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REPORT

on discharge in respect of the implementation of the European Union general budget for the financial year 2006
(C6-0364/2007 – 2007/2039(DEC))

Section II – Council

Committee on Budgetary Control

Rapporteur: Nils Lundgren

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the European Union general budget for the financial year 2006, Section II – Council (C6-0364/2007 – 2007/2039(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2006¹,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 – Volume I (C6-0364/2007)²,
 - having regard to the Council's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies³,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty⁴,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - 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, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0096/2008),
1. Grants the Council's Secretary-General discharge in respect of the implementation of the Council budget for the financial year 2006;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision and the resolution that forms an integral part of it to the Council, the Commission, the Court of Justice, the Court of Auditors and the European Investment Bank, and to the national and regional audit institutions of the Member States, and to arrange for their publication in the Official Journal of the European

¹ OJ L 78, 15.3.2006.

² OJ C 274, 15.11.2007, p. 1.

³ OJ C 273, 15.11.2007, p. 1.

⁴ OJ C 274, 15.11.2007, p. 130.

⁵ OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2006, p. 9).

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 European Union general budget for the financial year 2006,

Section II – Council

(C6-0364/2007 – 2007/2039(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2006¹,
 - having regard to the final annual accounts of the European Communities for the financial year 2006 – Volume I (C6-0364/2007)²,
 - having regard to the Council's annual report to the discharge authority on internal audits carried out in 2006,
 - having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2006 and the Court of Auditors' special reports, together with the audited institutions' replies³,
 - having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 248 of the EC Treaty⁴,
 - having regard to Articles 272(10), 274, 275 and 276 of the EC Treaty,
 - 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, and in particular Articles 50, 86, 145, 146 and 147 thereof,
 - having regard to Rule 71 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A6-0096/2008),
1. Notes that in 2006 the Council had available commitment appropriations amounting to a total of EUR 626 102 378,31 (2005: 586 182 640,52), with a utilisation rate of 91,79%, less than in 2005 (96,69%);
 2. Notes that, following the introduction of accrual accounting with effect from 1 January 2005, the Council's financial statements disclose a positive economic out-turn of EUR 90 578 934 and identical amounts (EUR 498 579 523) of assets and liabilities;

¹ OJ L 78, 15.3.2006.

² OJ C 274, 15.11.2007, p. 1.

³ OJ C 273, 15.11.2007, p. 1.

⁴ OJ C 274, 15.11.2007, p. 130.

⁵ OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).

3. Regrets that, unlike other institutions, the Council does not submit an annual activity report to Parliament, citing the Gentleman's Agreement of 1970 (Resolution recorded in the minutes of the Council meeting of 22 April 1970) and the absence of any corresponding requirement in the Financial Regulation; calls on the Council to reconsider the decision not to publish and transmit to Parliament an activity report in order to be more accountable to the general public and taxpayers;
4. Points to the finding of the European Court of Auditors (ECA) at paragraph 10.14 of its above-mentioned Annual Report that the Council extended a contract for the provision of telecommunication services for meetings of the European Council and incorrectly justified this extension with reference to Article 126(1)(e) of the Implementing Rules to the Financial Regulation;
5. Agrees in this context with the ECA that an open tendering procedure should have been carried out before the expiry of the contract; understands however the exceptional circumstances which the Council referred to in its replies, namely that all efforts of the Council secretariat had to be concentrated on the projects related to the occupation of the new LEX-building; notes that a further extension of the contract without tender took place in 2007; welcomes however the fact that a new tendering procedure has been launched and should provide for a new contract as from July 2008;
6. Notes with satisfaction that the Council managed to reduce by approximately two-thirds the stock of compensatory leave granted to staff of the former A and B categories before 31 December 1997 and not taken; notes that the Council administration issued compulsory instructions aimed at the complete elimination of the remaining stocks by 2009, and encourages the Council to respect this self-imposed deadline;
7. Welcomes the fact that the new internal mission rules of the General Secretariat of the Council concerning accommodation costs entered into force on 1 June 2007, earlier than originally foreseen by the Council (October 2007) in its follow-up to the ECA's observations for the financial year 2005;
8. Notes with satisfaction the setting-up of a Task-Force and the recommendations it has issued in order to reform the system for reimbursing the travel expenses of delegates of Council Members; supports the Council's intention to continue to carry out rigorous checks on the statements supplied by Member States until the new electronic badge system to be introduced by early 2009 functions properly;
9. Notes that the Service for General Administrative Questions had been given, between 1 January 2005 and 1 July 2007, the task of, among others, coordinating and monitoring the implementation of the recommendations made by the Internal Auditor, thereby preventing him from ensuring the follow-up of his own recommendations; welcomes the fact that this responsibility has now been given back to the Internal Auditor;
10. Points out that the above-mentioned Gentlemen's Agreement provides, as regards the section of the budget concerning the Parliament, that "[t]he Council undertakes to make no amendments to the estimate of expenditure of the European Parliament. This undertaking shall only be binding in so far as this estimate of expenditure does not conflict

with Community provisions, in particular with regard to the Staff Regulations of Officials and Conditions of Employment of Other Servants, and to the seat of the institutions";

11. Reiterates its opinion that in view of its age and the substantial shortfall between the words used and the meaning or interpretation which is attributed to them, the Gentlemen's Agreement should be revised; in any case, there is no obstacle at present to the Council being submitted to the normal discharge procedure, like the other institutions;
12. Welcomes the fact, in this connection, that the Council and the other Community institutions and bodies all accept the established practice that Parliament grants their Secretaries-General discharge in respect of their implementation of the budget, but explicitly criticises the fact that the Financial Regulation contains no reference whatsoever to this procedure, but only provisions relating to the discharge to be granted to the Commission;
13. Calls for maximum transparency in the area of Common Foreign and Security Policy (CFSP); request the Council to make sure that, in accordance with point 42 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management¹, no operating CFSP expenditure should appear in the Council's budget;
14. Urges the Council to indicate the exact nature of expenses, item by item, within Title 3 ('Expenditure arising out of the Institution's performance of its specific mission')² of Section II of the General Budget of the European Union for the financial year 2006, which is devoted to the Council, so as to enable Parliament to verify whether the above-mentioned Interinstitutional Agreement is being complied with; reserves the right to take the necessary steps, where appropriate, where that Agreement is infringed;
15. Requests the Council to provide Parliament with ex-post assessment of individual European Security and Defence Policy missions and of the actions of EU Special Representatives, whose activities are, allegedly, regularly audited and assessed.

¹ OJ C 139, 14.6.2006, p. 1.

² OJ L 78, 15.3.2006, p. 244.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.3.2008
Result of final vote	+: 23 -: 1 0: 3
Members present for the final vote	Jean-Pierre Audy, Herbert Bösch, Paulo Casaca, Antonio De Blasio, Petr Duchoň, James Elles, Szabolcs Fazakas, Markus Ferber, Christofér Fjellner, Ingeborg Gräßle, Umberto Guidoni, Dan Jørgensen, Rodi Kratsa-Tsagaropoulou, Nils Lundgren, Marusya Ivanova Lyubcheva, Ashley Mote, Jan Mulder, Bill Newton Dunn, Bart Staes, Søren Bo Søndergaard, Jeffrey Titford, Paul van Buitenen, Kyösti Virrankoski
Substitute(s) present for the final vote	Salvador Garriga Polledo, Dumitru Oprea, Gabriele Stauner, Ralf Walter
Substitute(s) under Rule 178(2) present for the final vote	Pilar Ayuso, Albert Deß, Markus Pieper