673 000;
- interpretation costs: a budget of EUR 72 million was set aside for this item; on the basis of the chronic under-utilisation of this item for the envelopes established for requested or general interpretation services, some EUR 26.5 million was used for transfers of appropriations to other lines;
- Official Journal: this item was marked by a substantially lower overall production of pages in the Official Journal than first forecast, resulting in a saving of EUR 2.8 million used in other budget lines.

Title III (Expenditure resulting from specific missions carried out by the institution): this budget item was marked by:

- the under-implementation of appropriations from item 3001 ("allowances for CFSP/ESDP seconded experts");
- the reinforcement of item 3010 ("Missions") to provide for the increasing number of missions of this type;
- the reinforcement of item 3101 ("fitting-out of premises");
- the under-implementation of item 3102 ("work to make premises secure"): only a proportion of the work planned for this item was carried out;
- the reinforcement of item 3112 ("building security and surveillance"): the aim was to improve the security of the Kortenberg 150-158 building.

Lastly, this title was also characterised by the redeployment of EUR 18.6 million (out of the EUR 33 million set aside) of expenditure linked to the SESAME project, which, as in 2005, was delayed (see [DEC/2006/2072](#)). These amounts were redeployed to other budget lines or cancelled.

Title 10 (EUR 5 million – contingency reserves) was transferred in full via a "mop up" transfer in order to help towards the purchase of the LEX building.

2006 discharge: EC general budget, Council

2007/2039(DEC) - 22/04/2008 - Text adopted by Parliament, single reading

The European Parliament adopted, by 605 votes in favour, 46 against and 10 abstentions, a Decision to grant the Council's Secretary-General discharge in respect of the implementation of its budget for the financial year 2006. The decision to grant discharge also constitutes closure of the accounts of this institution.

At the same time, the Parliament adopted, by 628 votes in favour, 44 against and 12 abstentions, a Resolution containing the comments which form part of the decision giving discharge. The report had been tabled for plenary by Nils **LUNDGREN** (ID, SE) on behalf of the Committee on Budgetary Control.

The Resolution recalls that in 2006, the Council had available commitment appropriations amounting to a total of EUR 626 102 378.31 (compared to EUR 586 182 640.52 in 2005), with a utilisation rate of 91.79%, (compared to 96.69% in 2005).

The Parliament regrets that, unlike other institutions, the Council does not submit an annual activity report to Parliament, citing the *Gentleman's Agreement* of 1970. It therefore calls on the Council to reconsider this decision, in order to be more accountable to the general public and taxpayers. As a reminder, the *Gentleman's Agreement* provides that the Council undertakes to make no amendments to the estimate of expenditure of the European Parliament, provided that this estimate of expenditure does not conflict with the Staff Regulations of Officials or the seat of the institutions. However, according to the Parliament, the *Gentlemen's Agreement* should be revised, given its age and the substantial shortfall between the words used and the meaning or interpretation which is attributed to them. In any case, the Parliament believes that there is no obstacle at present to the Council being submitted to the normal discharge procedure, like the other institutions.

The Parliament then makes a series of observations which can be summarised as follows:

Procurement: The Parliament draws attention to the fact that the Court of Auditors highlighted shortcomings in terms of procurement. The Council extended a contract for the provision of telecommunication services for meetings of the European Council, without sufficient justification for this extension. The Parliament believes that the Council should have carried out an open tendering procedure before the expiry of the contract, while understanding the exceptional circumstances for this extension. The Parliament expects this procedure to be closed by July 2008 at the latest. At the same time, the Parliament welcomes the fact that the new internal mission rules of the General Secretariat of the Council concerning accommodation costs entered into force on 1 June 2007 (earlier than originally foreseen) following the Court's observations. It also notes with satisfaction the setting-up of a Task-Force in order to reform the system for reimbursing the travel expenses of Council representatives.

CFSP: in terms of the Common Foreign and Security Policy of the EU, the Parliament insists on maximum transparency in this area and calls on the Council to make sure that, in accordance with the Interinstitutional Agreement of 17 May 2006, no operating CFSP expenditure should appear in the Council's budget. It urges the Council to indicate the exact nature of expenses, item by item, within Title 3 ('Expenditure arising out of the Institution's performance of its specific mission') of the Council's budget so as to enable Parliament to verify whether the Interinstitutional Agreement is being complied with. The Parliament reserves the right to take the necessary steps, where appropriate, where that Agreement is infringed. Lastly, the Parliament requests that the Council provide Parliament with an ex-post assessment of individual European Security and Defence Policy missions and of the actions of EU Special Representatives.

2006 discharge: EC general budget, Council

2007/2039(DEC) - 15/11/2007

PURPOSE: to present the Court of Auditor's report on the implementation of the 2006 budget (other institutions – Council).

CONTENT: in its annual report for the financial year 2006, the Court evaluates the legality and regularity of operational expenditure of the institutions. Although, on the whole, all the institutions put in place a satisfactory monitoring and control framework in 2006, the Court notes a certain number of weaknesses regarding the respect of public procurement procedures by the institutions (notably a lack of competition between tenderers in the case of negotiated procedures).

For the rest, the Court notes that the incidence of error for samples of expenditure selected for scrutiny by the Court was not significant. However, the Court expects the weaknesses identified to be rectified in the future.

Audit of the Council: the examination of a sample of eight negotiated procurement procedures and contracts at the Council found that a contract for the provision of telecommunication services for meetings of the European Council concluded for a maximum duration of four years was prolonged for a further year. The extension of the contract (for an estimated cost of EUR 900 000) was incorrectly justified by the Council administration with reference to the Financial Regulation. The Court considers that an open tendering procedure should have been carried out before the expiry of the contract.

At the same time, the Court of Auditor's report covers the shortcomings highlighted by the 2005 report on the Council's expenditure (see [DEC/2006/2072](#)) in which the Court of Auditors assessed the shortcomings in the reimbursement of travel expenses of delegates of Council Members (the reimbursements are paid within the limit of a fixed allocation per Member State and not based on justifications). The Court notes that in 2006 the situation had barely changed in this regard.

Replies of the Council: the Council notes that the contract in question covers the availability of telecommunications infrastructure (telephone lines and ISDN-lines) to be used by journalists during EU summits (on average 3 times per year). Several months before the end of the contract the department of the authorising officer identified the need to open a procurement procedure to cover this requirement. However, at that particular time all administrative departments of the Secretariat had to concentrate their efforts on the projects related to the occupation of the new LEX-building (for 1 300 persons) in early 2007. It was therefore decided to extend the existing contract by nine months. The General Secretariat of the Council (GSC) is aware of the fact that it should have carried out a new tendering procedure before the expiry of the contract. Given the exceptional circumstances however, it saw no alternative but to extend the current contract, limiting the extension as much as possible. The GSC also launched a tendering procedure for the above mentioned requirement.

As regards the monitoring of the reimbursement of travel expenses of the Council (2005 Court of Auditor's report), the Council notes that its General Secretariat gradually introduced rigorous checks on the statements supplied by Member States. Where anomalies or errors come to light, Member States are being invited to make the necessary corrections and to resubmit their statements. Furthermore, the Council notes that the GSC is currently working to clarify eligibility rules.