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REPORT

on discharge in respect of the implementation of the European Union general budget for the financial year 2011, Section II – European Council and Council (COM(2012)0436 – C7-0226/2012 – 2012/2169(DEC))

Committee on Budgetary Control

Rapporteur: Andrea Češková

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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 2011, Section II – European Council and Council (COM(2012)0436 – C7-0226/2012 – 2012/2169(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2011¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2011 (COM(2012)0436 – C7-0226/2012)²,
- having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2011, 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 2011 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, and in particular Articles 50, 86, 145, 146 and 147 thereof,
- 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 164, 165 and 166 thereof,
- having regard to Decision No 31/2008 of the Secretary-General of the Council/High-Representative for the Common Foreign and Security Policy concerning reimbursement of travel expenses of delegates of Council Members⁷,
- having regard to the Interinstitutional Agreement between the European Parliament, the Council and the Commission of 17 May 2006 on budgetary discipline and sound financial

¹ OJ L 68, 15.3.2011.

² OJ C 348, 14.11.2012, p. 1.

³ OJ C 344, 12.11.2012, p. 1.

⁴ OJ C 348, 14.11.2012, p. 130.

⁵ OJ L 248, 16.9.2002, p. 1.

⁶ OJ L 298, 26.10.2012, p. 1.

⁷ Decision stemming from the Rules of Procedure of the Council of 22 July 2002 (OJ L 230, 28.8.2002, p. 7).

management¹,

- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A7-0061/2013),
1. Postpones its decision on granting the Secretary-General of the Council discharge in respect of the implementation of the European Council's and the Council's budget for the financial year 2011;
 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 European Council, the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors, the European Ombudsman and the European Data Protection Supervisor, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ C 139, 14.6.2006, p. 1.

2. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the Decision on the discharge for implementation of the European Union general budget for the financial year 2011, Section II – European Council and Council (COM(2012)0436 – C7-0226/2012 – 2012/2169(DEC))

The European Parliament,

- having regard to the European Union general budget for the financial year 2011¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2011 (COM(2012)0436 – C7-0226/2012)²,
- having regard to the Annual Report of the Court of Auditors on implementation of the budget for the financial year 2011, 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 2011 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, and in particular Articles 50, 86, 145, 146 and 147 thereof,
- 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 164, 165 and 166 thereof,
- having regard to Decision No 31/2008 of the Secretary-General of the Council/High-Representative for the Common Foreign and Security Policy concerning reimbursement of travel expenses of delegates of Council Members⁷,
- having regard to the Interinstitutional Agreement between the European Parliament, the Council and the Commission of 17 May 2006 on budgetary discipline and sound financial

¹ OJ L 68, 15.3.2011.

² OJ C 348, 14.11.2012, p. 1.

³ OJ C 344, 12.11.2012, p. 1.

⁴ OJ C 348, 14.11.2012, p. 130.

⁵ OJ L 248, 16.9.2002, p. 1.

⁶ OJ L 298, 26.10.2012, p. 1.

⁷ Decision stemming from the Rules of Procedure of the Council of 22 July 2002 (OJ L 230, 28.8.2002, p. 7).

- management¹,
- having regard to Rule 77 of, and Annex VI to, its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A7-0061/2013),
- A. whereas the conclusions of the European Council of 18 and 19 October 2012 pointed out that "democratic legitimacy and accountability should be further explored";
- B. whereas Parliament's Committee on Budgetary Control is for the first time analysing the European Council's implementation and management of its administrative budget;
- C. 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;
1. Notes with satisfaction 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 2011 for administrative and other expenditure of the institutions and bodies were free from material error;
 2. Points out that in the 2011 annual report, the Court of Auditors included observations on the European Council and the Council concerning procurement procedures relating to cleaning services and the purchase of service clothing and shoes, in which certain weaknesses in the application of selection and award criteria were identified;
 3. Takes note of the replies given to the Court of Auditors' observations and concurs with the Court of Auditors' recommendations that authorising officers should improve the design, coordination and performance of procurement procedures through appropriate checks and better guidance; also recommends stricter application of the procurement rules, with which all the Union institutions are bound to comply;
 4. Notes that in 2011, the European Council and the Council had available commitment appropriations of EUR 506 842 003,08 (EUR 642 000 000 in 2010), with a utilisation rate of 90%, lower than in 2010; is concerned that the underspend rate has risen and continues to be high; calls for the budget underspend rate to be improved and for the changes made to be monitored, and suggests the development of key performance indicators within the most critical areas, such as delegations' travel envelopes, logistics and interpretation;
 5. Highlights the role that the Treaty on the Functioning of the European Union gives Parliament in respect of the budget discharge;
 6. Considers that the budget of the European Council and the Council should be separated in order to contribute to the transparency of their financial management and to better accountability of both institutions;
 7. Notes that, contrary to what the Council has claimed, there is no Parliament-Council 'gentlemen's agreement' concerning discharge for the Council;

¹ OJ C 139, 14.6.2006, p. 1.

8. Reiterates its hope that Parliament will receive the complete annual activity report, including a comprehensive overview of all the human resources broken down by category, grade, gender, nationality and vocational training; points out that Parliament's legal service, as well as independent legal experts, agree that Parliament has a right to that information;
9. Hopes that Parliament will receive the internal budget decisions of the Council;
10. Takes special note of and voices concern at the internal audit recommendations for the year 2011 in relation to IT consultant contracts and security contracts, where weaknesses continue to exist in the financial management and the procurement procedures;
11. Is concerned about the follow-up applied to financial auditing carried out before 2010, in the context of which some recommendations relating to the 2007, 2008 and 2009 working programmes remain unimplemented; urges the Council to take concrete measures to improve the implementation of those recommendations;
12. Takes note of the fact that the Council has taken measures to improve the performance of the 'Europa building' project, and in particular on having set up a permanent team to follow the carrying-out of the project together with the reporting plan and the creation of a document platform;
13. Calls on the Council to provide a thorough written explanation detailing the total amount of appropriations used in the purchase of the Résidence Palace building, the budget items from which those appropriations were drawn, the instalments that have been paid thus far, the instalments that remain to be paid, and the purpose that the building will serve no later than 1 July 2013;
14. Takes note of the fundamental changes for the budget of the year 2011, with the creation of the European External Action Service (EEAS) and the reduction of expenditure envisaged for the functioning of the European Council and of the Council;
15. Is dismayed that the creation of the EEAS was not anticipated in the draft budget 2011; takes note that an increase of appropriations was necessary in order to prepare for the accession of Croatia and to reinforce the office of the President of the European Council;
16. Calls on the Council to submit detailed information on the Service Level Agreements established with the EEAS and the concrete administrative modernisation measures taken to promote administrative modernisation; is of the opinion that the Council's human resources management has not been efficient enough;
17. Regrets that the Council continues to refuse to answer Parliament's questions and considers that effective supervision of the Union's budget implementation requires that the Council be willing to have an open and formal dialogue with Parliament's Committee on Budgetary Control; stresses the need for both institutions to have a satisfactory cooperation;
18. Reiterates that Parliament is still waiting for the reply of the Council on the actions and

request for documents set out in its resolution of 10 May 2012¹; calls on the Secretary-General of the Council to provide Parliament's committee responsible for the discharge procedure with comprehensive written answers to these questions;

19. Reiterates that the expenditure of the Council must be scrutinised in the same way as that of other institutions; is of the opinion that the fundamental elements of such scrutiny are laid down in its resolution of 23 October 2012²;
20. Regrets the difficulties encountered in discharge procedures for the 2007, 2008, 2009 and 2010 financial years, which were due to lack of cooperation from the Council; points out that the Parliament refused to grant discharge to the Secretary-General of the Council in respect of the implementation of the Council's budget for the financial years 2009 and 2010 for the reasons set out in its resolutions of 10 May 2011³, 25 October 2011⁴, 10 May 2012⁵ and 23 October 2012⁶;
21. Recalls that during negotiations on a revised Financial Regulation, no agreement could be reached on ways in which the discharge procedure could be improved; believes that if the Council continues to refuse to cooperate with Parliament, Parliament's Committee on Budgetary Control is forced to introduce to the Commission its questions and request for information about the budget of the Council;
22. Reiterates that the Commission, in its reply of 25 November 2011 to the letter from the Chair of the Committee on Budgetary Control, says 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;
23. 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;
24. Deplores the fact that the Council is not sufficiently transparent and stresses that all the Union institutions have a duty to respect the same standards in relation to transparency; is convinced that Parliament and the Council, as joint legislators, should apply the same standards of transparency and calls on the Council to improve its performance in this area without delay.

¹ OJ L 286, 17.10.2012, p. 23.

² OJ L 350, 20.12.2012, p. 71.

³ OJ L 250, 27.9.2011, p. 25.

⁴ OJ L 313, 26.11.2011, p. 13.

⁵ OJ L 286, 17.10.2012, p. 23.

⁶ OJ L 350, 20.12.2012, p. 71.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	19.3.2013
Result of final vote	+: 22 -: 2 0: 0
Members present for the final vote	Jean-Pierre Audy, Inés Ayala Sender, Zuzana Brzobohatá, Andrea Češková, Ryszard Czarnecki, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Cătălin Sorin Ivan, Bogusław Liberadzki, Jan Mulder, Eva Ortiz Vilella, Monika Panayotova, Aldo Patriciello, Crescenzo Rivellini, Paul Rübig, Petri Sarvamaa, Bogusław Sonik, Bart Staes, Georgios Stavrakakis, Søren Bo Søndergaard, Michael Theurer
Substitute(s) present for the final vote	Amelia Andersdotter, Philip Bradbourn, Edit Herczog, Ivailo Kalfin, Agnès Le Brun