Basic information

2016/2153(DEC) DEC - Discharge procedure	Procedure completed
2015 discharge: EU general budget, European Council and Council **Subject** 8.70.03.05 2015 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	STAES Bart (Verts/ALE)	07/06/2017
	Shadow rapporteur MARINESCU Marian-Jean (PPE) IVAN Cătălin Sorin (S&D) CZARNECKI Ryszard (ECR) TAKKULA Hannu (ALDE) DE JONG Dennis (GUE/NGL) VALLI Marco (EFDD) JALKH Jean-François (ENF)	

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
11/07/2016	Non-legislative basic document published	COM(2016)0475	Summary
04/10/2016	Committee referral announced in Parliament		
22/03/2017	Vote in committee		
30/03/2017	Committee report tabled for plenary	A8-0131/2017	Summary
26/04/2017	Debate in Parliament		
27/04/2017	Decision by Parliament	T8-0147/2017	Summary

27/04/2017	Results of vote in Parliament		
27/04/2017	Report referred back to committee		
25/09/2017	Vote in committee		
05/10/2017	Committee report tabled for plenary	A8-0291/2017	Summary
24/10/2017	Debate in Parliament		
25/10/2017	Decision by Parliament	T8-0409/2017	Summary
25/10/2017	Results of vote in Parliament		
25/10/2017	End of procedure in Parliament		
02/12/2017	Final act published in Official Journal		

Technical information

Procedure reference	2016/2153(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/09851

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE593.847	06/02/2017	
Amendments tabled in committee		PE600.916	07/03/2017	
Committee report tabled for plenary, single reading		A8-0131/2017	30/03/2017	Summary
Text adopted by Parliament, single reading		T8-0147/2017	27/04/2017	Summary
Committee draft report		PE608.034	24/07/2017	
Amendments tabled in committee		PE610.672	14/09/2017	
Committee report tabled for plenary, single reading		A8-0291/2017	05/10/2017	Summary
Text adopted by Parliament, single reading		T8-0409/2017	25/10/2017	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05876/2017	17/02/2017	Summary

European Commission

Document type	Reference	Date	Summary

Non-legislative basic document	COM(2016)0475	11/07/2016	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Budget 2017/2218 OJ L 318 02.12.2017, p. 0025	Summary

2015 discharge: EU general budget, European Council and Council

2016/2153(DEC) - 11/07/2016 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2015, as part of the 2015 discharge procedure.

Analysis of the accounts of the EU Institutions: **European Council and Council**.

Legal reminder: the consolidated annual accounts of the European Union for the year 2015 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) Governance and budgetary principles: the organisational governance of the EU consists of institutions, agencies and other EU bodies. The main institutions in the sense of being responsible for drafting policies and taking decisions are the EP, the **European Council, the Council** and the Commission.

The EU Budget finances a wide range of policies and programmes throughout the EU. In accordance with the priorities set by the European Parliament and the Council in the Multiannual Financial Framework (MFF), the Commission carries out specific programmes, activities and projects in the field.

The budget is prepared by the Commission and usually agreed in mid-December by the Parliament and the Council, based on the procedure of Art. 314 TFEU.

According to the principle of budget equilibrium, the total revenue must equal total expenditure (payment appropriations) for a given financial year.

EU revenues: the EU has two main categories of funding: own resources revenues and sundry revenues. Own resources can be divided into traditional own resources (such as custom levies), the own resource based on value added tax (VAT) and the resource based on gross national income (GNI). Sundry revenues arising from the activities of the EU (e.g. competition fines) normally represent less than 10 % of total revenue. Own resources revenue make up the vast majority of EU funding.

Expenditure of the EU institutions: the EU's operational expenditure of these institutions takes different forms, depending on how the money is paid out and managed.

From 2014 onwards, the Commission classifies its expenditure as follows:

- **Direct management**: the budget is implemented directly by the Commission services.
- **Indirect management**: the Commission confers tasks of implementation of the budget to bodies of EU law or national law, such as the EU agencies.
- **Shared management**: under this method of budget implementation tasks are delegated to Member States. About 80 % of the expenditure falls under this management mode covering such areas as agricultural spending and structural actions.

Consolidated annual accounts of the EU: this Commission document concerns the EU's consolidated accounts for the year 2015 and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It also presents the accounting principles applicable to the European budget (in particular, consolidation).

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.

Audit and discharge: the EU's annual accounts and resource management are audited by the European Court of Auditors, its external auditor, which as part of its activities draws up for the European Parliament and the Council:

- an annual report on the activities financed from the general budget, detailing its observations on the annual accounts and underlying transactions;
- an opinion, based on its audits and given in the annual report in the form of a statement of assurance, on (i) the reliability of the accounts and (ii) the legality and regularity of the underlying transactions involving both revenue collected from taxable persons and payments to final beneficiaries.

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 (and other EU bodies) from its responsibility for management of a given budget** by marking the end of that budget's existence. This discharge procedure may produce three outcomes: (i) the granting; (ii) postponement; (iii) or the refusal of the discharge.

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 European Council/Council's appropriations for the financial year 2015: the document comprises a series of annexes, the most important concerning the implementation of the budget.

As regards the budget implementation of the European Council/Council, the table on the financial and budgetary implementation of this institution shows that the total payment appropriations totalled **EUR 639 million**, with an 82.43% implementation rate.

2015 discharge: EU general budget, European Council and Council

2016/2153(DEC) - 05/10/2017 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the second report by Bart STAES (Greens/EFA, BE) in which it called on the European Parliament to **refuse to grant discharge** to the Secretary-General of the Council in respect of the implementation of the budget of the European Council and the Council for the financial year 2015.

Members regretted, first of all, that the Council has not responded to Parliament's remarks in its resolution of 27 April 2017 by which it postponed its decision granting discharge. They welcomed that for the first time the Council provided the Parliament with the 2015 **annual activity reports** of the Directorate General for Administration, of the Legal Service and of the Directorate General for Communication and Document Management.

As regards the pending issues, Members regretted the fact that the budget of the European Council and the Council have not yet been separated as recommended by Parliament.

They reiterated their call for reports on the progress of **real estate projects** as well as a detailed breakdown of the expenditure incurred so far and information on the costs of delays in the completion of the Europa building.

Members regretted that the Council's **whistleblowing rules** continue to be publicly unavailable and that the Council has not yet joined the Union transparency register.

The Council is urged to develop detailed **anti-corruption guidelines** and independent policies within its structures.

Overall, 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 the refusal to grant discharge to the Secretary-General of the Council in relation to the financial years 2009, 2010, 2011, 2012, 2013 and 2014 has not led to consequences of any kind. They insisted that an effective budgetary control exercise requires the cooperation of Parliament and the Council.

Members confirmed that **Parliament is unable to make an informed decision on granting discharge**. They reminded the Council of the Commission's view that all institutions should be 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. They regretted that the Council continues to **fail to provide answers** to Parliament's questions.

According to Members, the lack of cooperation of the European Council and the Council with the discharge authority is a negative sign to the citizens of the Union.

2015 discharge: EU general budget, European Council and Council

2016/2153(DEC) - 17/02/2017 - Supplementary non-legislative basic document

Based on the observations contained in the report by the Court of Auditors, the Council called on the European Parliament to **grant discharge to all of the EU institutions in respect of the implementation of their respective budgets for the financial year 2015**.

The Council welcomed that the administrative and related expenditure of the EU institutions remained **free from material error** with an estimated level of error of **0.6 %,** which is well below the materiality threshold. It noted with satisfaction that **no serious weaknesses** were identified by the Court in the supervisory and control systems and in the examined annual activity reports.

The Council took note of a limited number of errors detected by the Court, notably in the **recruitment and procurement procedures** and in the **management of staff allowances**.

2015 discharge: EU general budget, European Council and Council

2016/2153(DEC) - 30/03/2017 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Bart STAES (Greens/EFA, BE) in which it 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 budget of the European Council and of the Council for the financial year 2015.

Members noted that in 2015, the European Council and the Council had an overall budget of EUR 541 791 500 (EUR 534 202 300 in 2014), with an implementation rate of 92.6 %. They also took note of the increase of EUR 7.6 million (+ 1.4 %) in the Council's budget for 2015.

Systematic underspending: Members noted the publication by the General Secretariat of the Council (GSC) of the annual activity reports of the Legal Service, the Communication and Document Management and the Administration directors-general on under spending and called for key performance indicators to be put in place to improve the budgetary planning.

Moreover, Members are still concerned about the very high amount of appropriations being carried over from 2015 to 2016 particularly those on property, plant and equipment.

They 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.

Building policy: Members expressed concern at the delivery delay of the Europa building and asked for the Council's building policy to be provided to the discharge authority. They reminded the Council of Parliament's call for progress reports on building projects and a detailed breakdown of the costs incurred to date.

State of play: Members once again noted the lack of transparency which has characterised Parliament's information on the discharge procedure concerning the Council and the European Council and noted that they ought to be transparent and fully accountable to Union citizens for the funds entrusted to it as a Union institution.

The Council must take part fully and in good faith in the annual discharge procedure, just as the other institutions do. In this regard, they considered that effective supervision of the Union's budget implementation requires cooperation between Parliament and the Council through a working arrangement. They deeply regretted the difficulties encountered in the discharge procedures to date.

As with previous years, Members insisted that the **expenditure of the Council must be scrutinised in the same way as that of other institutions** and pointed out that the basics of such scrutiny have been laid down in its discharge resolutions of the past years. They hoped for a much improved cooperation with the Council’s secretary-general for whom the year 2015 was the first year he took on these new responsibilities.

Towards improved cooperation: Members stated that the Parliament and the Council should show greater goodwill on both sides. They recalled Parliament’s power to grant discharge pursuant to Articles 316, 317 and 319 of the Treaty on the Functioning of the European Union and Articles 164 to 167 of the Financial Regulation, and affirmed that granting or not granting discharge is a duty that Parliament has towards the Union citizens.

Members recalled that each of the institutions, as defined in Article 2(b) of the Financial Regulation, is autonomous in implementing its own section of the budget given its budgetary autonomy laid down in Article 55 of that Regulation. Parliament grants discharge to **each institution individually**.

In this regard, Members 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**.

2015 discharge: EU general budget, European Council and Council

2016/2153(DEC) - 27/04/2017 - Text adopted by Parliament, single reading

The European Parliament decided by 603 votes to 14, with 15 abstentions, **to postpone the decision on granting the Secretary-General of the Council discharge in respect of the implementation of the budget of the European Council and of the Council for the financial year 2015**.

Parliament postponed the closure of the accounts for the Council and the European Council in accordance with Annex IV, Article 5 (1) (a) to Parliament’ s Rules of Procedure.

Parliament noted that in 2015, the European Council and the Council had an overall budget of EUR 541 791 500 (EUR 534 202 300 in 2014), with an implementation rate of 92.6 %. It also took note of the increase of EUR 7.6 million (+ 1.4 %) in the Council's budget for 2015.

Systematic underspending: Parliament noted the publication by the General Secretariat of the Council (GSC) of the annual activity reports of the Legal Service, the Communication and Document Management and the Administration directors-general on under spending and called for key performance indicators to be put in place to improve the budgetary planning.

Moreover, Parliament is still concerned about the very high amount of appropriations being carried over from 2015 to 2016 particularly those on property, plant and equipment.

It 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.

Human resources: Parliament stressed that the geographical balance, namely the relationship between staff nationality and the size of Member States, should still remain an important element of resources management particularly with respect to the Member States that have acceded to the Union since 2004. It regretted the fact that Member States which acceded to the Union in 2004 or after are still **under-represented at the higher level of administration** and in managerial posts, for which progress is still awaited.

Building policy: Parliament expressed concern at the delivery delay of the Europa building and asked for the Council's building policy to be provided to the discharge authority. It reminded the Council of Parliament's call for progress reports on building projects and a detailed breakdown of the costs incurred to date.

Council/European Council discharge procedure: state of play: Parliament once again noted the lack of transparency which has characterised Parliament's information on the discharge procedure concerning the Council and the European Council and noted that they ought to be **transparent** and fully accountable to Union citizens for the funds entrusted to it as a Union institution.

The Council must take part fully and in **good faith in the annual discharge procedure, just as the other institutions do**. In this regard, Parliament considered that effective supervision of the Union's budget implementation requires cooperation between Parliament and the Council through a working arrangement. It deeply regretted the difficulties encountered in the discharge procedures to date.

As with previous years, it insisted that the expenditure of the Council must be scrutinised in the same way as that of other institutions and pointed out that the basics of such scrutiny have been laid down in its discharge resolutions of the past years. It hoped for a much improved cooperation with the Council’s secretary-general for whom the year 2015 was the first year he took on these new responsibilities.

Towards improved cooperation: Members stated that the Parliament and the Council should show greater goodwill on both sides. They recalled Parliament’s power to grant discharge pursuant to Articles 316, 317 and 319 of the Treaty on the Functioning of the European Union and Articles 164 to 167 of the Financial Regulation, and affirmed that granting or not granting discharge is a duty that Parliament has towards the Union citizens.

Parliament recalled that each of the institutions, as defined in Article 2(b) of the Financial Regulation, is autonomous in implementing its own section of the budget given its budgetary autonomy laid down in Article 55 of that Regulation. Parliament grants discharge to **each institution individually**.

In this regard, Parliament 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.

2015 discharge: EU general budget, European Council and Council

2016/2153(DEC) - 25/10/2017 - Text adopted by Parliament, single reading

The European Parliament decided by 638 votes to 17, with 4 abstentions, to refuse to grant the Secretary-General of the Council discharge in respect of the implementation of the budget of the European Council and of the Council for the financial year 2015.

In a resolution annexed to the decision to refuse discharge, Parliament regretted that the Council has not responded to Parliament’s remarks in its resolution of 27 April 2017 by which it postponed its decision granting discharge.

As regards the pending issues, Members stressed the following issues:

- the budget of the European Council and the Council have **not yet been separated** as recommended by Parliament;
- reports on the progress of **real estate projects** as well as a detailed breakdown of the expenditure incurred so far and information on the costs of delays in the completion of the Europa building;
- the Council’s **whistleblowing rules** continue to be publicly unavailable and that the Council has not yet joined the Union transparency register;
- despite improvements made by the Council with regard to internal policies, the Council still has not joined the Union’s **transparency register**;
- the Council is urged to develop detailed **anti-corruption guidelines** and independent policies within its structures.

Overall, 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 the refusal to grant discharge to the Secretary-General of the Council in relation to the financial years 2009, 2010, 2011, 2012, 2013 and 2014 has not led to consequences of any kind. It insisted that an effective budgetary control exercise requires the cooperation of Parliament and the Council.

Members confirmed that **Parliament is unable to make an informed decision on granting discharge**. They reminded the Council of the Commission's view that all institutions should be 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. They regretted that the Council continues to **fail to provide answers to Parliament's questions**.

According to Members, the lack of cooperation of the European Council and the Council with the discharge authority is a **negative sign** to the citizens of the Union.

2015 discharge: EU general budget, European Council and Council

2016/2153(DEC) - 25/10/2017 - Final act

PURPOSE: to refuse discharge to the Council and the European Council for the 2015 financial year.

NON-LEGISLATIVE ACT: Decision (EU) 2017/2218 of the European Parliament of 25 October 2017 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2015, 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 budget of the European Council and of the Council for the financial year 2015.

This decision is in line with the European Parliament's resolution adopted on 25 October 2017 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 25/10/2017).

In particular, Parliament regretted that the Council continues to be **silent** in relation to the remarks made by Parliament in its discharge resolution of 27 April 2017 on the trend from previous years and that the budget of the European Council and the budget of Council have not yet been **separated**, as recommended by Parliament in several of its recent discharge resolutions.

It also called for improvements to be made regarding:

- the transparency of building costs;
- the Council's whistleblowing rules which continue to be publicly unavailable;
- the Union transparency register;
- anti-corruption guidelines and independent policies within its structures;

Lastly, Parliament noted that failure to grant discharge has not led to consequences of any kind and that the situation should nevertheless be resolved as rapidly as possible, principally in the interests of the citizens of the Union.