Basic information

2013/2197(DEC) DEC - Discharge procedure	Procedure completed
2012 discharge: EU general budget, European Council and Council **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	DEUTSCH Tamás (PPE)	03/07/2014

Former committee responsible	Former rapporteur	Appointed
CONT Budgetary Control		

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.	
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.	

Former committee for opinion	Former rapporteur for opinion	Appointed
AFET Foreign Affairs		
DEVE Development		
INTA International Trade		

BUDG	Budgets		
ECON	Economic and Monetary Affairs		
EMPL	Employment and Social Affairs		
ENVI	Environment, Public Health and Food Safety		
ITRE	Industry, Research and Energy		
IMCO	Internal Market and Consumer Protection		
TRAN	Transport and Tourism		
REGI	Regional Development		
AGRI	Agriculture and Rural Development		
PECH	Fisheries		
CULT	Culture and Education		
JURI	Legal Affairs		
LIBE	Civil Liberties, Justice and Home Affairs		
AFCO	Constitutional Affairs		
FEMM	Women's Rights and Gender Equality		
PETI	Petitions		

European Commission

Commission DG	Commissioner
Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
26/07/2013	Non-legislative basic document published	COM(2013)0570	Summary
22/10/2013	Committee referral announced in Parliament		
20/03/2014	Committee report tabled for plenary	A7-0189/2014	Summary
02/04/2014	Debate in Parliament		
03/04/2014	Decision by Parliament	T7-0291/2014	Summary
03/04/2014	Results of vote in Parliament		
23/09/2014	Vote in committee		
26/09/2014	Committee report tabled for plenary	A8-0010/2014	Summary
22/10/2014	Debate in Parliament		
23/10/2014	Decision by Parliament	T8-0044/2014	Summary
23/10/2014	Results of vote in Parliament		
23/10/2014	End of procedure in Parliament		
21/11/2014	Final act published in Official Journal		

Technical information

Procedure reference	2013/2197(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/00219

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE521.732	27/01/2014	
Committee report tabled for plenary, single reading		A7-0189/2014	20/03/2014	Summary
Text adopted by Parliament, single reading		T7-0291/2014	03/04/2014	Summary
Committee draft report		PE536.042	03/07/2014	
Amendments tabled in committee		PE537.352	04/09/2014	
Committee report tabled for plenary, single reading		A8-0010/2014	26/09/2014	Summary

Text adopted by Parliament, single reading		T8-0044/2014	23/10/2014	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05848/2014	17/02/2014	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2013)0570	26/07/2013	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0049/2014 OJ C 331 14.11.2013, p. 0001	05/09/2013	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2014/0824
OJ L 334 21.11.2014, p. 0094 Summary

2012 discharge: EU general budget, European Council and Council

2013/2197(DEC) - 26/07/2013 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2012, as part of the 2012 discharge procedure.

Analysis of the accounts of the EU Institutions: **Section II – Council.**

Legal reminder: the consolidated annual accounts of the European Union for the year 2012 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 2012**. 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);
- 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 II of the budget for the financial year 2012: the document comprises a series of detailed tables, the most important concerning the implementation of the budget. Concerning the Council's expenditure, the table on the financial and budgetary implementation of this institution is presented as follows (information drawn from the Financial Activity Report 2012 (Section II - European Council and Council).

Budget 2012: the European Council and Council budget 2012 was established at **EUR 533.9 million**. At the end of 2012, an amount of EUR 489.9 million was committed whereas EUR 44 million was cancelled. Thus, the implementation rate of the EC/C budget was 91.8 %.

The main reasons for the cancelled appropriations of EUR 44 million are:

- underspending of the delegations' travel envelopes (EUR 14.7 million),
- underspending in interpretation (EUR 5.9 million),
- no salary adjustment (EUR 7.4 million),
- reduced need for the Official Journal (EUR 0.9 million),
- under-occupation of posts in the establishment plan and lower salary costs (EUR 6.4 million),
- smaller need for other staff expenditure (e.g. contractual agents, SNEs,), and missions (EUR 3 million),
- lower need for organising meetings, technical installations and office equipment (EUR 1.5 million),
- non-activation of the reserve (EUR 2 million).

3) Budgetary implementation - conclusions: in more general and political terms,

The main administrative objectives of the General Secretariat of the Council for 2012 were: (i) to ensure continuous support to the President of the European Council and to the Council; (ii) to proceed further with the process of administrative modernisation with the objective to reinforce the quality of its organisation; (iii) to prepare the adaptation of its organisation to the accession of Croatia in July 2013.

Building policy: the project to renovate the Residence Palace and convert it into the seat of the European Council and the Council of Ministers (Europa Building) continued in 2012 with the actual construction work including, among other things, starting to building up floors, insulation and various technical installations.

Difference between the final budget and implementation:

- **no adjustments of remuneration in 2011 and 2012**: EUR 2 million of underspent appropriations mainly relate to a smaller need on entitlements as foreseen by the Staff Regulations (e.g. house hold and other allowances);
- **other staff expenditure**: almost half of the global saving (EUR 1.4 million out of EUR 3 million) in the category of other staff expenditure relates to fewer payments for contractual agents, seconded national experts and other outside services. Smaller spending in mission related costs corresponds to a saving of EUR 1.1 million;
- **building related expenditure** (excluding the Europa-Building): the global implementation of the building related expenditure resulted in a saving of EUR 0.9 million due to lower costs in water, gas and electricity as well as installation and maintenance works;

- underspending in appropriations for interpretation and delegations' travel envelopes which made it possible to **transfer EUR 10 million as an additional payment for the Europa Building in 2012**, EUR 1.3 million for fitting out and installation works in Justus Lipsius building and EUR 0.3 million for certain meeting expenditure in Brussels;
- other miscellaneous expenditure concerned reduced financial need for meetings including protocol, conference, transport and furniture.

The overall underspending of the budget made it possible to reallocate EUR 10 million in addition to the EUR 5 million earmarked in the budget for advance payments for the Europa Building.

2012 discharge: EU general budget, European Council and Council

2013/2197(DEC) - 05/09/2013

PURPOSE: presentation of the Report of the Court of Auditors on the 2012 budget (Analysis of the accounts of the European Council and the Council).

CONTENT: the Court of Auditors published its 36th Annual Report on the implementation of the EU budget for the 2012 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 focuses on the budget implementation of the European Council and the Council.

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 next to nothing.

Although the Court has observed some errors and weaknesses, the examined supervisory and control systems are likely to reduce the rate of error present in initial payment requests to an acceptable level. These systems are therefore assessed as effective.

The main risks regarding administrative and other expenditure are:

- the non-compliance with the procedures for procurement;
- the implementation of contracts;
- recruitment issues;
- the calculation of salaries and allowances.

The Court makes a certain number of particular observations as regards each EU institution or body of the European Union. In the specific case of the European Council and the Council's audit, the Court examined a number of **procurement procedures**. Overall, no serious errors or weaknesses were detected. However, due to errors in the design of the procedure, a weakness was identified, in one case, in the performance of a negotiated procedure and, in another case, in the application of a selection criterion.

These observations do not affect the positive overall appraisal given that they do not significantly affect overall administrative expenditure.

2012 discharge: EU general budget, European Council and Council

2013/2197(DEC) - 17/02/2014

In view of the observations made in the Court of Auditor's report, the Council called 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 2012**.

Overall, the Council's remarks were positive in regard to the expenditure of the institutions since it noted that, again in 2012, the administrative expenditure of EU institutions and bodies **remained free from material error** with an estimated error rate of 0%, and that their supervisory and control systems continued to comply with the requirements of the Financial Regulation.

The Council welcomed the fact that, according to the Court's assessment, **no serious errors** were detected with regard to the effectiveness of the supervisory and control systems, in the individual institutions, except for a limited number of errors in the procurement procedures and the management of **social allowances**.

It welcomed the measures already taken and encouraged the institutions concerned to address the remaining weaknesses identified by the Court.

2012 discharge: EU general budget, European Council and Council

2013/2197(DEC) - 20/03/2014 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Bogusław 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.

2012 discharge: EU general budget, European Council and Council

2013/2197(DEC) - 26/09/2014 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control unanimously adopted the report by Tamás DEUTSCH (EPP, HU), in which it called on the European Parliament to **refuse to grant 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 including the European Council and the Council.

They also noted that under Rule 94 of its Rules of Procedure, "the provisions governing the procedure for granting discharge to the Commission in respect of the implementation of the budget shall likewise **apply to the procedure for granting discharge to [...] the persons responsible for the implementation of the budgets of other institutions and bodies of the European Union** such as the Council (as regards its activity as executive)".

In parallel, Members emphasised the fact that in the annual report concerning the financial year 2012, the Court of Auditors included observations on the European Council and the Council concerning errors in the design of procurement procedures. They shared the Court of Auditor's recommendations that the authorising officers of the European Council and Council should improve the design, coordination and performance of procurement procedures through appropriate checks and better guidance.

They noted that the **Council did not provide any further reply** to the Court of Auditor's recommendations.

Other pending issues: Members called on the Council to inform Parliament about the progress of construction and the final costs projection of the 'Europa' building as well as the cost incurred to date relating to the construction of the 'Residence Palace' building project (including information detailing the total amount of appropriations used in the purchase of the building)?

They reiterated their call on the Council to provide information on its process of administrative modernisation, in particular on the concrete implementing measures of that process and on the anticipated impact on the Council's budget.

Discharge procedure: in general, Members regretted the difficulties repeatedly encountered in the discharge procedures to date, which were due to a **lack of cooperation from the Council**. They pointed out that Parliament refused to grant discharge to the Secretary-General of the Council in relation to the financial years 2009, 2010 and 2011 and that they postponed the decision on granting the Secretary-General of the Council discharge in relation to the financial year 2012 for the reasons set out in its resolution of 3 April 2014 (please refer to the summary of the resolution).

They reminded the Council of the Commission's view that **all institutions are fully part of the follow-up process to the observations made by the Parliament in the discharge exercise** and that all institutions should cooperate to ensure the smooth functioning of the discharge procedure. They regretted that the Council continues to fail to provide answers to Parliament's questions which were sent in April 2014 and recalled the conclusions of the Parliament workshop on Parliament's Right to Grant Discharge to the Council held on 27 September 2012 at which the legal and academic experts largely agreed on the Parliament's right to information.

According to the Members, they insisted that the expenditure of the Council must be scrutinised in the same way as that of other institutions. They took the view that failure to submit the requested documents to Parliament above all undermines the right of citizens of the Union to information and transparency and is becoming a cause for concern, reflecting as it does a certain democratic deficit within the Union institutions. Members urged the Council therefore not to treat Parliament's requests for access to information as a bid for institutional supremacy but to **give priority to the right of the public to be fully informed**.

Proposed solutions: Members considered that Parliament and the Council could make some progress by setting up a "*modus vivendi*" procedure together with a list of documents to be exchanged in order to fulfil their respective roles in the discharge process. They encouraged, in this respect, the Council to seek a political solution to the Council discharge regardless the different legal views which Parliament and the Council continue to hold. They also considered that satisfactory cooperation between Parliament, the European Council and the Council as a result of an open and formal dialogue procedure can be a positive sign to be sent to the citizens of the Union.

2012 discharge: EU general budget, European Council and Council

2013/2197(DEC) - 23/10/2014 - Text adopted by Parliament, single reading

In accordance with Annex V, Article 5, paragraph. 2(b) of the European Parliament’s Rules of Procedure, Parliament decided by 623 votes to 7, with 2 abstentions, to **refuse to grant 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**.

Parliament 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 including the European Council and the Council.

It also noted that under Rule 94 of its Rules of Procedure, "the provisions governing the procedure for granting discharge to the Commission in respect of the implementation of the budget shall likewise **apply to the procedure for granting discharge to [...] the persons responsible for the implementation of the budgets of other institutions and bodies of the European Union** such as the Council (as regards its activity as executive)".

Irregularities in the management of public procurement: Parliament emphasised the fact that in the annual report concerning the financial year 2012, the Court of Auditors included observations on the European Council and the Council concerning errors in the design of procurement procedures. It

shared the Court of Auditor's recommendations that the authorising officers of the European Council and Council should improve the design, coordination and performance of procurement procedures through appropriate checks and better guidance.

It noted that the **Council did not provide any further reply** to the Court of Auditor's recommendations.

Other pending issues: Parliament called on the Council to inform Parliament about the progress of construction and the final costs projection of the 'Europa' building as well as the cost incurred to date relating to the construction of the 'Residence Palace' building project (including information detailing the total amount of appropriations used in the purchase of the building).

It reiterated its call on the Council to provide information on its process of administrative modernisation, in particular on the concrete implementing measures of that process and on the anticipated impact on the Council's budget.

Discharge procedure: in general, Parliament regretted the difficulties repeatedly encountered in the discharge procedures to date, which were due to a **lack of cooperation from the Council**. It pointed out that Parliament refused to grant discharge to the Secretary-General of the Council in relation to the financial years 2009, 2010 and 2011 and that it postponed the decision on granting the Secretary-General of the Council discharge in relation to the financial year 2012 for the reasons set out in its resolution of 3 April 2014 (please refer to the summary of the resolution). It confirmed that it is unable to make an informed decision on granting discharge.

Parliament reminded the Council of the Commission's view that **all institutions are fully part of the follow-up process to the observations made by the Parliament in the discharge exercise** and that all institutions should cooperate to ensure the smooth functioning of the discharge procedure. It regretted that the Council continues to fail to provide answers to Parliament's questions which were sent in April 2014 and recalled the conclusions of the Parliament workshop on Parliament's Right to Grant Discharge to the Council held on 27 September 2012 at which the legal and academic experts largely agreed on the Parliament's right to information. According to the Parliament, it insisted that the expenditure of the Council must be scrutinised in the same way as that of other institutions. It took the view that failure to submit the requested documents to Parliament above all undermines the right of citizens of the Union to information and transparency and is becoming a cause for concern, reflecting as it does a certain democratic deficit within the Union institutions. Parliament urged the Council therefore not to treat its requests for access to information as a bid for institutional supremacy but to **give priority to the right of the public to be fully informed**.

Proposed solutions: Members considered that Parliament and the Council could make some progress by setting up a "*modus vivendi*" procedure together with a list of documents to be exchanged in order to fulfil their respective roles in the discharge process. They encouraged, in this respect, the Council to seek a political solution to the Council discharge regardless the different legal views which Parliament and the Council continue to hold. Parliament also considered that satisfactory cooperation between Parliament, the European Council and the Council as a result of an open and formal dialogue procedure can be a positive sign to be sent to the citizens of the Union.

2012 discharge: EU general budget, European Council and Council

2013/2197(DEC) - 03/04/2014 - Text adopted by Parliament, single reading

The European Parliament decided 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**.

In its resolution accompanying the discharge decision, adopted by 573 votes to 16 with 15 abstentions, Parliament 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. It 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.

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, Parliament pointed out that the Court included observations on **the European Council and the Council concerning errors in the design of procurement procedures.** It 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. It 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, Parliament sets out the reasons for calling for a postponement of the discharge this year:

- **increased cooperation**: Parliament considered that effective supervision of the Union's budget implementation required cooperation between Parliament, the European Council, and the Council through a working arrangement. To this effect, it regretted the difficulties encountered up to now with the discharge procedures. It 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**: whilst welcoming the efforts of the Greek presidency to reopen the negotiations between the institutions, Parliament stressed that such negotiations did not bring expected results in the past. It stated that it 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;
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- **workshop on analysis of Parliament's function**: Parliament 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**: Parliament recalled that it granted discharge to the other institutions after considering the documents provided and the replies given to the questions, and it regretted that it repeatedly encounters problems in receiving answers from the Council. It 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. Parliament 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. It 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: Parliament 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 %. It was 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. It 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: Parliament 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, it 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. Parliament 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. Parliament 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: Parliament took note that **the 'Europa' building project** continued to be closely monitored and that some of the audit recommendations were still lagging behind execution. It 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. Parliament 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, Parliament 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. It 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.

2012 discharge: EU general budget, European Council and Council

2013/2197(DEC) - 23/10/2014 - Final act

PURPOSE: to **refuse to grant discharge to Council** in respect of the implementation of the European Council's and the Council's budget for the financial year 2012.

NON-LEGISLATIVE ACT: Decision 2014/824/EU of the European Parliament and of the Council on discharge in respect of the implementation of the general budget of the European Union for the financial year 2012, Section II — European Council and Council.

CONTENT: with the present decision, the European Parliament **refuses** to grant 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.

This decision is in line with the European Parliament's resolution adopted on 23 October 2014 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 23/10/2014).