Basic information

2013/2205(DEC) DEC - Discharge procedure	Procedure completed
2012 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	DEUTSCH Tamás (PPE)	25/09/2013
	Shadow rapporteur BALČYTIS Zigmantas (S&D) MULDER Jan (ALDE) STAES Bart (Verts/ALE) ANDREASEN Marta (ECR) VANHECKE Frank (EFD) EHRENHAUSER Martin (NI)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	MUÑIZ DE URQUIZA María (S&D)	12/09/2013
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
26/07/2013	Non-legislative basic document published	COM(2013)0570	Summary
22/10/2013	Committee referral announced in Parliament		
18/03/2014	Vote in committee		
20/03/2014	Committee report tabled for plenary	A7-0199/2014	Summary
02/04/2014	Debate in Parliament		
03/04/2014	Decision by Parliament	T7-0292/2014	Summary
03/04/2014	Results of vote in Parliament		
03/04/2014	End of procedure in Parliament		
05/09/2014	Final act published in Official Journal		

Technical information

Procedure reference	2013/2205(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/14039

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE521.730	27/01/2014	
Committee opinion	AFET	PE524.544	11/02/2014	
Amendments tabled in committee		PE529.740	25/02/2014	
Committee report tabled for plenary, single reading		A7-0199/2014	20/03/2014	Summary
Text adopted by Parliament, single reading		T7-0292/2014	03/04/2014	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 2014/0552
OJ L 266 05.09.2014, p. 0116 Summary

2012 discharge: EU general budget, European External Action Service

2013/2205(DEC) - 03/04/2014 - Final act

PURPOSE: to grant discharge to the European External Action Service for the 2012 financial year.

NON-LEGISLATIVE ACT: Decision 2014/552/EU of the European Parliament on discharge in respect of the implementation of the general budget of the European Union for the financial year 2012, Section X — European External Action Service.

CONTENT: under this Decision and according to Article 318 of the Treaty on the Functioning of the European Union (TFEU), the European Parliament grants 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 2012.

The Decision is in line with the European Parliament's resolution approved on 3 April 2014 and includes a series of observations which form an integral part of the discharge Decision (please refer to the summary of the opinion of 3 April 2014).

2012 discharge: EU general budget, European External Action Service

2013/2205(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 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 the 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 a body that is useful to a wide range of users. The objective is to provide information that is 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.

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 2012: 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 2012).

- **final budget EEAS headquarters (Brussels): EUR 184.1 million**;
- payments implemented at 31.12.2012 for the HQ: EUR 165.3 million (rate of implementation: 90%);
- final budget of the EEAS for the management of delegations in third countries: EUR 304.5 million;
- payments implemented at 31.12.2012 for the delegations: EUR 278.2 million (rate of implementation: 91%);
- **total budget of the EEAS amounted to EUR 488.6 million** (rate of implementation of commitments 99.41% and 91% of payments).

During 2012, assigned revenues carried over from 2011 of EUR 1.8 million were also available on EEAS budget lines. At 31/12/2012, commitments of 1.78 M€ (99%) had been made and payments amounted to 1.057 M€ (59%).

3) Budgetary implementation – conclusions: in more general and political terms, in 2012, the EEAS pursued its institutional building-up started in 2010-2011. The main goals while creating the EEAS were to provide a platform for coherent and effective EU foreign policy and to bring together all foreign policy assets/instruments and levers at the EU's collective disposal.

The document proposes an accurate presentation of the actions that have been undertaken in the management and technical implementation of the institution still in its start-up phase in particular in terms of human resources management and staff from incorporation of other staff from other European institutions and Member States.

2012 discharge: EU general budget, European External Action Service

2013/2205(DEC) - 05/09/2013 - Court of Auditors: opinion, report

PURPOSE: presentation of the Report of the Court of Auditors on the 2012 budget (Analysis of the accounts of the European External Action Service (EEAS)).

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 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**.

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.

Overall audit evidence indicates that accepted expenditure is not affected by a material level of error.

The Court also made a number of comments specific to each institution or body of the European Union. In the case of the EEAS’s audit, **the Court did not identify any significant weakness** with the exception of some weaknesses persisting in the management of social allowances. In addition, the EEAS aim to remind staff of their obligation to keep their declarations updated.

2012 discharge: EU general budget, European External Action Service

2013/2205(DEC) - 17/02/2014 - Document attached to the procedure

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 External Action Service

2013/2205(DEC) - 20/03/2014 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Tamás DEUTSCH (EPP, HU) in which it called on the European Parliament to grant discharge to the High Representative of the Union for Foreign Affairs and Security Policy in respect of the implementation of the European External Action Service's budget for the financial year 2012.

Members noted 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 2012 for administrative and other expenditure of the institutions and bodies were free from material error.

Financial and budget implementation: Members are concerned that in 2012, the Payment Of Individual Entitlements (PMO) system was not yet fully operational, leading to the incorrect payment of social allowances to staff members.

They also noted that at the end of 2012, the final budget for EEAS headquarters was EUR 184.1 million, with an execution of commitments rating of 99.35% and was EUR 304.5 million for the delegations, with a commitments rating of 99.45%. They also noted that the budget of the delegations had to be supplemented by the Commission for a total of EUR 268 million.

Concerned with the carrying over of appropriations in 2012, Members recalled that **the EEAS is a recently created institution**, resulting from the consolidation of different services, and that 2011 was its first year of operation with numerous technical challenges to be overcome, particularly in procurement and recruitment.

If overall Members were satisfied with the progressive setting up of this institution, they are concerned, however, that the Chief Operating Officer of the EEAS has maintained his reservations concerning some of the security contracts of Union Delegations and several Union Delegations have issued reservations as well.

Future framework for discharge exercises: Members noted the importance of the current discharge in establishing the framework for future discharge exercises and believed that it will reinforce the expectations of future developments and improvements in the effectiveness of the EEAS and its operations.

Taking note of the difficulties in implementing a budget with various sources that lack equilibrium, Members:

- believed that the current structure of the EEAS budget, with contributions from the Commission's 26 different budget lines and the European Development Fund makes it impossible to have a clear overview of the real costs and expenses of the work of the EEAS and its Delegations:

they supported the simplification proposal made by the EEAS in 2013 and asked the Commission to implement the changes proposed and to examine the further simplification of the EEAS's current financing;
- observed the over-representation of diplomats from the new Member States and called on the EEAS to **strengthen the geographical balance**;
- noted the over-representation and quick in the higher grades;
- requested clarification as regards the responsibilities of the **Union Special Representatives** (EUSRs) and the review of this statute given that the High Representative was planning to do away with EUSRs in 2010. They are concerned that the EUSR budget was raised from EUR 15 million in 2011 to EUR 27 million in 2012 and that the travel budget for 2012 was tripled;
- called to introduce a requirement that newly appointed EEAS staff give a declaration of honour stating that they have **not worked for intelligence services** in the past;
- called for improvements to be made in the financial management of security contracts;
- pointed to the need for parliamentary scrutiny to be brought to bear on INTCEN, EUMS INT, the Situation Room, and the Satellite Centre, which produce analyses for decision-makers, based on national intelligence service information;
- called for the publication of how many classified documents the EEAS has received from or sent to individual institutions, other bodies, Member States, and third parties;
- demanded clarification of the housing policy of those employed in Union delegations given that in year 2012 the housing costs paid for the accommodation of 675 officials in Union Delegations had a total cost of EUR 30 million;
- asked that the **EEAS's building policy be attached to the annual activity report** and for the EEAS to provide the discharge authority with the list of building contracts concluded in 2012, including the details of the contracts, the country where the contract is entered in and the length of the contract. In addition, Members called on the EEAS to compile a summary – to be submitted to Parliament – showing how many embassies and consulates of Member States in countries with Union delegations have been closed since the EEAS was set up or specifying the countries where the establishment of the EEAS has served to create synergies. Efforts should be made to increase savings in this area.

Lastly, Members invited the EEAS to **explain why it was necessary to create the post of Deputy Head of Delegation for Afghanistan** and they emphasised once again the need for the Union to create a delegation in Panama.

2012 discharge: EU general budget, European External Action Service

2013/2205(DEC) - 03/04/2014 - Text adopted by Parliament, single reading

The European Parliament adopted a decision concerning the discharge to be granted to the High Representative of the Union for Foreign Affairs and Security Policy in respect of the implementation of the European External Action Service's budget for the financial year 2012.

In its resolution accompanying the decision, adopted by 523 votes to 76, with 9 abstentions, Parliament noted the conclusion of the Court of Auditors 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.

However, Parliament was concerned that in 2012, the PMO system was not yet fully operational, leading to the incorrect payment of social allowances to staff members.

Financial and budget implementation: Parliament noted that at the end of 2012, the final budget for EEAS headquarters was EUR 184.1 million, with an execution of commitments rating of 99.35% and was EUR 304.5 million for the delegations, with a commitments rating of 99.45%. It also noted that the budget of the delegations had to be supplemented by the Commission for a total of EUR 268 million.

Parliament welcomed that in its second financial year, the European External Action Service has continued to implement its budget without material errors being identified by the Court of Auditors and that most of the problems identified in the 2011 Annual Report of the Court of Auditors as result of the setting-up process have not recurred. Concerned with the carrying over of appropriations in 2012, Parliament recalled that the EEAS is a recently created institution, **resulting from the consolidation of different services**, and that 2011 was its first year of operation with numerous technical challenges to be overcome, particularly in procurement and recruitment.

If, overall, Parliament was satisfied with the progressive setting up of this institution, it is concerned, however, that the Chief Operating Officer of the EEAS has maintained his reservations concerning some of the security contracts of Union Delegations and several Union Delegations have issued reservations as well.

Future framework for discharge exercises: Parliament noted the importance of the current discharge in establishing the framework for future discharge exercises and believed that it will reinforce the expectations of future developments and improvements in the effectiveness of the EEAS and its operations.

Taking note of the difficulties in implementing a budget with various sources that lack equilibrium, Parliament:

- believed that the current structure of the EEAS budget, with contributions from the Commission's 26 different budget lines and the European Development Fund makes it impossible to have a clear overview of the real costs and expenses of the work of the EEAS and its Delegations: it supported the simplification proposal made by the EEAS in 2013 and asked the Commission to implement the changes proposed and to examine the further simplification of the EEAS's current financing;
- observed the over-representation of diplomats from the new Member States and called on the EEAS to **strengthen the geographical balance**;
- noted the over-representation and quick promotions in the higher grades in the institution;
- requested clarification as regards the responsibilities of the **Union Special Representatives** (EUSRs) and the review of this statute given that the High Representative was planning to do away with EUSRs in 2010. It was concerned that the EUSR budget was raised from EUR 15 million in 2011 to EUR 27 million in 2012 and that the travel budget for 2012 was tripled; it calls for an **end to the parallel foreign policy pursued through the EUSRs** and, in terms of pay, insists that EUSRs should not be treated more favourably than Union ambassadors in post;

- called to introduce a requirement that newly appointed EEAS staff give a declaration of honour stating that they have not worked for intelligence services in the past;
- called for improvements to be made in the financial management of security contracts;
- pointed to the need for parliamentary scrutiny to be brought to bear on INTCEN, EUMS INT, the Situation Room, and the Satellite Centre, which produce analyses for decision-makers, based on national intelligence service information;
- called for the publication of how many classified documents the EEAS has received from or sent to individual institutions, other bodies, Member States, and third parties;
- demanded clarification of the housing policy of those employed in Union delegations given that in year 2012 the housing costs paid for the accommodation of 675 officials in Union Delegations had a total cost of EUR 30 million;
- asked that the **EEAS's building policy** be attached to the annual activity report and for the EEAS to provide the discharge authority with the list of building contracts concluded in 2012, including the details of the contracts, the country where the contract is entered in and the length of the contract. In addition, Parliament called on the EEAS to compile a summary – to be submitted to Parliament – showing how many embassies and consulates of Member States in countries with Union delegations have been closed since the EEAS was set up or specifying the countries where the establishment of the EEAS has served to create synergies. Efforts should be made to increase savings in this area.

Parliament reiterated the importance of continuing efforts to identify opportunities for **long-term savings and synergies,** both between EEAS and Commission and with Member States, to ensure the sustainability of the EEAS budget in a time of budgetary restraints.

Lastly, Parliament invited the EEAS to explain **why it was necessary to create the post of Deputy Head of Delegation for Afghanistan** and it emphasised once again the need for the Union to create a delegation in Panama.