Basic information

2009/2070(DEC) DEC - Discharge procedure	Procedure completed
2008 discharge: EU general budget, Council **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	CZARNECKI Ryszard (ECR)	01/10/2009

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
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.	02/09/2009
	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.	

European Commission	Commission DG	Commissioner
	Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
23/07/2009	Non-legislative basic document published	SEC(2009)1089	Summary
07/10/2009	Committee referral announced in Parliament		
23/03/2010	Vote in committee		Summary
26/03/2010	Committee report tabled for plenary	A7-0096/2010	

21/04/2010	Debate in Parliament		
19/05/2010	Decision by Parliament	T7-0180/2010	Summary
19/05/2010	Results of vote in Parliament		
16/06/2010	Decision by Parliament	T7-0219/2010	Summary
16/06/2010	Results of vote in Parliament		
16/06/2010	End of procedure in Parliament		
25/09/2010	Final act published in Official Journal		

Technical information

Procedure reference	2009/2070(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/00586

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE430.312	04/02/2010	
Amendments tabled in committee		PE439.262	03/03/2010	
Committee report tabled for plenary, single reading		A7-0096/2010	26/03/2010	
Text adopted by Parliament, single reading		T7-0180/2010	19/05/2010	Summary
Text adopted by Parliament, single reading		T7-0219/2010	16/06/2010	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2009)1089	23/07/2009	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Document attached to the procedure	N7-0036/2009 OJ C 269 10.11.2009, p. 0001	10/11/2009	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act	
Decision 2010/0493 OJ L 252 25.09.2010, p. 0022	Summary

2008 discharge: EU general budget, Council

2009/2070(DEC) - 19/05/2010 - Final act

PURPOSE: to grant discharge to the Council for the financial year 2008.

LEGISLATIVE ACT: Decision 2010/493/EU of the European Parliament on the discharge for implementing the general budget of the European Union for the financial year 2008 (Section II – Council).

CONTENT: with the present decision, the European Parliament grants discharge to the Secretary General of the Council for the implementation of the general budget for 2008.

This decision adopted on 19 May 2010 grants discharge to the Council. It was confirmed in the European Parliament's resolution adopted on 16 June 2010 in which a series of observations were made that form an integral part of the discharge decision (please refer to the summary of the opinion of 16 June 2010).

2008 discharge: EU general budget, Council

2009/2070(DEC) - 10/11/2009

PURPOSE: to present the report of the Court of Auditors on the implementation of the budget for the financial year 2008 (other institutions - Council).

CONTENT: in its annual report for the financial year 2008, the Court focuses on the legality and regularity of the operating expenditure of the institutions. In 2008, the Court carried out audits in all the institutions on the following selected topics (procurement contracts, late payment penalties, payments on carried-over appropriations, transfers of acquired pension rights, etc…). In addition, the Court assessed the compliance of the supervisory and control systems applied by each institution with the requirements of the Financial Regulation.

In 2008, the Court notes that **all the institutions operated satisfactorily the supervisory and control systems** required by the Financial Regulation and the **transactions tested were free from material error of legality and regularity**.

Although the legality and regularity of the transactions underlying the accounts have been confirmed by the Court of Auditors, it does however draw attention to a number of findings which should be taken into consideration by the institutions concerned.

Nevertheless, in the specific case of the audit of the **Council**, the following is noted:

SESAME programme: SESAME (*Secured European System for Automatic Messaging*) is a secure communication system that has been under development by the Council since 2002. The initial target implementation date for the new system was July 2004. In January 2009, the target implementation date was further postponed to the end of 2012. There were many changes to the initial project design. As a result, the annual budget for SESAME was overestimated each year up to 2008. The resulting over budgeting of EUR 57 million was then available for transfer to other Council budget lines. The continued over-budgeting for SESAME, which evidenced a weakness in its planning and implementation, did not comply with the budgetary principle of accuracy required by the Financial Regulation.

The Council states that the budget amounts have always been based on expenditure estimates for the coming year in line with agreed policy decisions. The reasons for the delay, and the consequential budget slippage over recent years, stem mainly from changes in the programme's scope after the date that the Secretariat introduced the proposal for the coming budget year and the number of stakeholders and Council preparatory bodies involved.

The Council considers that there is a reasonable prospect that the programme will shortly move to the next phase. In light of this experience, the Council is currently considering ways of improving its coordination on structures for the governance of major IT projects such as SESAME.

2008 discharge: EU general budget, Council

2009/2070(DEC) - 16/06/2010 - Text adopted by Parliament, single reading

Following the adoption of its decision to **grant the Council's Secretary-General discharge** in respect of the implementation of its budget for the financial year 2008 on 19 May 2010 (see preceding summary), Parliament adopted by 607 votes to 54, with 15 abstentions, a resolution comprising the observations that are an integral part of the discharge decision.

In 2008, the Council had available commitment appropriations amounting to a total of **EUR 743 million**, with a utilisation rate of 93.31 %.

It made a series of recommendations which can be summarised as follows:

Review of the Gentlemen's Agreement: Parliament recalls the problems encountered in the 2007 and 2008 discharge procedures and reaffirms its position according to which it is necessary to clarify the scope of the agreement between Parliament and the Council that these two institutions do not have to verify their respective budgetary sections (Gentlemen's Agreement). It considers, however, 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**. Rejecting 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", Parliament considers the Gentlemen's Agreement not to be a binding document, and the interpretation attributed to it by the Council to be exceedingly wide.

Parliament believes that the preparation of the budget and the discharge of the budget are two separate procedures and that 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: Parliament considers 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 to ensure credibility through full transparency. It therefore calls on Council to ensure that it submits to Parliament, 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, showing in particular the increase and allocation of staff and the budgetary implications provided for.

Discharge procedure for the Council: Parliament reiterates that Council should be present at the Parliament for the presentation of the Court of Auditors' Annual Report and for the budget discharge debate each year. It specifies the documents on which the granting of the discharge would be based and wishes that in the future all the institutions should be present, and represented at the appropriate level, at the plenary debate concerning the discharge. It calls on the Council together with 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, accompanied by the Secretary-General of the Council, would meet officially with the Committee on Budgetary Control with a view to providing all the information needed regarding the execution of the Council's budget**. The Spanish Presidency should review the informal arrangement covering the Council budget discharge** and ensure that this is included in the review of the Financial Regulations and to be in place for the start of the new financing period after 2013. The discussions on this subject should be concluded before 15 October 2010. Parliament welcomes the undertakings of the Spanish Presidency on clarification of the discharge procedure to show full accountability of the Council's administrative budget to Parliament. It asks for a firm commitment of the successive presidencies to carry on with this work in the same spirit.

Parliament is of the opinion that the **annual budget for the permanent President of the European Council should be separated from the Council's budget** and presented as a new budget section as from 2012.

CFSP: Parliament reiterates its position whereby it calls for maximum transparency in the area of Common Foreign and Security Policy (CFSP). Acknowledging the fact that the Council has provided for various formats for consulting and keeping Parliament informed on the development of the CFSP, Parliament considers, however, that the annual report from the Council on the main aspects and basic choices of the CFSP, presented to Parliament is too restricted in its scope and that more extensive information should be provided in future years for the discharge exercise. It reiterates its request to the Council to provide detailed information on the nature of expenses relating to its specific tasks. Parliament is 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 to be published on the internet.

Follow-up of the 2007 discharge: Parliament asks the Court of Auditors why there is no mention of the unresolved problems in its Annual Report on 2008 concerning the Council, as pointed out in its previous resolution regarding the Council's discharge. Welcoming the various measures taken by the Council in 2008 to improve its financial management and control, Parliament notes the **considerable increase in advance payments for the Residence Palace** (EUR 70 million instead of EUR 15 million as envisaged, with an aim of subsequent reduction of the overall cost of the acquisition) which was made possible by the global under-spending of the Council's budget. It calls for the Council's buildings policy to be detailed in future annual reports to allow proper scrutiny in the discharge process.

2008 discharge: EU general budget, Council

2009/2070(DEC) - 19/05/2010 - Text adopted by Parliament, single reading

The European Parliament rejected by 160 votes to 492, with 18 abstentions, a decision postponing granting discharge to the Secretary-General of the Council in respect of the implementation of the Council's budget for the financial year 2008. Thus, the European Parliament grants discharge to the Council but postpones, in accordance with Article 5(3) of Annex VI to the Rules of Procedure, Parliament's vote on the resolution with observations to a later date.

Members are however going to prepare a resolution entailing the reasons for granting discharge and suggesting improvements as regards the Council's management of its budget.

2008 discharge: EU general budget, Council

2009/2070(DEC) - 23/07/2009 - Non-legislative basic document

PURPOSE: to present the final annual accounts of the European Communities for the 2008 financial year – Other institutions: Section II – Council.

Note: this summary provides a general overview of the main trends in terms of the Council's expenditure for the financial year 2008. It provides an overview of the budgetary and financial management of the budget of the institution, as well as of its main expenditures. The amounts presented below are taken from the Report on the budgetary and financial management in 2008: Section II – Council.

CONTENT:

1) Council of the European Union expenditure appropriations 2008:

- **commitments:** EUR 594 715 268;
- **outturn rate:** 97.5% ;
- **cancelled appropriations:** EUR 14 959 380;
- **payments:** EUR 463 133 024.

2) Main axes of expenditure and main activities of the Council for 2008: the report states that the main administrative objectives of the General Secretariat of the Council (GSC) for 2008 were the following :

- **further consolidation of the organisation of the GSC after the enlargement of the EU in 2004 and 2007:** 82 permanent officials from the new Member States (EU-12) were recruited in 2008. At the same time, the number of temporary agents occupying a permanent post went down by 25. The organisation of the GSC was also improved by centralising all language units in the LEX building in 2008. In addition to the physical integration of the language units, working methods in the translation domain have been rationalised and simplified;
- **continuation of the process of administrative modernisation:** the General Secretariat has established an ambitious programme to reinforce the quality of its organisation. Various initiatives have or will have a budgetary impact (investment cost as well as economies resulting from increased efficiency). the GSC introduced a new system for financial management on 1 January 2008. This modernisation has provided up-to-date and efficient means for the financial management of the GSC, as well as for its partners in the project (the Court of Justice and the Court of Auditors). Another important step in administrative modernisation was the implementation of e-tendering, which improves the speed, transparency and equal treatment of tenderers. The GSC also introduced a flexible working time system on 1 January 2008 to better combine the requirements of work and working hours with those of private life;
- **conclusion of the convention with the Belgium State on the construction of Residence Palace:** on 19 March 2008 the Council signed with the Belgian government a contract for the acquisition and renovation of the Residence Palace. The project is a direct result of the decision of the European Council of 25 and 26 March 2004 to accept the offer of the Belgian government to renovate the Residence Palace with a view to turning it into the seat of the European Council and the Council of Ministers. The contract between the Council and the Belgian government enables the Council to make advance payments for the project, which will subsequently reduce the overall cost of the acquisition.

3) Implementation of appropriations by heading in 2008: the implementation rate of the budget 2008 for the institution's current expenditure is 85.7 %. The global implementation, which includes the planned advance payments for the Residence Palace building, is 97.5 %. An amount of EUR 15 million was cancelled.

The report also provides information about the differences between the budget estimates and the budget implementation. These may be summarised as follows:

Title I: (*Persons working with the institution):*

- **staff:** the difference between the initial budget for the establishment plan and implementation is due to the low occupation rate of the posts in the establishment plan (on average 90 %). Globally, the use of appropriations was EUR 19.2 million lower than foreseen in the budget 2008;
- **other staff expenditures:** the saving of EUR 1 million within the category of other staff expenditure comes mainly from the underspending of appropriations related to other staff and termination of service.

Title II: (*Buildings, computer systems and operational costs***):**

- **buildings:** regarding building related expenditure (without Residence Palace) it should be noted that it was not possible to conclude and renew all related contracts in time. Globally EUR 3 million was cancelled (including EUR 1,8 million for costs relating to buildings including postponement of corridor renovation in the Justus Lipsius building and EUR 0,6 million for other fitting-out and installation work);
- **computer systems:** the budget for computer systems (title 2) was reduced by EUR 0.7 million mainly as a result of the reduced use of communication and data-transmission devices. In addition, at the end of the budget year EUR 1.7 million was cancelled mainly because of underspending on acquisition of hardware and software (EUR 0.9 million) and on maintenance of IT installations (EUR 0.6 million);
- **interpretation:** the underspending in interpretation expenditure comes from two sources: i) the saving of EUR 4.8 million for general interpretation, (the initial budget was EUR 36.5 million including EUR 3.9 million for cancellations and contingencies); ii) underspending in respect of 'on-request' envelopes by language totalled EUR 18.8 million (the initial budget was EUR 53 million);

- **travel expenses:** the amount available for delegations' travel expenses after transfers amounted to EUR 47.7 million (initial budget EUR 35.3 million + transfers of EUR 12.4 million from on-request interpreting savings). Since the Member States had to reimburse unused amounts from previous year(s), only EUR 28.3 million was committed for the subsequent payments in the budget 2008. In 2008, this totalled EUR 12.4 million;
- **publication costs:** the implementation of the appropriations for the Official Journal was EUR 0.7 million lower than foreseen.

Title III: (*Expenditures resulting from the exercise by the institution of its specific tasks*): the relatively low implementation rate is explained by the following factors:

- the delay in the implementation of the **SESAME project** (EUR 4.2 million)
- reduced need for outside services in **IT** (EUR 0.7 million)
- reduced need for mission and **travel expenditure** in the framework of CFSP/ESDP.

Lastly, it should be noted that the global underspending of the budget (outturn rate 85.7 %) made it possible to make available for advance payments in respect of Residence Palace EUR 55 million in addition to the EUR 15 million foreseen in Chapter 100.