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DRAFT REPORT

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section II – European Council and Council
(2014/2079(DEC))

Committee on Budgetary Control

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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 2013, Section II – European Council and Council (2014/2079(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2013¹,
 - having regard to the consolidated annual accounts of the European Union for the financial year 2013 (COM(2014)0510 – C8-0148/2014)²,
 - having regard to the Court of Auditors' annual report on the implementation of the budget concerning the financial year 2013, 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 2013, 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 Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁵,
 - 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 1605/2002⁶, and in particular Articles 55, 99, 164, 165 and 166 thereof,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0000/2015),
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 2013;
 2. Sets out its observations in the resolution below;

¹ OJ L 66, 8.03.2014.

² OJ C 403, 13.11.2014, p. 1.

³ OJ C 398, 12.11.2014, p. 1.

⁴ OJ C 403, 13.11.2014, p.128.

⁵ OJ L 248, 16.9.2002, p. 1.

⁶ OJ L 298, 26.10.2012, p. 1.

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).

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 2013, Section II – European Council and Council (2014/2079(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 2013, Section II – European Council and Council,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0000/2015),
- A. Whereas all Union institutions ought to be transparent and fully accountable to the citizens of the Union for the funds entrusted to them as Union institutions;
- B. Whereas in the absence of replies to Parliament's questions and lack of sufficient information, Parliament is not in the position to make an informed decision about granting the discharge;
1. Notes that on the basis of its audit work, the Court of Auditors concluded that the payments as a whole for the year ended on 31 December 2013 for administrative and other expenditure of the institutions and bodies were free from material error;
 2. Takes note that in its 2013 annual report, the Court of Auditors observed that no significant weaknesses had been identified in respect of the audited topics for the European Council and the Council;
 3. Notes that in 2013, the European Council and the Council had an overall budget of EUR 535 511 300 (EUR 533 920 000 in 2012), with an implementation of 86,7 %; regrets the decrease of the utilisation rate in 2013 compared to 91,8 % in 2012;
 4. Is concerned that the underspending rate continues to be high and relates to almost all categories; reiterates its calls for the development of key performance indicators to improve the budgetary planning for the coming years;
 5. Takes note that EUR 71 376 244 of commitments were cancelled in 2013 due to underspending and a reduction in the use of facilities;
 6. Is surprised to learn that EUR 5 million committed for the acquisition of the 'Europa' building was carried over to 2014 for actual payment; considers this balance, in addition to other appropriations carried over, as going against the principles of annuality and sound financial management of the Financial Regulation;

7. 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;
8. Reiterates its call on the European Council and the Council to send Parliament their annual activity report with a comprehensive overview of all human resources available to both institutions, broken down by category, grade, sex, nationality and vocational training;
9. Notes the establishment of the Audit Committee in the Council's General Secretariat and the adoption of a new internal audit charter;
10. Regrets that in 2013 there was a decrease in the implementation of the follow-up remarks made by the internal audit; agrees with the Council on "the importance of timely implementation of audit recommendations"¹; expects this procedure to be carried out without delay;
11. Is concerned by the delayed implementation of audit recommendations by the translation service;
12. Regrets that the drafting of a handbook for the management of building projects has been delayed;
13. Takes note that some of the audit recommendations on the 'Europa' building project are still lagging behind execution; reiterates its call for the Council to provide a thorough written explanation detailing the total amount of appropriations used in the purchase of the building;
14. Takes note of the zero growth (0,3 %) in the Council's budget for 2013; considers it a positive trend and expects it to continue in the coming years;
15. Calls on the Council to cooperate with other institutions to come up with a unified methodology of presenting the translation costs in order to simplify the analysis and comparison of the costs;

Reasons of postponement of the decision on granting discharge

16. Considers that effective supervision of the Union's budget implementation requires cooperation between Parliament and the Council through a working arrangement; regrets the difficulties encountered in the discharge procedures to date;
17. Reiterates that it is only possible to implement effective budgetary control with the cooperation of Parliament and the Council, the main elements of which must comprise of formal meetings between representatives of the Council and Parliament's Committee on Budgetary Control, answering questions asked by the committee's members on the basis of a written questionnaire and submitting documents to serve as background material for budgetary controls on request;

¹ Summary of 2013 Annual Activity Report by the Internal Auditor of the General Secretariat of the Council, page 2.

18. Reiterates that without the cooperation of the Council as stated above, Parliament is not in the position to make an informed decision on granting discharge;
19. Agrees with the Commission's views in its letter of 23 January 2014 to the European Parliament that it is desirable for Parliament to continue to give, postpone or refuse discharge to the other institutions – including the Council – as has been the case up until now;
20. Fully endorses and supports the Commission's views in that letter 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 in full respect of the relevant provisions in the Treaty on the Functioning of the European Union and in the relevant secondary law;
21. Advises the Council that the Commission stated in that letter that it will not oversee the implementation of the budgets of the other institutions and that giving a response to questions addressed to another institution would infringe the autonomy of that institution to implement its own section of the budget; recalls that Parliament grants discharge to the other institutions after considering the documents provided and the replies given to the questions; regrets that Parliament repeatedly encounters problems in receiving answers from the Council;
22. Considers it desirable for Parliament to exercise its power to grant discharge pursuant to Articles 316, 317 and 319 of the Treaty on the Functioning of the European Union in line with current interpretation and practice, namely to grant discharge to each heading of the budget individually in order to maintain transparency and democratic accountability towards Union taxpayers;
23. Regrets the fact that not all the Union institutions respect the same standards in relation to transparency and believes that the Council should make improvements in that regard.