Basic information

2012/2176(DEC) DEC - Discharge procedure	Procedure completed
2011 discharge: EU general budget, European External Action Service **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	CZARNECKI Ryszard (ECR)	29/02/2012
	Shadow rapporteur SONIK Bogusław (PPE) DEUTSCH Tamás (PPE) KALFIN Ivailo (S&D) SKYLAKAKIS Theodoros (ALDE) STAES Bart (Verts/ALE) SØNDERGAARD Søren Bo (GUE/NGL) ANDREASEN Marta (EFD) EHRENHAUSER Martin (NI)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	SALAFRANCA SÁNCHEZ-NEYRA José Ignacio (PPE)	10/10/2012
DEVE Development	The committee decided not to give an opinion.	
INTA International Trade	The committee decided not to give an opinion.	
AFCO Constitutional Affairs	The committee decided not to give an opinion.	

European Commission	Commission DG	Commissioner
	Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
25/07/2012	Non-legislative basic document published	COM(2012)0436	Summary
13/09/2012	Committee referral announced in Parliament		
19/03/2013	Vote in committee		
22/03/2013	Committee report tabled for plenary	A7-0099/2013	Summary
16/04/2013	Debate in Parliament		
17/04/2013	Decision by Parliament	T7-0133/2013	Summary
17/04/2013	Results of vote in Parliament		
17/04/2013	End of procedure in Parliament		
16/11/2013	Final act published in Official Journal		

Technical information

Procedure reference	2012/2176(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/10503

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE497.973	29/01/2013	
Committee opinion	AFET	PE500.613	08/02/2013	
Amendments tabled in committee		PE506.047	27/02/2013	
Committee report tabled for plenary, single reading		A7-0099/2013	22/03/2013	Summary
Text adopted by Parliament, single reading		T7-0133/2013	17/04/2013	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05752/2013	01/02/2013	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0436	25/07/2012	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0127/2012 OJ C 344 12.11.2012, p. 0001	06/09/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2013/0551
OJ L 308 16.11.2013, p. 0139 Summary

2011 discharge: EU general budget, European External Action Service

2012/2176(DEC) - 25/07/2012 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2011, as part of the 2011 discharge procedure.

Analysis of the accounts of the EU Institutions: Section X – **European External Action Service - EEAS.**

Legal reminder: the consolidated annual accounts of the European Union for the year 2011 have been prepared on the basis of the information presented by the institutions and bodies under Article 129.2 of the Financial Regulation applicable to the general budget of the European Union. They were prepared in accordance with Title VII of this Financial Regulation and with the accounting principles, rules and methods set out in the notes to the financial statements.

The objective of the financial statements is to provide information about the financial position, performance and cashflow of an entity that is useful to a wide range of users. The objective is to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

1) Purpose: the document helps to bring insight into the EU budget mechanism and **the way in which the budget has been managed and spent in 2011**. It recalls that the European Union's operational expenditure covers the various headings of the financial framework and takes different forms, depending on how the money is paid out and managed. In accordance with the Financial Regulation, the Commission implements the general budget using the following methods: direct or indirect centralised management (by means of bodies or agencies of public law or other); decentralised management where the Commission delegates certain tasks for the implementation of the budget to third countries; and, thirdly, shared management where budget implementation tasks are delegated to Member States, in areas such as agricultural expenditure and structural actions.

The document also presents the different financial actors involved in the budget process (accounting officers, internal officers and authorising officers) and recalls their respective roles in the context of the tasks of sound financial management.

Amongst the other legal elements relating to the implementation of the EU budget presented in this document, the paper focuses on the following issues:

- accounting principles applicable to the management of EU spending (business continuity, consistency of accounting methods, comparability of information ...);
- consolidation methods of figures for all major controlled entities (the consolidated financial statements of the EU comprise all significant controlled entities –institutions, organisations and agencies, this being 50 controlled entities, 5 joint ventures and 4 associates. In comparison with 2010, the scope of consolidation has been extended by 7 controlled entities (one institution, 6 agencies);
- the recognition of financial assets in the EU (tangible and intangible assets, financial assets and other miscellaneous investments);
- the way in which EU public expenditure is committed and spent, including pre-financing (cash advances intended for the benefit of an EU organ);
- the means of recovery following irregularities detected;
- the *modus operandi* of the accounting system;
- the audit process followed by the European Parliament's granting of the discharge.

To recap, the **final control is the discharge of the budget for a given financial year**. **The discharge represents the political aspect of the external control of budget implementation** and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission from its responsibility for management of a given budget by marking the end of that budget's existence. When granting the discharge, Parliament may highlight some observations that it considers important, often by recommending that the Commission **takes action on the aspects in question**.

The document also details specific expenditure of the institutions, in particular: i) pensions of former Members and officials of institutions; ii) joint sickness insurance scheme and iii) buildings.

Lastly, the document presents a series of tables and detailed technical indicators on (i) the balance sheet; (ii) the economic outturn account; (iii) cashflow tables; (iv) technical annexes concerning the financial statements.

2) Implementation of appropriations under Section X of the budget for the financial year 2011: the document comprises a series of detailed tables, the most important concerning the implementation of the budget. Concerning the EEAS's expenditure, the table on the financial and budgetary implementation of this institution is presented as follows (information drawn from the EEAS Report on budgetary and financial management for the year 2011).

Budget 2011: the EEAS's 2011 budget presents itself as follows:

- **final budget EEAS headquarters (Brussels):** EUR 188 million (including EUR 3.85 million in transfers from the delegation budgets);
- payments implemented at 31.12.2011 for the HQ: EUR171.95 million (rate of implementation: 91%);
- **final budget of the EEAS for the management of delegations in third countries:** EUR 276.1 million;
- payments implemented at 31.12.2011 for the delegations: EUR 246.8 million (rate of implementation: 89%);
- **delegations' budget resulting from the European Commission's contribution** (to cover the costs of Commission staff in the delegations): EUR 256.9 million;
- payments implemented at 31.12.2011 in regard to the Commission's contribution: EUR 219.6 million (implementation rate: 85%).

Note: an additional sum of EUR 28.3 million was also spent in 2011 from heading 5 of the Commission's budget (ex-BA lines).

3) Budgetary implementation – conclusions: in more general and political terms, the EEAS's budgetary implementation for the financial year 2011 was chiefly marked by the technical and administrative establishment of the Service. Transitional arrangements were set in place to authorise and implement certain expenditures and structure human resources according to a new and complex plan.

As a separate institution, the EEAS became truly independent in 2011 for its own budget for the Service is now entirely responsible.

2011 discharge: EU general budget, European External Action Service

2012/2176(DEC) - 06/09/2012 - Court of Auditors: opinion, report

OBJECTIVE: presentation of the Report of the Court of Auditors on the 2011 budget (section X – European External Action Service (EEAS)).

CONTENT: the Court of Auditors published its 35th Annual Report on the implementation of the EU budget for the 2011 financial year.

In accordance with the tasks and objectives conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, it provides under the discharge procedure, for both the European Parliament and Council, a statement of assurance ("DAS") about the reliability of the accounts and the legality and regularity of the transactions of each institution, body or agency of the EU, based on an independent external audit.

The audit also focused on the budget implementation of the EEAS.

On the basis of its audit work, the Court considers that payments for "Administrative and other expenditure" policy are, overall, significantly error-free. **The estimated error rate is 0.1 %.**

The Court, however, draws attention to the errors and weaknesses which did not affect the Court's conclusion. The Court examined a sample of **procurement procedures** and noted several weaknesses in the application of selection and award criteria, some of which had an impact on the results of the procedure. Other weaknesses relate to the organisation of cross-border competition, to the management of automatic award procedures and to the respect of provisions as regards the drafting and filing of tendering documents.

The Court also detected weaknesses when it reviewed a sample of calculations and payments of social allowances, as well as a sample of employment contracts concluded with temporary agents.

The Court therefore recommends that the institutions and bodies of the EU:

- take steps to ensure that staff deliver, at appropriate intervals, **documents confirming their personal situation** and implement a system for the timely monitoring of these documents;
- improve the IT systems used to manage these payments to ensure that the allowances paid by national authorities are updated automatically;
- take steps to ensure that the provisions of the relevant regulations are applied when concluding, extending or modifying employment contracts with non-permanent staff;
- ensure that authorising officers improve **the design, coordination and performance of procurement procedures** through appropriate checks and better guidance.

The Court also made a number of comments specific to each institution or body of the European Union. These observations do not affect the positive overall appraisal given that they do not significantly affect overall administrative expenditure.

In the specific case of the EEAS, the Court notes the following points:

- **payment of social allowances and benefits to staff members:** in six cases out of 17 audited, information available to the services of the European External Action Service (EEAS) on the personal and family situation of the staff members, was not up-to-date. In three of these cases, it led to incorrect payments because the amounts deducted did not reflect the latest applicable value of benefits paid by national authorities;
- **conclusion of contracts with temporary staff:** the analysis of the salary paid to three temporary staff, out of a sample of eight audited, showed that contracts of employment were signed by both parties between three and seven months after the staff members had taken up their duties. This practice creates a situation of legal uncertainty for both parties;
- **management of a contract for the provision of security services:** the invoice related to the monthly payment of EUR 5 340 for the provision of security services to the Delegation to Venezuela was wrongly endorsed as “certified correct” whereas these services had not yet been provided. This practice is contrary to the rules of the Financial Regulation. In addition, the related security contract has been in force for 24 years without modification. The audit also noted that the delegation had only obtained informal exemption from paying VAT, although the VAT recovery legislation has been in force in Venezuela since the year 2000. It has not calculated the amount of VAT unrecovered over this period.
- **procurement:** of five restricted procurement procedures audited, three relating to the provision of security services displayed weaknesses. In one of these cases, the evaluation committee chose to reject without further analysis an offer which included an abnormally low bid although the tenderer confirmed that this resulted from a clerical error. In two other procedures related to the provision of facility management services (contract value of EUR 285 000 over four years) and the rental of offices (contract value of EUR 9 000 000 over 10 years), key documentation related to the performance of some steps of the procedures could not be provided to the Court.

2011 discharge: EU general budget, European External Action Service

2012/2176(DEC) - 01/02/2013 - Document attached to the procedure

In view of the observations made in the Court of Auditor's report, the Council calls on the European Parliament **to grant discharge to all of the Union’s institutions in regard to the implementation of their respective budgets for the financial year 2011**.

Overall, the Council’s remarks are positive in regard to the expenditure of the institutions since it notes that, again in 2011, the administrative expenditure of EU institutions and bodies **remained free from material error and that their supervisory and control systems continued to comply** with the requirements of the Financial Regulation.

Nevertheless, the Council regrets that in some institutions **weaknesses were still detected in the payment of social allowances to staff members**, in the employment contracts for non-permanent staff and in procurement procedures.

It welcomes the measures already taken and encourages the institutions concerned to address the remaining weaknesses pointed out by the Court.

The Council notes the Court's recommendations that the institutions concerned should ensure that staff regularly deliver documents on their personal situation, that the relevant provisions are applied when concluding, extending or modifying employment contracts with non-permanent staff, and that the authorising officers further improve guidance and appropriate checks concerning procurement procedures.

2011 discharge: EU general budget, European External Action Service

2012/2176(DEC) - 22/03/2013 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Andrea ČEŠKOVÁ (ECR, CZ) in which it calls on the European Parliament to grant the High Representative of the Union for Foreign Affairs and Security Policy discharge in respect of the implementation of the European External Action Service's budget for the financial year 2011.

Members welcome the fact that, on the basis of its audit work, the Court of Auditors concluded that the payments as a whole for the year ended on 31 December 2011 for administrative and other expenditure of the institutions and bodies were free from material error.

They note, however, that while 2011 was the first financial year for the EEAS, it is, however, fully responsible for the financial year 2011 and has to ensure strict compliance with the legislation. They urge the EEAS to examine what lessons can be learned from the first year of operation. They request that the EEAS, in the context of the 2012 discharge procedure, informs Parliament of the results.

Members note that at the end of 2011, the final budget for EEAS headquarters was EUR 188 million, with a execution rate of 91% and was EUR 276.1 million for the delegations, with a lower execution rate of around 89%. They are concerned that after an amending budget and some transfers from the Commission and within services in 2011, underspending and carrying over of appropriations continues to be quite high. Therefore, they suggest the development of **key performance indicators** to monitor the most critical areas in order to improve the budget execution over the coming years.

Other issues are highighted such as procurement, building policy, recruitment and the management of staff and **chronic absenteeism in the delegations** . In general, Members call for improvements to the quality of the financial and administrative management of Union delegations as well as certain services in the headquarters.

Lastly, Members urge the EEAS to maximise the benefits of economies of scale by creating new synergies within the EEAS headquarters and delegations as well as in cooperation with Member States and national diplomatic services, in the spirit of a true Union external policy and services. They emphasise the need for the Union to have a delegation in Panama.

2011 discharge: EU general budget, European External Action Service

2012/2176(DEC) - 17/04/2013 - Text adopted by Parliament, single reading

The European Parliament adopted by 558 votes to 108 with 5 abstentions, a decision granting the High Representative of the Union for Foreign Affairs and Security Policy discharge in respect of the implementation of the European External Action Service's budget for the financial year 2011.

In its resolution accompanying the decision for discharge, Parliament notes that the Court of Auditors concluded that the payments as a whole for the year ended on 31 December 2011 for administrative and other expenditure of the institutions and bodies were free from material error. It notes, however, that while 2011 was the first financial year for the EEAS, the latter is fully responsible for the financial year 2011 and it requires the EEAS to improve on all issues queried by the Court. Parliament requests that the EEAS, in the context of the 2012 discharge procedure, informs Parliament of the results.

At the same time, Members note that at the end of 2011, the final budget for EEAS headquarters was EUR 188 million, with an execution rate of 91% and was EUR 276.1 million for the delegations, with a lower execution rate of around 89%. They are concerned that after an amending budget and some transfers from the Commission and within services in 2011, underspending and carrying over of appropriations continues to be quite high. Therefore, Parliament suggests developing **key performance indicators** to monitor the most critical areas in order to improve the budget execution over the coming years.

Parliament also discusses certain problems in buildings and procurement policy.

Personnel policy: Parliament highlights issues relating to the recruitment and the management of staff and **chronic absenteeism in the delegations**. In general, Members call for improvements to the quality of the financial and administrative management of the EEAS and a reduction in top-heavy administration. It notes in particular:

- the low proportion of staff coming from the newer Member States;
- the need for a greater gender and geographical balance in the recruitment and the appointment of staff;
- the high number of management positions compared to other institutions

It reiterates its wish to see, as soon as possible, the establishment of a human resources policy that reflects the political priorities of the Union and the actual requirements on the ground.

Parliament takes the view that the inefficiency of the current situation risks seriously impairing the reputation of the EEAS.

Delegations: in general, Parliament wants to see improvements in administrative and financial management of delegations as well as in certain services in headquarters. It urges the EEAS to maximise the benefits of economies of scale by creating new synergies within the EEAS headquarters and delegations as well as in cooperation with Member States and national diplomatic services, in the spirit of a true Union external policy and services. It emphasises the need, in that respect, to seek, as much as possible, **the co-location of services in third countries,** for the sake of enhanced exchange of information and savings. Parliament expresses concern about the administrative shortcomings in the Union delegations in Afghanistan, Djibouti, Guyana, Solomon Islands and Zambia. It asks for a report on the state of play about those shortcomings including security contracts. It also expects a report on the situation about internal control standards in the Union delegations in Liberia and Iraq and asks for a state of play about compliance rates of the Union delegations in Egypt and Malawi and for an update on security contracts in the Union delegations in the West Bank, Haiti, Saudi-Arabia, Pakistan, Sri-Lanka, Libya and Lebanon. In an amendment adopted in plenary, Parliament asks for clarification as to why a security company under contract with the Union delegation to Afghanistan, subject to OLAF investigation, has recently been awarded a new contract of about EUR 50 million in the same delegation.

Lastly, Parliament emphasises the need for the Union to have a delegation in Panama, and insists on an explanation for the recall of the Union ambassador to Libya.

2011 discharge: EU general budget, European External Action Service

2012/2176(DEC) - 17/04/2013 - Final act

PURPOSE: to grant discharge to the European External Action Service for the financial year 2011.

NON-LEGISLATIVE ACT: Decision 2013/551/EU of the European Parliament on discharge in respect of the implementation of the European Union’s General Budget, section X – European External Action Service, for the financial year 2011.

CONTENT: with the present decision, and in accordance with Article 318 of the Treaty on the Functioning of the European Union (TFEU), the European Parliament grants discharge to the High Representative of the Union for Foreign Affairs and Security Policy in respect of the implementation of the budget for the financial year 2011.

The decision is in line with the European Parliament's resolution adopted on 17 April 2013 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 17 April 2013).