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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 2014, Section II – European Council and Council
(2015/2156(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 2014, Section II – European Council and Council (2015/2156(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2014¹,
 - having regard to the consolidated annual accounts of the European Union for the financial year 2014 (COM(2015)0377 – C8-0201/2015)²,
 - having regard to the Court of Auditors' annual report on the implementation of the budget concerning the financial year 2014, 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 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
 - having regard to its decision of 28 April 2016⁵ postponing the discharge decision for the financial year 2014, 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 1605/2002⁶, 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 second report of the Committee on Budgetary Control (A8-0000/2016),
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 2014;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision and the resolution forming an integral part

¹ OJ L 51, 20.2.2014.

² OJ C 377, 13.11.2015, p. 1.

³ OJ C 373, 5.11.2015, p. 1.

⁴ OJ C 377, 13.11.2015, p. 146.

⁵ Texts adopted of that date, P8_TA(2016)0151.

⁶ OJ L 298, 26.10.2012, p. 1.

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 2014, Section II – European Council and Council (2015/2156(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 2014, Section II – European Council and Council,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the second report of the Committee on Budgetary Control (A8-0000/2016),
- 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 the European Council and the Council, as Union institutions, should be democratically accountable towards the citizens of the Union as far as they are beneficiaries of the general budget of the European Union;
1. Recalls the Parliament's role specified in the Treaty on the Functioning of the European Union (TFEU) and in the Financial Regulation in respect of the budget discharge;
 2. Points out that under Article 335 TFEU, "[...] the Union shall be represented by each of the institutions, by virtue of their administrative autonomy, in matters relating to their respective operation" and that accordingly, taking into account Article 55 of Regulation (EU, Euratom) No 966/2012 (the Financial Regulation), the institutions are individually responsible for the implementation of their budgets;
 3. Notes the role of Parliament and of other institutions within the discharge procedure, as governed by the provisions of the Financial Regulation, in particular Articles 164 to 166 thereof;
 4. Notes that under Rule 94 of Parliament's Rules of Procedure, "the provisions governing the procedure for granting discharge to the Commission in respect of the implementation of the budget shall likewise apply to the procedure for granting discharge to [...] the persons responsible for the implementation of the budgets of other institutions and bodies of the European Union such as the Council (as regards its activity as executive) [...]";
 5. Regrets that the Council continues to be silent in relation to the remarks made by Parliament in its discharge resolution of 28 April 2016 on the trend from previous years of increasing underspending and carryovers of commitments;

Pending issues

6. Regrets that the European Council and the Council do not provide the Parliament their annual activity report;
7. Regrets that the budget of the European Council and the Council have not yet been separated, as recommended by Parliament in recent discharge resolutions;
8. Notes the information on the building policy provided in the Council's website; also notes that there is no information about the costs incurred in relation to those buildings; calls for detail information to be given to Parliament in the next annual financial report;
9. Reiterates its call for progress reports on building projects and a detailed breakdown of the costs incurred to date; calls for information on the costs related to the delayed completion of the Europa building;
10. Reiterates its call on the Council to provide information on its process of administrative modernisation, in particular on the anticipated impact on the Council's budget;
11. Calls on the Council to inform Parliament whether it has adopted - or foresees the adoption of - a code of conduct; reiterates its call on the Council to implement whistleblowing rules without delay;
12. Regrets the difficulties repeatedly encountered in the discharge procedures to date, which were due to a lack of cooperation from the Council; points out that Parliament refused to grant discharge to the Secretary-General of the Council in relation to the financial years 2009, 2010, 2011, 2012 and 2013 for the reasons set out in its resolutions of 10 May 2011¹, 25 October 2011², 10 May 2012³, 23 October 2012⁴, 17 April 2013⁵, 9 October 2013⁶, 3 April 2014⁷, 23 October 2014⁸ and 27 October 2015⁹ and postponed its decision on granting the Secretary-General of the Council discharge in relation to the financial year 2014 for the reasons set out in its resolution of 28 April 2016;
13. Insists that an effective budgetary control exercise requires the cooperation of Parliament and the Council, as set out in its resolution of 28 April 2016; confirms that Parliament is unable to make an informed decision on granting discharge;
14. Reminds the Council of the Commission's view, expressed in January 2014, 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;
15. Notes that the Commission has stated that it will not oversee the implementation of the

¹ OJ L 250, 27.9.2011, p. 25.

² OJ L 313, 26.11.2011, p. 13.

³ OJ L 286, 17.10.2012, p. 23.

⁴ OJ L 350, 20.12.2012, p. 71.

⁵ OJ L 308, 16.11.2013, p. 22.

⁶ OJ L 328, 7.12.2013, p. 97.

⁷ OJ L 266, 5.9.2014, p. 26.

⁸ OJ L 334, 21.11.2014, p. 95.

⁹ OJ L 314, 1.12.2015, p. 49.

budget 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;

16. Regrets that the Council continues to fail to provide answers to Parliament's questions; recalls the conclusions of the Parliament workshop on Parliament's right to grant discharge to the Council held on 27 September 2012; recalls also the third subparagraph of Article 15(3) TFEU, which stipulates that each institution, body, office or agency is to ensure that its proceedings are transparent;
17. Notes that only three out of twenty-seven questions submitted to the Council by the Members of the Committee on Budgetary Control in relation to the financial year 2014 received a clear reply in the documents provided by the Council within the discharge exercise;
18. Insists that the expenditure of the Council must be scrutinised in the same way as that of other institutions and that the fundamental elements of such scrutiny have been laid down in its discharge resolutions of the past years;
19. Emphasises Parliament's prerogative to grant discharge pursuant to Articles 316, 317 and 319 TFEU, in line with current interpretation and practice, namely to grant discharge of each heading of the budget individually in order to maintain transparency and democratic accountability towards Union taxpayers;
20. Takes the view that Council's failure to submit the requested documents to Parliament above all undermines the right of citizens of the Union to information and transparency and is becoming a cause for concern, reflecting as it does a certain democratic deficit within the Union institutions;
21. Believes that it is necessary to consider different possibilities to update the rules on granting discharge laid down in the TFEU;
22. Considers that the lack of cooperation of the European Council and the Council with the discharge authority is a negative sign to the citizens of the Union.