Basic information

2017/2138(DEC) DEC - Discharge procedure	Procedure completed
2016 discharge: EU general budget, European Council and Council **Subject** 8.70.03.06 2016 discharge	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	CONT Budgetary Control	VALLI Marco (EFDD)	11/06/2018
		Shadow rapporteur SALAFRANCA SÁNCHEZ-NEYRA José Ignacio (PPE) KOHN Arndt (S&D) CZARNECKI Ryszard (ECR) KLINZ Wolf (ALDE) DE JONG Dennis (GUE/NGL) JÁVOR Benedek (Verts/ALE) JALKH Jean-François (ENF)	

European Commission	**Commission DG**	**Commissioner**
	Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
26/06/2017	Non-legislative basic document published	COM(2017)0365	Summary
13/09/2017	Committee referral announced in Parliament		
20/03/2018	Vote in committee		
27/03/2018	Committee report tabled for plenary	A8-0116/2018	Summary
18/04/2018	Decision by Parliament	T8-0125/2018	Summary
18/04/2018	Results of vote in Parliament		

18/04/2018	Debate in Parliament		
18/04/2018	Report referred back to committee		
27/09/2018	Vote in committee		
02/10/2018	Committee report tabled for plenary	A8-0300/2018	Summary
23/10/2018	Debate in Parliament		
24/10/2018	Decision by Parliament	T8-0405/2018	Summary
24/10/2018	Results of vote in Parliament		
24/10/2018	End of procedure in Parliament		
28/12/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/2138(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/13571 CONT/8/10641

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE612.031	29/01/2018	
Amendments tabled in committee		PE618.340	01/03/2018	
Committee report tabled for plenary, single reading		A8-0116/2018	27/03/2018	Summary
Text adopted by Parliament, single reading		T8-0125/2018	18/04/2018	Summary
Committee draft report		PE623.715	21/06/2018	
Amendments tabled in committee		PE627.724	11/09/2018	
Committee report tabled for plenary, single reading		A8-0300/2018	02/10/2018	Summary
Text adopted by Parliament, single reading		T8-0405/2018	24/10/2018	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05940/2018	09/02/2018	Summary

European Commission

Document type	Reference	Date	Summary

Non-legislative basic document	COM(2017)0365	26/06/2017	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0008/2018 OJ C 322 28.09.2017, p. 0001	13/07/2017	Summary
EU	For information	32018B1311 OJ L 248 03.10.2018, p. 0023	03/10/2018	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2018/2071
OJ L 331 28.12.2018, p. 0210 Summary

2016 discharge: EU general budget, European Council and Council

2017/2138(DEC) - 24/10/2018 - Final act

PURPOSE: to grant discharge to the Council for the 2016 financial year.

NON-LEGISLATIVE ACT: Decision (EU) 2018/2071 of the European Parliament on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section II - European Council and Council.

CONTENT: the European Parliament has refused 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 2016 financial year.

The decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the decision on discharge in respect of the implementation of the general budget of the European Union for the 2016 financial year.

In its resolution, Parliament regretted that the Council had not responded to the observations made by Parliament in its resolution of 18 April 2018 on the discharge, thus following the trend observed in previous years. It regretted that no action had been taken on Parliament's recommendations and that no reason or explanation had been provided in that regard.

Outstanding issues

Parliament regretted that its request that the budget of the European Council and the Council be separate had not been taken into account. It also invited the Council to:

- communicate as soon as possible its reply to the European Ombudsman's strategic report on the transparency of the legislative procedure to the Council;

- provide detailed information on its building policy in its annual financial report;

- report on the progress of building projects and a detailed breakdown of expenditures incurred to date;

- present an overview of human resources broken down by category, grade, gender, nationality and training;

- engage in fruitful negotiations with the result that the Council joins the register;

- specify the measures it has taken to overcome the irregular nomination of a judge to the Court of Justice of the European Union;

- carry out impact assessments of the consequences of Brexit and inform Parliament of the conclusions by the end of the 2018 financial year.

State of play

Parliament welcomed the informal exchanges between Parliament and the Council to discuss solutions to the current impasse in the discharge procedure. It invited the Council to react quickly to the latest proposals from the Committee on Budgetary Control, so that the new arrangements for the discharge exercise may be applied as soon as possible.

Parliament also deplored the systematic difficulties encountered so far in the discharge procedures due to a lack of cooperation from the Council. It stressed that the Council's expenditure must be audited in the same way as that of the other institutions and that the fundamental elements of this audit are set out in its discharge resolutions for the past financial years.

2016 discharge: EU general budget, European Council and Council

2017/2138(DEC) - 26/06/2017 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 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 2016 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.

Consolidated annual accounts of the EU: this Commission document concerns the EU's consolidated accounts for the year 2016 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 European Parliament is the discharge authority within the EU. The **discharge** represents the **final step** of a budget lifecycle. It is 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.

(2) Implementation of the European Council/Council's appropriations for the financial year 2016: the total commitment appropriations amounted to **EUR 541 million**, with a 92% implementation rate. Some of the main outcomes for 2016 included:

- the consolidation and enhancement of the Council website launched in 2015. Visits to the website grew by 40% compared with 2015, reaching a total of 7 million by the end of 2016;
- the web team continued work on the single site strategic objective by aligning the Council livestreaming website with the single visual layout and integrating the Council library blog into the Council website;
- the Translation Service continued to deliver translations of a high quality with a deadline compliance of 99.8 % (99.6 % in 2015).

2016 discharge: EU general budget, European Council and Council

2017/2138(DEC) - 13/07/2017

PURPOSE: presentation of the Annual report of the Court of Auditors on the implementation of the budget concerning the financial year 2016.

CONTENT: the Court of Auditors published its 40th annual report on the implementation of the general budget of the Union for the year 2016. This report follows a five-part structure:

- the statement of assurance (DAS) and a summary of the results of our audit on the reliability of accounts and the regularity of transactions;
- the analysis of budgetary and financial management;
- the Commission's performance reporting framework;
- the findings on EU revenue;
- the presentation of the main headings of the current multiannual financial framework (MFF), the results of the testing of the regularity of transactions.

The Court concludes that **payments for 2016 are legal and regular, with the exception of those based on the cost reimbursement payments**. It believes that the EU accounts present a true and fair view of the EU's financial position.

The audit also focuses on the budget implementation of the **Council and the European Council**.

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 0.2 %.

The Court noted that the institutions had **collectively cut the number of posts** in the establishment plan by 4% over the period from 2013 to 2017. The institutions had reduced the number of staff (posts actually occupied by a staff member) by 1.4 % between 2013 and 2017.

The Court also examined how the budgeted number of **contract staff** had changed. This number rose from 4 517 to 5 417 between 2013 and 2017 - an increase of 19.9 %. Contract staff made up 11.4 % of the number of staff in the establishment plan in 2013, and 14.2 % in 2017.

The institutions are **achieving the 5 % reduction target** by eliminating vacant posts in the establishment plan and by not replacing staff members leaving upon retirement, illness or at the end of temporary contracts.

The Court **did not detect any specific problem regarding the Council**.

2016 discharge: EU general budget, European Council and Council

2017/2138(DEC) - 02/10/2018 - Committee report tabled for plenary, single reading

By adopting the second report by Marco VALLI's (EFDD, IT) on the discharge for the implementation of the general budget of the European Union for the financial year 2016, Section II - European Council and Council, the Committee on Budgetary Control called on Parliament to **refuse discharge** to the Secretary-General of the Council on the implementation of the budget of the European Council and the Council for the financial year 2016.

Members deplored the fact that the **Council has not responded to the observations made by Parliament** in its discharge resolution of 18 April 2018, following the trend from previous years. They expressed support for the successful paradigm shift towards **performance-based budgeting** in the Commission's budget planning. The European Council and the Council are encouraged to apply this method to their own budget-planning procedure.

Outstanding issues: Members regretted that the request for the budgets of the European Council and the Council to be separated, made by Parliament in previous discharge resolutions, has not been considered. They called on the Council to:

- communicate as soon as possible its reply to the European Ombudsman's strategic report on the **transparency of the legislative procedure** to the Council. The Ombudsman had requested a response to suggestions for improvements by 9 May 2018;
- report on the progress of **building projects** and present a detailed breakdown of the costs incurred to date;
- present an overview of **human resources** to be broken down by category, grade, gender, nationality and training;
- clarify what measures it has taken to overcome the irregular nomination of a judge to the Court of Justice of the European Union;
- perform **impact assessments** on the financial, administrative, human and other consequences related to the withdrawal of the United Kingdom from the Union and inform Parliament of the conclusions of these assessments by the end of 2018.

Members reiterated their call for a successful outcome of the negotiations that will lead to Council joining the **register**.

State of play: Members welcomed the informal exchanges that took place between Parliament and Council in order to discuss solutions to the current impasse in respect of the discharge procedure. They regretted the **difficulties repeatedly encountered** in the discharge procedures to date which were due to a lack of cooperation from Council.

The report noted the Commission's view, expressed in January 2014, that all institutions are 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.

2016 discharge: EU general budget, European Council and Council

2017/2138(DEC) - 24/10/2018 - Text adopted by Parliament, single reading

The European Parliament decided to **refuse discharge** to the Secretary-General of the Council on the implementation of the budget of the European Council and the Council for the financial year 2016.

In its resolution adopted by 635 votes to 9, with 21 abstentions, Parliament recalled that all the Union institutions have administrative autonomy in matters relating to their respective operations. It deplored the fact that the **Council has not responded to the observations made by Parliament** in its discharge resolution of 18 April 2018, following the trend from previous years. It regretted that the recommendations of Parliament have not been followed up at all and that no reason or justification has been given.

Furthermore, it encouraged the European Council and the Council are encouraged to apply this method to their own budget-planning procedure.

Outstanding issues: Members regretted that the request for the budgets of the European Council and the Council to be **separated**, made by Parliament in previous discharge resolutions, has not been considered. They called on the Council to:

- communicate as soon as possible its reply to the European Ombudsman's strategic report on the **transparency of the legislative procedure** to the Council. The Ombudsman had requested a response to suggestions for improvements by 9 May 2018;
- report on the progress of **building projects** and present a detailed breakdown of the costs incurred to date. Members took note of the cost of the Europa building at EUR 312 143 710.53;
- present an overview of **human resources** to be broken down by category, grade, gender, nationality and training;
- clarify what measures it has taken to overcome the irregular nomination of a judge to the Court of Justice of the European Union;
- perform **impact assessments** on the financial, administrative, human and other consequences related to the withdrawal of the United Kingdom from the Union and inform Parliament of the conclusions of these assessments by the end of 2018.

Members reiterated their call for a successful outcome of the negotiations that will lead to Council joining the **register**.

State of play: while welcoming the informal exchanges that took place in order to discuss solutions to the current impasse in respect of the discharge procedure, Parliament regretted the **difficulties repeatedly encountered** in the discharge procedures to date which were due to a lack of cooperation from Council.

The resolution noted the Commission's view, expressed in January 2014, that **all institutions** are 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.

2016 discharge: EU general budget, European Council and Council

2017/2138(DEC) - 27/03/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the second report by Ingeborg GRÄSSLE (EPP, DE) in which it called on the European Parliament to **p ostpone 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 2016.

Members noted that in 2016, the European Council and the Council had an overall budget of EUR 545 054 000 (compared to EUR 541 791 500 in 2015), with an implementation rate on average of 93.5 %, this is an increase of EUR 3.3 million (equivalent to 0.6 %) in the 2016 budget of the European Council and the Council.

The report 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.

Members expressed their support for the successful paradigm shift towards performance-based budgeting in the Commission’s budget planning and encouraged the European Council and the Council to apply the method to their own budget-planning procedure.

Members observed that the objective of the Council’s establishment plan to comply with the interinstitutional agreement to reduce staff by 5 % over the period of five years was achieved on 1 January 2017. They called on the Council to provide full details on the human resources and facilities at the disposal of the ATHENA mechanism, to guarantee the maximum level of transparency with respect to that mechanism. They also expressed the need to establish an independent disclosure, advice and referral body with sufficient budgetary resources, in order to help whistleblowers use the right channels to disclose information on possible irregularities affecting the financial interests of the Union, while protecting their confidentiality and offering needed support and advice.

The late delivery of the Europa building had a significant impact on the 2016 budget of the European Council and of the Council and Members asked to be informed of the overall financial impact of the delay. They regretted that there is still a **lack of information on the buildings policy** and related expenditures, which should be public as a sign of transparency for the European citizens.

Once again, they regretted that the Council has still not joined the Union transparency register despite being one of the most important institutions involved in the Union’s decision-making process.

Members regretted the decision by the **UK to withdraw from the Union** and stated that at this point no predictions can be made about the financial, administrative, human and other consequences related to the withdrawal. The European Council and the Council are asked to perform impact assessments and inform the Parliament of the results by the end of the year 2018.

State of play: Members noted that **failure to grant discharge** has so far not led to consequences of any kind. They stressed that the situation should be resolved as rapidly as possible in the interest of the citizens of the Union. They recalled that the procedure of giving discharge separately to the individual Union institutions and bodies is a long-standing practice accepted by all the other institutions except the Council, and that this procedure has been developed to guarantee transparency and democratic accountability towards Union citizens. The Council was urged to take part fully and in good faith in the annual discharge procedure, just as the other institutions do.

Members criticised the irregular nomination, without a call for applications, of two judges for the Tribunal of First Instance for a mandate which moreover lasted only from 14 April 2016 until 31 August 2016. They noted with regret the costs associated with one of those judges taking up and ending his '4 month mandate', amounting to EUR 69 498.25 in addition to the salary received by the judge. They condemned such a waste of Union taxpayers’ money.

2016 discharge: EU general budget, European Council and Council

2017/2138(DEC) - 18/04/2018 - Text adopted by Parliament, single reading

The European Parliament decided by 659 votes to 32, with 6 abstentions, to **postpone its decision to grant discharge** to the Secretary-General of the Council with respect to the implementation of the Council's budget for the 2016 financial year.

In 2016, the European Council and the Council had an overall budget of EUR 545 054 000 (compared to EUR 541 791 500 in 2015), with an implementation rate on average of 93.5 %, this is an increase of EUR 3.3 million (equivalent to 0.6 %) in the 2016 budget of the European Council and the Council.

Budget: 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.

Members expressed their support for the successful shift towards **performance-based budgeting** in the Commission's budget planning and encouraged the European Council and the Council to apply the method to their own budget-planning procedure.

Staff: Parliament observed that the objective of the Council's establishment plan to comply with the interinstitutional agreement to **reduce staff by 5 %** over the period of five years was achieved on 1 January 2017. It called on the Council to continue with the gender balance policy toward a truly balanced presentation of both genders in management posts

Members emphasised the need to establish an independent body with sufficient budgetary resources to support **whistleblowers** wishing to disclose information on possible irregularities negatively impacting on the Union's financial interests, while ensuring their confidentiality is protected.

Buildings policy: the **late delivery of the Europa building** had a significant impact on the 2016 budget of the European Council and of the Council; asks to be informed of the overall financial impact of the delay. Members regret that there is still a lack of information on the buildings policy and related expenditures, which should be public as a sign of transparency for European citizens.

Transparency: once again, Parliament regretted that the Council has still not joined the **Union transparency register** despite being one of the most important institutions involved in the Union's decision-making process. It urged the Council to comply with the Ombudsman's recommendations and suggestions for improvement to facilitate the public's access to documents.

Brexit: Members regretted the decision by the **UK** to withdraw from the Union and stated that at this point no predictions can be made about the financial, administrative, human and other consequences related to the withdrawal. The European Council and the Council are asked to perform impact assessments and inform the Parliament of the results by the end of the year 2018.

State of play: Members noted that **failure to grant discharge has so far not led to consequences of any kind**. They stressed that the situation should be resolved as rapidly as possible in the interest of the citizens of the Union. They recalled that the procedure of giving discharge separately to the individual Union institutions and bodies is a long-standing practice accepted by all the other institutions except the Council, and that this procedure has been developed to guarantee transparency and democratic accountability towards Union citizens. The Council was urged to take part fully and in good faith in the annual discharge procedure, just as the other institutions do.

Parliament criticised the **irregular nomination, without a call for applications, of two judges for the Tribunal of First Instance** for a mandate which moreover lasted only from 14 April 2016 until 31 August 2016. They noted with regret the costs associated with one of those judges taking up and ending his '4-month mandate', amounting to EUR 69 498.25 in addition to the salary received by the judge. They condemned such a waste of Union taxpayers' money.

2016 discharge: EU general budget, European Council and Council

2017/2138(DEC) - 09/02/2018 - 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 2016.

The Council notes with satisfaction that the **estimated level of error** reported by the Court for payments in the "Administration" policy area further decreased by 0.6 percentage points to **0.2 % in 2016**, well below the materiality threshold of 2 %. It welcomes that **no serious weaknesses** were identified by the Court in the systems examined.

The Council underlines the need to respect the principles of annuality and of sound financial management and that the carry-over of appropriations should always be compliant with the rules of the Financial Regulation and be motivated with factual and genuine reasons.

The Council regrets that not all the EU institutions, bodies and agencies have achieved **the 5 % reduction of posts in the establishment plan** by the end of 2017 and urges these institutions, bodies and agencies to carry out the remaining reduction as soon as possible in order to achieve this target fully.

The Council also notes the Court's findings that the total number of staff posts in the establishment plans decreased by 1.1 % between 2012 and 2017, the number of posts actually occupied by staff increased by 0.4 % over the period from 1 January 2013 to 1 January 2017, and the actual payments for salaries for permanent officials and temporary agents increased by 9.2 % between 2012 and 2016.

While recognising that during the period 2013-2017 some EU institutions, bodies and agencies were tasked with new responsibilities and equipped with new resources, the Council considers that the gap between the expectations and the outcome is significant.

In this context, the Council acknowledges that by focusing solely on the headcount based on establishment plan posts, the methodology chosen was **not suited** to achieve the goal of reducing administrative expenditure.

The Court did **not detect any specific problem concerning the Council** and the European Council.