Basic information

2015/2163(DEC) DEC - Discharge procedure	Procedure completed
2014 discharge: EU general budget, European External Action Service (EEAS) **Subject** 8.70.03.04 2014 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	CZARNECKI Ryszard (ECR)	25/08/2015
	Shadow rapporteur ZDECHOVSKÝ Tomáš (PPE) THEURER Michael (ALDE) KARI Rina Ronja (GUE/NGL) ŠOLTES Igor (Verts/ALE) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	PREDA Cristian Dan (PPE)	15/09/2015
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	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
23/07/2015	Non-legislative basic document published	COM(2015)0377	Summary
05/10/2015	Committee referral announced in Parliament		
07/04/2016	Vote in committee		
12/04/2016	Committee report tabled for plenary	A8-0136/2016	Summary
27/04/2016	Debate in Parliament		
28/04/2016	Decision by Parliament	T8-0156/2016	Summary
28/04/2016	Results of vote in Parliament		
28/04/2016	End of procedure in Parliament		
14/09/2016	Final act published in Official Journal		

Technical information

Procedure reference	2015/2163(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/04164

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE571.508	10/02/2016	
Committee opinion	AFET	PE571.792	16/02/2016	
Amendments tabled in committee		PE576.902	04/03/2016	
Committee report tabled for plenary, single reading		A8-0136/2016	12/04/2016	Summary
Text adopted by Parliament, single reading		T8-0156/2016	28/04/2016	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05583/2016	02/02/2016	Summary

European Commission

Document type	Reference	Date	Summary

Non-legislative basic document	COM(2015)0377	23/07/2015	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0153/2015 OJ C 373 10.11.2015, p. 0001	10/09/2015	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2016/1474
OJ L 246 14.09.2016, p. 0141 Summary

2014 discharge: EU general budget, European External Action Service (EEAS)

2015/2163(DEC) - 10/09/2015 - Court of Auditors: opinion, report

PURPOSE: presentation of the Report of the Court of Auditors on the 2014 budget - Analysis of the accounts of the European External Action Service (EEAS).

CONTENT: the Court of Auditors published its 38th Annual Report on the implementation of the EU budget for the 2014 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 External Action Service (EEAS).

Overall, audit evidence indicates that spending on 'Administration' is **not affected by a material level of error**. For this MFF heading area, testing of transactions indicates that the estimated level of error present in the population is **0.5 %.**

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. This institution should improve its monitoring systems for the timely updating of the personal situation of staff members which may have an impact on the calculation of family allowances.

However, in the specific case of the audit of the EEAS, **the Court noted this specific type of error and called on the institution to remedy this recurrent issue.**

2014 discharge: EU general budget, European External Action Service (EEAS)

2015/2163(DEC) - 28/04/2016 - Final act

PURPOSE: to grant discharge to the European External Action Service (EEAS) for the financial year 2014.

NON LEGISLATIVE ACT: Decision (EU) 2016/1474 of the European Parliament on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section X — European External Action Service.

CONTENT: with the present decision, the European Parliament grants the High Representative of the Union for Foreign Affairs and Security Policy discharge in respect of the implementation of the budget of the European External Action Service for the financial year 2014.

This decision is in line with the European Parliament's resolution adopted on 28 April 2016 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 28 April 2016).

Amongst Parliament’s main observations in the resolution accompanying the discharge decision, the latter encouraged the EEAS to carry on with the reflection process taking place within it on the future of the **EU special representatives** and their relationship with the special envoys and the EEAS.

2014 discharge: EU general budget, European External Action Service (EEAS)

2015/2163(DEC) - 12/04/2016 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ryszard CZARNECKI (ECR, PL) calling 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 budget of the European External Action Service for the financial year 2014.

Members welcomed the fact that the European External Action Service ('EEAS') has continued to implement its budget **without being affected by major errors** and that the overall level of error in the administrative budget has been estimated by the Court of Auditors at 0.5 %.

Budgetary and financial management: the report noted that the final budget for the year 2014 for EEAS Headquarters was EUR 518.6 million, representing a 1.9 % increase compared to the preceding financial year. The budget was split as follows: EUR 212.9 million for EEAS headquarters and EUR 305.7 million for Union delegations. It also noted that, in addition to the EEAS's own budget, the Commission contributed EUR 271 million in compensation for the management of Commission staff in the network of delegations.

Members noted that the EEAS is now **entirely responsible** for all administrative costs related to the functioning of the delegations except for the delegations located in African, Caribbean and Pacific (ACP) countries. They recall that an **adequate budgeting process** and in particular a simplification of the budget structure remains a core challenge in the short term in order to streamline financial circuits and to help the consolidation of the EEAS's functioning.

EEAS actions: Members made a series of observations on the daily management of the EEAS:

- Despite the new organisational chart and the subsequent rationalisation of a formerly top-heavy management structure in favour of fewer hierarchical layers, the **internal administrative and financial framework** of the EEAS is still **overly complex and rigid**.
- Continuing **imbalances in the staffing profile** of the EEAS as regards gender and nationality need to be addressed, as does the disproportionate number of high-grade posts.
- Current budget arrangements need to be less rigid, so as to allow flexible but effective use to be made of delegation staff in the interests of the Union.
- The **staffing formula** establishing the balance between staff drawn from Member States and from the Union institutions needs to be revised so that it applies to all levels of the hierarchy, in particular to heads of delegation where Member States' diplomats are strongly overrepresented.
- **Geographical balance** should still remain an important element of resources management particularly with respect to the Member States that have acceded to the Union since 2004.
- A clear policy is needed on **seconded national experts,** as is clarification on their entitlements, the financial costs for the EEAS budget and the potential issue of conflicts of interest.
- Eight delegations have issued a **declaration of assurance with a reservation** due to procurement issues, lack of human resources and/or extreme local security constraints. Heads of Union delegations should be provided with **clear guidance** in relation to the general operational guidelines on the definition of the reservation and its components, the elements to be considered for the issuance of a reservation such as the level of the financial and reputational risks at stake, the operational weaknesses, internal and external constraints identified and related impact on the management of funding and payments operations.
- Steps have been taken to better integrate the seven **EU special representatives** into the administrative structure and senior management of the EEAS.
- **Transparency and accountability** are essential requirements not only for democratic scrutiny but also for the adequate functioning and the credibility of missions carried out under the Union flag. Parliament attaches importance to exercising oversight over the different common security and defence policy (CSDP) missions and operations.

- The trend of **co-location projects** of Union delegations with Member States should continue.
- **Closer cooperation, coordination and synergies** of activities between the Union delegations and Member States' Embassies abroad should be established.
- The EEAS and EuropeAid need to ensure that the Union delegations **actively address the shortcomings identified** in the external assistance programmes and projects already during the implementation phase, so that ongoing programmes and projects meet their objectives and avoid delays.
- The EEAS and the Commission should **coordinate CSDP missions more thoroughly** in advance with other Union efforts, bilateral missions and international efforts with similar objectives.
- **Adequate tools** need to be provided to the heads of delegations to effectively manage and oversee the delegations without generating excessive administrative burden.
- A **detailed analysis** should be prepared of financial implications and cost savings that would be made from providing **consular services through Union delegations**.

Members welcome:

- the issuing of improved and more comprehensive guidelines reinforcing the supervision of the heads of delegations, covering both the accountability and reporting requirements;
- the signature of the administrative arrangement between the European Anti-Fraud Office (OLAF) and the EEAS in accordance with the new OLAF regulation;
- the effective implementation of ICS as the conclusion of the internal survey carried out in 2014 at EEAS headquarters and in delegations, with the exception of the issue of business continuity which still needs swift improvement in management procedures.

2014 discharge: EU general budget, European External Action Service (EEAS)

2015/2163(DEC) - 02/02/2016 - Supplementary non-legislative basic document

On the basis of the observations made by the Court of Auditors, the Council recommended the European Parliament to **give a discharge to all the Union institutions in respect of the implementation of the budget of the European Union for the financial year 2014**.

The Council welcomed that the administrative and related expenditure of the institutions and bodies of the EU remained free from material error and that the estimated level of error reported by the Court for this policy area decreased to **0.5 %.** It noted with satisfaction that the Court did **not detect any significant weaknesses** in the examined systems.

However, the Council took note of the issues identified by the Court in some of the institutions and bodies audited. It invited the institutions and bodies concerned to further pursue the measures already taken and encouraged them to address the remaining weaknesses pointed out by the Court without delay.

In addition, the Council highlighted the need to remedy the weaknesses detected by the Court in the calculation of staff costs and the management of family allowances in several institutions, in close collaboration with the Office for the Administration and Payment of Individual Entitlements.

2014 discharge: EU general budget, European External Action Service (EEAS)

2015/2163(DEC) - 28/04/2016 - Text adopted by Parliament, single reading

The European Parliament decided to **grant discharge** to the High Representative of the Union for Foreign Affairs and Security Policy discharge in respect of the implementation of the budget of the European External Action Service for the financial year 2014.

In its resolution accompanying the decision on discharge, adopted 376 votes to116 with 152 abstentions, Parliament welcomed the fact that the European External Action Service ('EEAS') has continued to implement its budget **without being affected by major errors** and that the overall level of error in the administrative budget has been estimated by the Court of Auditors at 0.5 %.

Budgetary and financial management: Parliament noted that the final budget for the year 2014 for EEAS Headquarters was **EUR 518.6 million, representing a 1.9 % increase compared to the preceding financial year.** The budget was split as follows: EUR 212.9 million for EEAS headquarters and EUR 305.7 million for Union delegations. It also noted that, in addition to the EEAS's own budget, the Commission contributed EUR 271 million in compensation for the management of Commission staff in the network of delegations.

Members noted that the EEAS is now **entirely responsible** for all administrative costs related to the functioning of the delegations except for the delegations located in African, Caribbean and Pacific (ACP) countries. They recalled that an **adequate budgeting process** and in particular a simplification of the budget structure remains a core challenge in the short term in order to streamline financial circuits and to help the consolidation of the EEAS's functioning.

EEAS actions: Parliament made a **series of observations** on the management of the EEAS:

- the EEAS should simplify current budget arrangements and make them less rigid, so as to allow **flexible but effective use** to be made of delegation staff in the interests of the Union;
- despite the new organisational chart and the subsequent rationalisation of a formerly top-heavy management structure in favour of fewer hierarchical layers, the **internal administrative and financial framework of the EEAS is still overly complex and rigid**, and needs a further reform in order to streamline its internal processes and simplify its structure and to allow EEAS to react to crises in a timely manner;
- continuing imbalances in the staffing profile of the EEAS **as regards gender** and nationality need to be addressed, especially in higher grades, as does the disproportionate number of high-grade posts;
- the **staffing formula** establishing the balance between staff drawn from Member States and from the Union institutions needs to be revised so that it applies to all levels of the hierarchy, in particular to heads of delegation where Member States' diplomats are strongly overrepresented;
- **geographical balance** should still remain an important element of resources management particularly with respect to the Member States that have acceded to the Union since 2004;
- a clear policy is needed on **seconded national experts**, as is clarification on their entitlements, the financial costs for the EEAS budget and the potential issue of conflicts of interest;
- steps should be taken to better integrate the EU **special representatives** more closely into the administrative structure and senior management of the EEAS;
- the trend of **co-location projects** of Union delegations with Member States should continue;
- adequate tools should be provided to the **heads of delegation**, to effectively manage and oversee the delegations without generating excessive administrative burden;
- the EEAS should: (i) further consider the possibility of providing **consular services** through Union delegations; (ii) establish closer cooperation, coordination and synergies of activities between the Union delegations and Member States´ Embassies abroad;
- the EEAS should regularly pursue its **evaluation programme** of the delegations and provide in its annual activity report a synthesis of the main weaknesses and difficulties encountered in the functioning of the Union delegations;
- the EEAS and EuropeAid need to ensure that the Union delegations actively address the **shortcomings identified** in the external assistance programmes and projects already during the implementation phase, so that ongoing programmes and projects meet their objectives and avoid delays;
- particular attention should be paid to **procurement and human resources procedures** in order to ensure that they are responsive to the CSDP's operational needs;
- **sustainability aspects** should be taken into account in the operational planning of all its mission activities by systematically assessing the local needs and capacity to sustain outcomes;
- the EEAS and the Commission should **coordinate** CSDP missions more thoroughly in advance with other Union efforts, bilateral missions and international efforts with similar objectives;
- the EEAS should clarify its vision for the future in order to give a direction to its otherwise weakly implemented mission and develop expertise on global issues such as climate change or energy security.

Parliament welcomed the signature of an administrative arrangement between the European Anti-Fraud Office (OLAF) and the EEAS in accordance with the new OLAF regulation that has entered into force. It also stressed that **transparency and accountability** are essential requirements not only for democratic scrutiny but also for the adequate functioning and the credibility of missions carried out under the Union flag. Members reiterated the importance attached by Parliament to exercising oversight over the different common security and defence policy (CSDP) missions and operations.

2014 discharge: EU general budget, European External Action Service (EEAS)

2015/2163(DEC) - 23/07/2015 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2014, as part of the 2014 discharge procedure.

Analysis of the accounts of the EU Institutions: **European External Action Service (EEAS)**.

Legal reminder: the consolidated annual accounts of the European Union for the year 2014 have been prepared on the basis of the information presented by the institutions and bodies under Article 148(2) of the Financial Regulation applicable to the general budget of the European Union.

(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 2014** , including the different expenses of the European institutions. It should be recalled that only the Commission budget contains administrative appropriations and operating appropriations. **The other Institutions have only administrative appropriations.**

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 performance indicators in the framework of the financial implementation;
- the modus operandi of the accounting system;
- the audit process followed by the European Parliament's granting of the discharge.

Discharge procedure: 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 discharge, Parliament may make observations which it considers important and often recommends the Commission and the other institutions to **take actions concerning these matters**.

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.

The document also 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 the EEAS's appropriations for the financial year 2014: the document comprises a series of detailed tables, the most important concerning the implementation of the budget.

As regards the EEAS's expenditure, the document stated that the available appropriations in 2014 amounted to 897 million, with an implementation rate of payments of 86.2%.

The information is drawn from the Report on Budgetary and Financial Management 2014 which sets out that the budget for this institution is presented as follows:

The implementation of the EEAS's budget in 2014 was marked by the intense progress in the construction of the Service in general since 2011.

After the European elections of May 2015 and the formation of a new European Commission, the new High Representative **Federica Mogherini** took up office on 1 November 2014.

2014 also saw the start of the implementation of the **reform of staff regulations**. This reform implies important changes in the working conditions of EEAS staff, both at headquarters and in the delegations. Another important implementing reform saw the introduction of a new method for the annual salary review of local staff in delegations (about 3 000 local staff).

A series of decisions were also taken on staff mobility.

The document also noted:

- continued progress towards the objective of the use of at least one third of all EEAS staff at AD level (the level of 33.4% is now achieved with 25% at Headquarters and 45% in the delegations) - this reform has had significant budgetary consequences;
- maintenance of all delegations in third countries, even if resources continue to lack at local level in some delegations;
- securing HQ delegations.

The report noted the **complexity in budget sources**. The number of budget lines used to finance the operations related to Commission staff in the delegations (33 different lines originating in both Heading IV (Europe as a global player) and Heading V (Administration) of the Commission, plus the EDF Funds) and the necessity to finance considerable parts of the administrative expenditure using envelopes (a composition of several budget lines) increases the complexity of budget management.

In addition, as the administrative budget emanates from different sections of the EU budget, the budget available on the various budget lines to finance shared common costs is often not in **equilibrium** and leads to difficulties in execution. This situation will be partially resolved in 2015 with the transfer to the EEAS budget of the Commission's appropriations in respect of delegations common costs, with the exception of the share financed by the EDF.

Lastly, the document noted:

- the exposure to exchange rate fluctuations and local inflation in the delegations;
- the difficulty in managing a network of 139 delegations which often exposes the Institution to crisis situations (Libya, Syria, Yemen, Ukraine, etc...) which have heavy budgetary implications in terms of security and evacuation costs.