



TEXTS ADOPTED

P9_TA(2020)0090

Discharge 2018: EU general budget - European Council and Council

1. European Parliament decision of 13 May 2020 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2018, Section II – European Council and Council (2019/2057(DEC))

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2018¹,
- having regard to the consolidated annual accounts of the European Union for the financial year 2018 (COM(2019)0316 – C9-0052/2019)²,
- having regard to the Council's annual report to the discharge authority on internal audits carried out in 2018,
- having regard to the Court of Auditors' annual report on the implementation of the budget concerning the financial year 2018, 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 2018, 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 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 1605/2002⁵, 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

¹ OJ L 57, 28.2.2018.

² OJ C 327, 30.9.2019, p. 1.

³ OJ C 340, 8.10.2019, p. 1.

⁴ OJ C 340, 8.10.2019, p. 9.

⁵ OJ L 298, 26.10.2012, p. 1.

223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Articles 59, 118, 260, 261 and 262 thereof,

- having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the opinion of the Committee on Constitutional Affairs,
 - having regard to the report of the Committee on Budgetary Control (A9-0038/2020),
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 2018;
 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).

¹ OJ L 193, 30.7.2018, p. 1.

2. European Parliament resolution of 14 May 2020 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 2018, Section II – European Council and Council (2019/2057(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 2018, Section II – European Council and Council,
 - having regard to the Recommendation of the European Ombudsman in case 1069/2019/MIG on sponsorship of the Presidency of the Council of the European Union,
 - having regard to the Special Report of the European Ombudsman in strategic inquiry OI/2/2017/TE on the transparency of the Council legislative process,
 - having regard to its resolution of 17 January 2019 on the European Ombudsman’s strategic inquiry OI/2/2017 on the transparency of legislative discussions in the preparatory bodies of the Council of the EU¹,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the opinion of the Committee on Constitutional Affairs,
 - having regard to the report of the Committee on Budgetary Control (A9-0038/2020),
- A. whereas in the context of the discharge procedure, the discharge authority wishes to stress the particular importance of further strengthening the democratic legitimacy of the Union institutions by improving transparency and accountability, and implementing the concept of performance-based budgeting and good governance of human resources;
1. Notes with satisfaction that in its annual report of 2018, the Court of Auditors (the ‘Court’) identified no significant weaknesses with respect to the audited topics related to human resources and procurement for the European Council and the Council;
 2. Notes the conclusion of the Court that the payments as a whole for the year ended 31 December 2018 for the administrative expenditure of the Council were free from material error and that the examined supervisory and control systems were effective;
 3. Regrets, as a general observation, that chapter 10 ‘Administration’ of the Court’s 2018 Annual Report has a rather limited scope and conclusions, notwithstanding the fact that the Multiannual Financial Framework Heading 5 ‘Administration’ is considered to be low risk;
 4. Notes that the Court selected a sample of 45 transactions from the Multiannual Financial Framework Heading 5 ‘Administration’ for all Union institutions and bodies; notes that the sample was designed to be representative of the range of spending under Heading 5, which represents 6,3 % of the Union budget; notes that the Court’s work indicates

¹ Texts adopted, P8_TA(2019)0045.

administrative expenditure as low risk; considers, however, that the number of transactions selected in relation to the ‘other institutions’ is not sufficient and asks the Court to increase the number of transactions to be examined by at least 10 %;

5. Regrets that the request to separate the budget of the European Council and the Council into one budget for each institution, made by Parliament in previous discharge resolutions, has not been considered; calls on the Council to separate the budget in that way for reasons of transparency and to improve accountability and expenditure efficiency for both institutions;
6. Notes that in 2018 the Council had an overall budget of EUR 572 854 377 (compared to EUR 561 576 000 in 2017) with a global implementation rate of 91,9 % (compared to 93,8 % in 2017); notes a budget increase of EUR 11,3 million, equivalent to 2,0 % compared to an increase of 3 % in 2017 and 0,6 % in 2016;
7. Welcomes the overall prudent and sound financial management of the Council; recognises the evolution of the budget of the Council from a budget of EUR 634 million in 2010 to a budget of EUR 573 million in 2018, a decrease of 9,63 %;
8. Notes that appropriations carried over from 2018 to 2019 amounted to a total of EUR 56 599 584, equivalent to 10,7 % (compared to EUR 60 576 175 or 11,5 % in 2017), coming mainly from categories such as computer systems (EUR 18,3 million), buildings (EUR 16,0 million) and interpretation (EUR 11,9 million); notes the cancelled appropriations in 2018 of EUR 46 348 862 (compared to EUR 35 025 789 in 2017); reminds the Council that carry-overs are exceptions to the principle of annuality and should reflect actual needs and, thus, calls on the Council to strengthen its efforts to avoid budget over-estimates;
9. Notes again the low implementation rate for delegation travel expenses with a commitment of EUR 11,1 million compared to a final budget, including internal reallocations, of EUR 22,3 million; notes that, since Member States had to reimburse unused amounts from previous years, the Council committed only EUR 11,1 million for subsequent payments; calls on the Council to inform Parliament on the achievements reached related to a policy negotiated with the Member States to overcome this long-standing issue;
10. Acknowledges that the number of posts in the establishment plan for 2018 was fixed at 3 031 posts (compared to 3 027 posts in 2017); notes that 137 people were recruited (74 permanent officials and 63 temporary agents) in 2018 and that during 2018 184 people (154 permanent officials and 30 temporary agents) left, resulting in a net decrease of 47 occupied posts, which was the main cause for an underspending of EUR 18,8 million for the budget item ‘establishment plan’;
11. Recognises the increased workload expressed in a total number of 7 733 meetings in 2018 compared to 6 338 in 2010; notes another quantitative indicator of activities such as the number of legal acts published in the Official Journal, with 1 210 legal acts published in 2018 compared to 825 in 2010;
12. Welcomes the Council’s efforts in the implementation of the ‘Action Plan for a more dynamic, flexible and collaborative General Secretariat of the Council (GSC)’; notes the steps to further improve the Council’s financial management and performance by

measures such as the establishment of an advisory management board, the adoption of guidelines for a common project & task force management framework, the creation of a reorganisation task force and the review of internal rules following the publication of the new Financial Regulation;

13. Notes the Council's building situation resulting in intensive negotiations in 2018 with the Belgian authorities, who did not proceed with the sale of the four adjacent plots of land despite the agreement on the final price of the Europa building project; notes that the parties came to an agreement on an alternative solution resulting in the non-spending of the initial price for the plots of EUR 4 672 944;
14. Expresses its concerns about the alarming information reported by the media regarding the construction of the new Europa building; calls on the Council to thoroughly research the main contractor and the whole chain of subcontractors (up to 12 according to the media), as well as the working conditions of the workers employed, and to provide Parliament's Committee on Budgetary Control with all its findings;
15. Notes that the revised internal control framework took effect on 1 November 2018 and was set up with five components, namely control environment, risk assessment, control activities, information and communication, and monitoring activities, and another 17 principles and 33 characteristics to provide reasonable assurance of the achievements of the objectives set;
16. Welcomes the fact that in 2018, 92 % of the internal audit recommendations issued during the years 2015 - 2017 were implemented or in the process of being implemented; notes that the internal audit annual work programme of 2018 is based on an updated risk assessment, considering the review of risk registers, and was effectively implemented; notes the areas in which audits were carried out in 2018, such as technical management, IT public procurement, legal service and communication strategy;
17. Notes that related to the proposal for a new interinstitutional agreement on a mandatory transparency register, accessible in a machine-readable format, for interest representatives covering Parliament, the Council and the Commission, two negotiating rounds took place in 2018 under the Bulgarian Presidency and one in 2019 under the Romanian Presidency; recalls the decision of 18 June 2019 of the European Ombudsman (the Ombudsman) that the General Secretariat of the Council should keep a full record of any meetings held between interest representatives and the President of the European Council and that this should be made public; regrets the fact that the Council has still not joined the transparency register despite all of those negotiations and calls on the Council to follow up the negotiations to reach a successful outcome which will finally include the Council in the registry; calls on the Council to demonstrate a real commitment to the principles of transparency and accountability by adopting concrete measures and by building on the example set by the Finnish Presidency; calls on all Presidency trios to lead by example by refusing meetings with unregistered lobbyists;
18. Notes the Ombudsman's recommendation that the President of the European Council and the President's cabinet publish a full list of any lobby meetings held; is disappointed by the fact that the new President of the European Council has yet to implement that recommendation; notes that while it appears that the President of the European Council does not meet with many lobbyists, the principle of lobby transparency is nonetheless important; urges the President of the European Council to ensure that he and his cabinet

refuse all meetings with unregistered lobbyists and proactively publish a comprehensive list of lobby meetings held; calls on the General Secretariat of the Council to ensure that the ethics rules governing the President of the European Council are brought into line with those of the President of the Commission so that ‘revolving door’ rules apply for three years and formal approval is required for any new roles with a link to the activities of the Union;

19. Welcomes the setting up of a digital services department as part of a reorganisation of the General Secretariat of the Council on 1 July 2018; notes that the information and management programme is set to streamline and digitalise key business processes by delivering a fully integrated system of applications and services, which will be accessible to users through a collaborative and secure digital working place for staff, presidencies and delegates;
20. Notes the intense media coverage and the particularly high level of media interest in the negotiations relating to the withdrawal of the United Kingdom from the Union; welcomes the continuous development of the Council’s website and the intense work to increase its audience on all channels (increases of 9 % on visits to the website, 13 % of fans on Facebook, 26 % of followers on Twitter and 92 % of followers on Instagram as compared to the previous year); notes the high amount of background briefings and press conferences; notes the newsroom platform which allows the press and media to view, download and embed the Council’s video and photo output in high-resolution quality; encourages further the use of non-proprietary social-network platforms, having special regards to users’ data protection;
21. Reiterates its support for the recommendations of the Ombudsman on the transparency of legislative discussions in the preparatory bodies of the Council¹; asks the Council to strengthen its efforts to make the legislative process more traceable and reader friendly, to centre transparency around milestones in the legislative process and to normalise the identification and publication in due time of Member State input in a machine-readable format (e.g. statements and proposals for amendments) into legislative debates at Council meetings, preparatory discussions in the Council’s Committee of Permanent Representatives or in any of its preparatory bodies; calls on the Council to step up its transparency efforts by, inter alia, publishing Council legislative documents, having formal minute-taking of Council preparatory bodies to record Member State positions and publishing those minutes, and making available more trilogue documents in line with the Ombudsman’s recommendations; acknowledges the Council’s efforts to improve transparency with ongoing changes to its website and the activities of its internal transparency team; calls on the Council to introduce further measures in order to achieve a successful transparency policy allowing the public to follow the Union legislative process with greater ease;
22. Recalls the conclusions of the Ombudsman’s Special Report in strategic inquiry OI/2/2017/TE on the transparency of the Council legislative process, from May 2018, which found that ‘the Council’s current practices constitute maladministration’; recalls the joint non-paper by Belgium, Denmark, Estonia, Ireland, Latvia, Luxembourg, Slovenia, Sweden and the Netherlands from October 2019 on increasing the transparency and

¹ European Parliament resolution of 17 January 2019 on the Ombudsman’s strategic inquiry OI/2/2017 on the transparency of legislative discussions in the preparatory bodies of the Council of the EU (Texts adopted, P8_TA(2019)0045).

accountability of the Union, which specifically asks the Council to ‘increase openness in trilogue negotiations by systematic publication of legislative milestone documents’; asks the Council to seriously consider those recommendations in the interest of transparency and report to Parliament;

23. Expresses its deep concerns about the information reported by European media regarding the corporate sponsorship of Member States hosting the Union Presidency and echoes the concerns expressed by Union citizens and Members of Parliament on the matter; acknowledges that the Member States are expected to finance their own Presidencies and regrets that resorting to corporate sponsorship to cover some of their expenses in that regard has become common practice in recent years; is highly concerned by the possible reputational damage and the risk of loss of trust that this practice might cause the Union, its institutions and especially the Council in the eyes of Union citizens; notes that the Council argues that the issue of sponsorship is the sole responsibility of the Member State holding the Presidency; is of the same opinion as the Ombudsman that the public does not distinguish between the Council Presidency and the Member State holding it; fully supports the Ombudsman’s assessment and recommendation¹ for the Council to issue guidance to Member States on the issue; moreover, strongly recommends the Council to envisage the budgetisation of Presidencies; requests the Council to forward this concern to the Member States, in particular to the current Presidency trio, to take those recommendations into serious consideration and to report back to Parliament;
24. Asks for the code of conduct for the President of the European Council to be brought in line with those of the Commission and Parliament in order to insure formal approval for activities related to Union legislation for three years after having left the Council;
25. Is deeply concerned by the conflict of interests allegations against a number of Member State representatives involved in the high-level policy and budget decision-making process; asks the Council to ensure that Member State representatives who are subject to benefit directly from Union subsidies through the businesses they own do not participate in the related policy or budgetary discussions and votes; further asks the Council to join Parliament in its call on the Commission to propose new audit procedures to speed up the investigation of urgent and grave cases of conflict of interests and ensure that Parliament be properly informed of the audit conclusions;
26. Regrets that the Council once 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 12 November 2019 in the context of the annual discharge which shows a continued and complete lack of cooperation on the Council’s side; stresses that the expenditure of the Council must be scrutinised in the same way as that of other institutions and points out that the fundamental elements of such scrutiny have been laid down in its discharge resolutions of the past years; points out that Parliament is the only institution directly elected by Union citizens and that its role in the discharge procedure is directly connected with citizens’ right to be informed on how public money is spent;

Future cooperation between Council and Parliament

¹ Recommendation of the European Ombudsman in case 1069/2019/MIG on sponsorship of the Presidency of the Council of the European Union.

27. Notes that Parliament's role in respect of the budget discharge is laid down in the Treaty on the Functioning of the European Union (TFEU), in the Financial Regulation and in Parliament's Rules of Procedure;
28. Notes that according to Article 319 TFEU Parliament, acting on a recommendation of the Council, grants discharge to the Commission for the implementation of the general budget of the Union; notes that the Council's role is fully acknowledged as an institution giving recommendations in the discharge procedure;
29. 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 in respect of each heading of the budget separately in order to maintain transparency and ensure democratic accountability towards Union taxpayers;
30. Is of the opinion that the different roles of the respective institutions in the discharge procedure should be distinguished and hence an equivalent and reciprocal role of the two institutions in the annual discharge procedure should be excluded;
31. Recalls the fact that, according to Article 316 and 335 TFEU, the institutions enjoy administrative autonomy and that their expenditure is set out in separate parts of the budget; notes that, according to Article 59 of the Financial Regulation, the institutions are individually responsible for the implementation of their budgets; underlines the importance of the institutions acting responsibly and professionally in the implementation of their budgets;
32. Notes that over the course of almost twenty years Parliament has developed the practice of granting discharge to all Union institutions and bodies; recalls that Parliament grants discharge to Union institutions and bodies after considering the documents provided and the replies they give to written questionnaires and after hearing their secretaries general; notes that all Union institutions and bodies accept to participate in Parliament's discharge procedure, with the only exception being the Council; regrets that the Council refused to answer the questions submitted by Parliament's Committee on Budgetary Control on 12 November 2019;
33. Welcomes the fact that the Council has showed its openness to reaching an agreement with Parliament on how to cooperate in the discharge process.
34. Regrets the lack of cooperation from the Council in the discharge procedure which has resulted in Parliament's refusal to grant discharge to the Secretary-General of the Council since the financial year 2009;
35. Underlines the need for a Memorandum of Understanding between the Council and Parliament to find solutions to solve the longstanding differences in views between the Council and Parliament about the current practice of granting discharge;
36. Welcomes that the composition of Parliament's newly appointed negotiating team has been endorsed; calls on the negotiating team to ensure full consistency of the agreement with the position as endorsed by Parliament's Committee on Budgetary Control in February 2020; invites the Council to resume the negotiations without any further undue delay;

37. Believes that answers to a number of recurring questions in the questionnaires sent to the different institutions, bodies and agencies, such as those on gender balance and geographical balance, conflict of interests, lobbying and protection of whistleblowers, could possibly be included in the evaluation report on the Union's finances, drawn up in accordance with Article 318 TFEU, insofar as those issues have a link with the implementation of the budget; recalls the fact that the report referred to in Article 318 TFEU is explicitly mentioned in Article 319(1) TFEU as one of the documents to be examined in the context of the discharge procedure;
38. Recalls the fact that each institution and body is required under the Financial Regulation to take appropriate measures to act on the observations accompanying Parliament's discharge decision and to report on the measures taken in light of those observations; points out that a refusal by an institution to comply with this requirement, after being called upon to act, might give rise to an action for failure to act under Article 265 TFEU;
39. Welcomes the statements by Vice-President-designate Věra Jourová and Commissioner-designate Johannes Hahn, in their hearings before Parliament, that they are willing to engage in this matter so as to help achieve more transparency on the implementation of the Council's budget; points to the case-law of the Court of Justice of the European Union on the right of taxpayers and public opinion to be kept informed of the use of public revenue;
40. Considers that the commitments of those Commissioners constitute a positive change in attitude compared to the stance taken by the Commission hitherto, as expressed in its letter of 23 January 2014, in which it stated that the Commission should not be expected to oversee the implementation of the budgets of the other institutions;
41. Asks the Council to fulfil its particular role and to give discharge recommendations with respect to the other Union institutions.