



Plenary sitting

A8-0116/2018

27.3.2018

REPORT

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
(2017/2138(DEC))

Committee on Budgetary Control

Rapporteur: Ingeborg Gräßle

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

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 (2017/2138(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2016¹,
 - having regard to the consolidated annual accounts of the European Union for the financial year 2016 (COM(2017)0365 – C8-0249/2017)²,
 - having regard to the Court of Auditors' annual report on the implementation of the budget concerning the financial year 2016, together with the institutions' replies³,
 - having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2016, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
 - having regard to Article 314(10) and Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union,
 - having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁵, and in particular Articles 55, 99, 164, 165 and 166 thereof,
 - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0116/2018),
1. Postpones 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;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision and the resolution forming an integral part of it to the European Council, the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors, the European Ombudsman, the European Data Protection Supervisor and the European External Action Service, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 48, 24.2.2016.

² OJ C 323, 28.9.2017, p. 1.

³ OJ C 322, 28.9.2017, p. 1.

⁴ OJ C 322, 28.9.2017, p. 10.

⁵ OJ L 298, 26.10.2012, p. 1.

2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the decision 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 (2017/2138(DEC))

The European Parliament,

- having regard to its decision 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,
 - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0116/2018),
- A. whereas in the context of the discharge procedure, the discharge authority stresses the particular importance of further strengthening the democratic legitimacy of the Union institutions by improving transparency and accountability, and implementing the concept of performance-based budgeting and good governance of human resources;
1. Notes that in its 2016 annual report, the Court of Auditors observed that no significant weaknesses had been identified with respect to the audited topics related to human resources and procurement for the European Council and Council;
 2. Notes 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 %; notes the increase of EUR 3,3 million (equivalent to 0,6 %) in the 2016 budget of the European Council and the Council;
 3. Reiterates 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;
 4. Expresses its support for the successful paradigm shift towards performance-based budgeting in the Commission's budget planning introduced by Vice-President Kristalina Georgieva in September 2015 as part of the 'EU Budget Focused on Results' initiative; encourages the European Council and the Council to apply the method to their own budget-planning procedure;
 5. Regrets that the European Ombudsman found in its strategic inquiry on the 'Transparency of the Council legislative process' (OI/2/2017/TE), concluded on 9 February 2018, that the current practice of the Council which inhibits the scrutiny of draft Union legislation constitutes maladministration; urges the Council to comply with the Ombudsman's recommendations and suggestions for improvement to facilitate the public's access to documents; underlines the importance of transparency for the Council to be accountable to Union citizens in its role as a Union legislator; asks to be informed of the Council's reply and the progress of the procedure;

6. Notes that travel expenses of delegations and interpretation still accounted for substantial under-spending in 2016 within DG Administration; takes note of a new policy being negotiated with the Member States to overcome this issue;
7. Calls 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;
8. Maintains its concern with respect to the very high amount of appropriations being carried over from 2016 to 2017, particularly those for technical furniture, equipment and computer systems; reminds the Council that carry-overs are exceptions to the principle of annuality and should reflect actual needs;
9. Reiterates its call for the overview of human resources to be broken down by category, grade, gender, nationality and vocational training;
10. Notes the existence of a gender balance policy in the General Secretariat of the Council (GSC); welcomes the positive trend of women's representation in management posts, which had reached 31% at the end of 2016; calls on the Council to continue with the gender balance policy toward a truly balanced presentation of both genders in management posts;
11. Welcomes the information regarding the occupational activities of former senior officials of the GSC who left the service¹ in 2016;
12. Notes that in 2016 the Secretary-General of the Council published his Decision 3/2016 adopting internal rules for reporting serious irregularities - Procedures for the implementation of Articles 22a, 22b and 22c of the Staff Regulations ('Whistleblowing'); recalls that the protection of whistleblowers is an issue taken seriously within the public administration of the Union, which must always be considered carefully;
13. Expresses 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;
14. Observes 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;
15. Notes with concern that 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; regrets 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;
16. Reiterates its call for the building policy of the European Council and of the Council to

¹ Third and fourth paragraphs of Article 16 of the Staff Regulation of Officials of the EU.

be provided to the discharge authority; notes with satisfaction that the GSC obtained an EMAS certification in 2016 for its buildings;

17. Regrets 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; therefore calls for a successful outcome of the interinstitutional negotiations between the Council presidency and representatives of the Parliament and the Commission that will lead the Council to finally join the transparency register;
18. Regrets the decision by the UK to withdraw from the Union; observes that at this point no predictions can be made about the financial, administrative, human and other consequences related to the withdrawal, asks the European Council and the Council to perform impact assessments and inform the Parliament of the results by the end of the year 2018;

State of play

19. Notes that failure to grant discharge has so far not led to consequences of any kind; stresses that the situation should be resolved as rapidly as possible in the interest of the citizens of the Union; recalls that the Parliament is the only institution directly elected by Union citizens and that its role in the discharge procedure is directly connected with the citizens' right to be informed of how public money is spent;
20. Notes that a proposal to negotiate an agreement with the Council on the budget discharge procedure was submitted by Parliament's Committee on Budgetary Control (CONT) to the Parliament's Conference of Presidents (CoP) on 11 September 2017;
21. Notes that on 19 October 2017 the CoP approved the request to mandate the CONT Chair and coordinators of the political groups to enter into negotiations on behalf of the Parliament with a view to achieving a mutually satisfactory agreement on the cooperation of the Parliament and the Council with respect to the discharge procedure in full respect of the different role of the two institutions in the discharge procedure;
22. Notes also that on 9 November 2017 a letter was sent to the Secretary-General of the Council, inviting submission of the Parliament's proposal to the responsible body of the Council in order to launch negotiations under the terms approved by the CoP;
23. Notes that in the meantime the Secretary-General of the Council was invited by Parliament's Committee on Budgetary Control to attend the exchange of views with the secretaries-general of the other institutions, which took place on 4 December 2017, and that a written questionnaire was sent to the Secretary-General of the Council on 26 November 2017; deeply regrets that the Council reiterates its position of non-attendance to the exchange of views and that the questionnaire sent to the Council services with questions from the Members of Parliament remains unanswered;
24. Recalls 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;

25. Reiterates that the Council must take part fully and in good faith in the annual discharge procedure, just as the other institutions do, and regrets the difficulties encountered in the discharge procedures to date;
26. Underlines that, pursuant to the Treaties, Parliament is the only discharge authority of the Union, and that, in full acknowledgment of Council's role as an institution giving recommendations in the discharge procedure, a distinction must be maintained in respect of the different roles of Parliament and Council in order to comply with the institutional framework laid down in the Treaties and in the Financial Regulation;
27. Recalls that Parliament grants discharge to the other institutions after considering the documents provided, the replies given to the questions and after hearing the secretaries-general of the other institutions; regrets that Parliament repeatedly encounters difficulties in receiving answers from Council;
28. Considers that effective supervision of the Union's budget implementation requires cooperation between Parliament and Council and looks forward to starting negotiations with a view to reaching a mutually satisfactory agreement.
29. Notes that the nomination of the Members of the Court of Justice of the European Union (CJEU) is the responsibility of the Member States under Article 253 TFEU; highlights the importance of a timely nomination and appointment of judges for the performance of the CJEU; asks for a new rule setting a specific deadline for the (re)nomination of a judge well before the end of a judge's mandate and calls on the Council to respect the cost-benefit-ratio when appointing new judges to the CJEU; criticises 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; notes 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; condemns such a waste of Union taxpayers' money;
30. Notes furthermore that the General Court (Appeal Chamber, judgment of 23 January 2018 in Case T-639/16 P)¹ has considered a Second Chamber of the Civil Service Tribunal of the European Union constituted to include one of the '4 month mandate' judges to be irregular, which invalidated the decision referred to in the said judgment as well as all further decisions of the Second Chamber in that composition; asks the CJEU which decisions of the Second Chamber in that composition are affected by the General Court ruling; demands that the Council comment on this failure and clarify where responsibility lies for it.

¹ ECLI:EU:T:2018:22.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	20.3.2018
Result of final vote	+: 22 -: 1 0: 0
Members present for the final vote	Nedzhmi Ali, Inés Ayala Sender, Zigmantas Balčytis, Dennis de Jong, Tamás Deutsch, Martina Dlabajová, Raffaele Fitto, Ingeborg Gräßle, Cătălin Sorin Ivan, Jean-François Jalkh, Arndt Kohn, Notis Marias, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Indrek Tarand, Marco Valli, Derek Vaughan, Tomáš Zdechovský, Joachim Zeller
Substitutes present for the final vote	Julia Pitera, Miroslav Poche

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

22	+
ALDE	Nedzhmi Ali, Martina Dlabajová
ECR	Raffaele Fitto, Notis Marias
EFDD	Marco Valli
GUE/NGL	Dennis de Jong
PPE	Tamás Deutsch, Ingeborg Gräßle, Julia Pitera, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Claudia Schmidt, Tomáš Zdechovský, Joachim Zeller
S&D	Inés Ayala Sender, Zigmantas Balčytis, Cătălin Sorin Ivan, Arndt Kohn, Miroslav Poche, Derek Vaughan
VERTS/ALE	Bart Staes, Indrek Tarand

1	-
ENF	Jean-François Jalkh

0	0

Key to symbols:

+ : in favour

- : against

0 : abstention