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## **DRAFT SECOND REPORT**

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2017, Section II – European Council and Council  
(2018/2168(DEC))

Committee on Budgetary Control

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## CONTENTS

	<b>Page</b>
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION.....	3
2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	5

## 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 2017, Section II – European Council and Council (2018/2168(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2017<sup>1</sup>,
- having regard to the consolidated annual accounts of the European Union for the financial year 2017 (COM(2018)0521 – C8-0320/2018)<sup>2</sup>,
- having regard to the Council’s annual report to the discharge authority on internal audits carried out in 2017,
- having regard to the Court of Auditors’ annual report on the implementation of the budget concerning the financial year 2017, together with the institutions’ replies<sup>3</sup>,
- having regard to the statement of assurance<sup>4</sup> 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 2017, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to its decision of 26 March 2019<sup>5</sup> postponing the discharge decision for the financial year 2017, and the accompanying resolution,
- 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 1605/2002<sup>6</sup>, and in particular Articles 55, 99, 164, 165 and 166 thereof,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>7</sup>, and in particular Articles 59, 118, 260, 261 and 262 thereof,

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<sup>1</sup> OJ L 51, 28.2.2017.

<sup>2</sup> OJ C 348, 28.9.2018, p. 1.

<sup>3</sup> OJ C 357, 04.10.2018, p. 1.

<sup>4</sup> OJ C 357, 04.10.2018, p. 9.

<sup>5</sup> Texts adopted, P8\_TA-PROV(2019)0246.

<sup>6</sup> OJ L 298, 26.10.2012, p. 1.

<sup>7</sup> OJ L 193, 30.7.2018, p. 1.

- having regard to Rule 100 of and Annex V to its Rules of Procedure,
  - having regard to the second report of the Committee on Budgetary Control (A9-0000/2019),
1. 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 2017;
  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 and the Court of Auditors, 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 2017, Section II – European Council and Council (2018/2168(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 2017, Section II – European Council and Council,
  - having regard to Rule 100 of and Annex V to its Rules of Procedure,
  - having regard to the second report of the Committee on Budgetary Control (A9-0000/2019),
- 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 Parliament is the sole directly elected body among the Union institutions and has responsibility to grant discharge in respect of the implementation of the general budget of the European Union;
- C. whereas 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 whereas this procedure has been developed to guarantee transparency and democratic accountability towards Union citizens;
1. Recalls that the Union institutions have administrative autonomy in matters relating to their respective operations; underlines the importance of them acting responsibly in the implementation of their budgets;
  2. Underlines the role of Parliament within the discharge procedure, as governed by the Treaty and the Financial Regulation and that, in full acknowledgment of the 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 the Council in order to comply with the institutional framework laid down in the Treaties and in the Financial Regulation;
  3. 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; reiterates that the Council must take part fully and in good faith in the annual discharge procedure, just as the other institutions do; regrets the difficulties encountered in the discharge procedures to date;
  4. Regrets that the Council again failed to provide answers to the written questions sent by Parliament and that the Secretary-General of the Council did not attend the hearing organised on 27 November 2018 in the context of the annual discharge procedure;

further regrets that the Council also did not reply to the observations made by Parliament in its discharge resolution of 26 March 2019;

5. Recalls the difficulties repeatedly encountered in the discharge procedures to date due to the lack of cooperation from the Council which is the reason why Parliament refused to grant discharge to the Secretary-General of the Council in relation to the financial years 2009 to 2016 and in March 2019 for the financial year 2017;
6. Notes that the Council replied to the proposal of Parliament's Committee on Budgetary Control on the Council discharge procedure on 2 May 2018 with an amended proposal, and that Parliament's Committee on Budgetary Control sent its reaction to the Council's amended proposal on 16 July 2018; urges the Council to react to the latest proposal swiftly so that the new arrangements for the discharge exercise can be applied as soon as possible; stresses that no answer from the Council has been received so far;
7. Regrets that the request to separate the budget of the European Council and the Council into one budget for the European Council and one budget for the Council, made by Parliament in previous discharge resolutions, has not been considered; insists on this separation which will contribute to transparency in the financial management of both institutions and improve their accountability;
8. Reiterates its concern at the very high amount of appropriations being carried over from 2017 to 2018, particularly those in respect of furniture, technical equipment, transport and computer systems; reminds the Council that carry-overs are exceptions to the principle of annuality and should reflect actual needs;
9. Welcomes efforts to further improve its financial management and performance such as the harmonisation of budget planning at a central level by integrating Multiannual Activity and Budget Planning (MABP);
10. Acknowledges improvements in the Council's process of administrative modernisation, for example that internal rules for reporting serious irregularities are published on the Council's website along with a guide to ethics and conduct for members of staff of the Council; calls on the Council to raise awareness about these rules and to ensure that all members of staff are properly informed of their rights;
11. Recalls that the Council agreed on the Commission proposal for a mandatory transparency register on 6 December 2017, but has still not implemented it; calls on the Council to continue discussions on the technical aspects of the package of instruments regarding the Transparency Register, in order to achieve a political agreement between the three institutions as soon as possible;
12. Emphasises that Parliament backed the Ombudsman's proposals in a plenary vote related to the Ombudsman's recommendations to the Council to allow the public to follow the EU legislative process more easily (transparency of the Council legislative process, OI/2/2017/TE); recalls that the Council should systematically record the position of each Member State in preparatory bodies, and should develop a dedicated webpage for each legislative proposal and improve the user-friendliness of the public register of documents;

13. Reiterates that the Council ought to be transparent and fully accountable to Union citizens for the funds entrusted to it as a Union institution;
14. Insists that an effective budgetary control exercise requires cooperation between Parliament and the Council; considers that satisfactory cooperation between both institutions in the form of an open and formal dialogue procedure would be a positive sign to send to the citizens of the Union;
15. Is encouraged by the fact that the Council considers it necessary to address the discharge procedure and is open to arriving at an agreement with Parliament on how to cooperate in this regard as rapidly as possible.