

# Procedure file

Basic information		
DEC - Discharge procedure	2007/2039(DEC)	Procedure completed
2006 discharge: EC general budget, Council		
Subject 8.70.03.07 Previous discharges		

Key players				
European Parliament	Committee responsible	Rapporteur	Appointed	
	<b>CONT</b> Budgetary Control		27/03/2007	
		IND/DEM <a href="#">LUNDGREN Niils</a>		
	Committee for opinion	Rapporteur for opinion	Appointed	
	<b>AFET</b> Foreign Affairs	The committee decided not to give an opinion.		
	<b>DEVE</b> Development	The committee decided not to give an opinion.		
	<b>INTA</b> International Trade	The committee decided not to give an opinion.		
	<b>BUDG</b> Budgets	The committee decided not to give an opinion.		
	<b>ECON</b> Economic and Monetary Affairs	The committee decided not to give an opinion.		
	<b>EMPL</b> Employment and Social Affairs	The committee decided not to give an opinion.		
	<b>ENVI</b> Environment, Public Health and Food Safety	The committee decided not to give an opinion.		
	<b>ITRE</b> Industry, Research and Energy	The committee decided not to give an opinion.		
	<b>IMCO</b> Internal Market and Consumer Protection	The committee decided not to give an opinion.		
	<b>TRAN</b> Transport and Tourism	The committee decided not to give an opinion.		
	<b>REGI</b> Regional Development	The committee decided not to give an opinion.		
	<b>AGRI</b> Agriculture and Rural Development	The committee decided not to give an opinion.		
	<b>PECH</b> Fisheries	The committee decided not to give an opinion.		
	<b>CULT</b> Culture and Education	The committee decided not to give an opinion.		
	<b>JURI</b> Legal Affairs	The committee decided not to give an opinion.		
	<b>LIBE</b> Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.		
<b>AFCO</b> Constitutional Affairs	The committee decided not to give an opinion.			

	<b>FEMM</b> Women's Rights and Gender Equality	The committee decided not to give an opinion.
	<b>PETI</b> Petitions	The committee decided not to give an opinion.
<b>Council of the European Union</b>	Council configuration <a href="#">Economic and Financial Affairs ECOFIN</a>	Meeting <a href="#">2847</a>
<b>European Commission</b>	Commission DG <a href="#">Budget</a>	Commissioner KALLAS Siim
		Date 12/02/2008

### Key events

30/03/2007	Non-legislative basic document published	<a href="#">SEC(2007)1055</a>	Summary
25/10/2007	Committee referral announced in Parliament		
26/03/2008	Vote in committee		Summary
01/04/2008	Committee report tabled for plenary	<a href="#">A6-0096/2008</a>	
22/04/2008	Results of vote in Parliament		
22/04/2008	Debate in Parliament		
22/04/2008	Decision by Parliament	<a href="#">T6-0135/2008</a>	Summary
22/04/2008	End of procedure in Parliament		
31/03/2009	Final act published in Official Journal		

### Technical information

Procedure reference	2007/2039(DEC)
Procedure type	DEC - Discharge procedure
Legal basis	Rules of Procedure EP 100
Stage reached in procedure	Procedure completed
Committee dossier	CONT/6/53935

### Documentation gateway

Non-legislative basic document	<a href="#">SEC(2007)1055</a>	30/03/2007	EC	Summary
Court of Auditors: opinion, report	<a href="#">N6-0005/2008</a> <a href="#">OJ C 273 15.11.2007, p. 0001</a>	15/11/2007	CofA	Summary
Committee draft report	<a href="#">PE400.415</a>	05/02/2008	EP	
Amendments tabled in committee	<a href="#">PE402.767</a>	07/03/2008	EP	
Committee report tabled for plenary, single reading	<a href="#">A6-0096/2008</a>	01/04/2008	EP	
Text adopted by Parliament, single reading	<a href="#">T6-0135/2008</a>	22/04/2008	EP	Summary
Commission response to text adopted in plenary	<a href="#">SP(2008)3169</a>	28/05/2008	EC	

## 2006 discharge: EC general budget, Council

**PURPOSE:** to present the final annual accounts of the European Communities for the financial year 2006 ? Other institutions: section II ? Council.

**CONTENT:** this document establishes the amount of expenditure and the balance sheet of the Council for 2006 and presents an analysis of its financial management.

The figures: the following figures are taken from the provisional annual accounts of the Council for the financial year 2006. These figures may be subject to amendment after consolidation.

- Authorised appropriations for 2006: EUR 591 752 953;
- Appropriations committed amount to: EUR 558 172 930, a utilisation rate of 94.3%;
- Appropriations cancelled: EUR 33 580 023
- Appropriations carried over from 2006 to 2007: EUR 91 209 024 (16.3% of appropriations in 2006);
- Appropriations carried over from 2005 to 2006: EUR 110 161 780 (91.8% utilisation rate of appropriations).

Main axes of expenditure for 2006: the implementation of the Council?s budget was marked by a significant difference between budget forecasts and the implementation of this budget, resulting in a cancellation of appropriations to the value of EUR 33.6 million. There are several reasons for this difference:

- the low rate of staff occupation (average of 86%);
- the success of a new allocation system for interpretation as well as the lack of interpreters for the new languages (general staffing problems);
- Member States failing to justify the amounts granted for delegates? travel expenses;
- lower production of pages in the Official Journal of the EU than expected;
- delays in the SESAME project (Title III of the budget).

The budgetary year was also marked by the development of the activities of the Council. In net terms, these activities developed as follows:

- the number of European summits: 3 in 2006 (as in 2005);
- the number of councils: 76 in 2006 (compared to 80 in 2005);
- the number of COREPER meetings: 120 (compared to 123 in 2005);
- the number of working group meetings: 4 037 (compared to 3 918 in 2005);
- the number of legislative acts published in the Official Journal: 1 317 acts in 2006 (compared to 1 056 in 2005).

The other main points concerning the implementation of the Council?s budget can be summarised as follows:

Title I (Staff costs): this sector was mainly marked by the low implementation rate of appropriations entered into chapter 1100 ?basic salaries?: a budget of EUR 212 million had been entered into this item but some EUR 20 million was redeployed to other areas. The significant saving made is mainly due to the difficulties in recruiting staff, given the reduced number of successful candidates in the European civil service competitions. The under-estimation of staff (14% on average) for the year led to an average under-implementation of around EUR 15 million. The unused appropriations were transferred to other lines within the same category of expenditure.

This budget item was also marked by:

- the low implementation rate of item 1102 ?Entitlements under the Staff Regulations related to the personal circumstances of the staff member? for the same reasons previously described;
- the reduction in the amount of expenditure for social security cover.

The surplus amounts from these items were redeployed to other budget lines or cancelled. The title was also marked by the reinforcement of the line ?other servants? (EUR 350 000).

Title II (Operating expenditure): Title II of the Council?s budget was mainly marked by the non-utilisation of item 2001 ?annual lease payments? in its entirety (EUR 14.4 million). This entire amount was used to reinforce the line ?purchase of premises? to enable the full purchase of the LEX building (item 2002). From the beginning, this line (2002) was granted a ?p.m.?. An additional EUR 84.31 million was necessary to ensure the purchase of the LEX building and the crèche, via several transfers of appropriations. A large proportion of this figure (around EUR 35 million) was carried over to 2007. Item 2003 (?fitting-out of premises?) was also reinforced (EUR 540 000) in order to proceed with work in the LEX building. A proportion of the budget for the security and surveillance of buildings was redeployed.

The title was also marked by the reinforcement of the budget established for the purchase of information technology equipment (item 2100): a budget of EUR 7.2 million was unnecessarily established, reinforced by an additional budget of EUR 4.2 million. However, EUR 9 million out of the EUR 11.4 million available was ultimately carried over to 2007. Items 2101 (outside assistance for the development of data-processing systems) and 211 (furniture) applied the same system (reinforcement of the budget and carry-over of a proportion of the appropriations to 2007).

In terms of chapter 22 ?operating expenditure?, there is a significant difference between the forecasted amounts and the actual expenditure. This can be explained as follows:

- travel costs: an overall budget of EUR 30.8 million was available; the savings made from the under-implementation of the envelopes assigned to the Member States for travel costs of delegates in 2005 enabled the reinforcement of appropriations for this line by EUR 673 000;
- interpretation costs: a budget of EUR 72 million was set aside for this item; on the basis of the chronic under-utilisation of this item for the envelopes established for requested or general interpretation services, some EUR 26.5 million was used for transfers of appropriations to other lines;
- Official Journal: this item was marked by a substantially lower overall production of pages in the Official Journal than first forecast, resulting in a saving of EUR 2.8 million used in other budget lines.

Title III (Expenditure resulting from specific missions carried out by the institution): this budget item was marked by:

- the under-implementation of appropriations from item 3001 (?allowances for CFSP/ESDP seconded experts?);
- the reinforcement of item 3010 (?Missions?) to provide for the increasing number of missions of this type;
- the reinforcement of item 3101 (?fitting-out of premises?);
- the under-implementation of item 3102 (?work to make premises secure?): only a proportion of the work planned for this item was carried out;
- the reinforcement of item 3112 (?building security and surveillance?): the aim was to improve the security of the Kortenberg 150-158 building.

Lastly, this title was also characterised by the redeployment of EUR 18.6 million (out of the EUR 33 million set aside) of expenditure linked to the SESAME project, which, as in 2005, was delayed (see [DEC/2006/2072](#)). These amounts were redeployed to other budget lines or cancelled.

Title 10 (EUR 5 million ? contingency reserves) was transferred in full via a ?mop up? transfer in order to help towards the purchase of the LEX building.

## 2006 discharge: EC general budget, Council

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The Committee on Budgetary Control adopted the report by Nils LUNDGREN (ID, SE) recommending that the Parliament grant the Council's Secretary-General discharge in respect of the implementation of the its budget for the financial year 2006.

Firstly, the parliamentary committee recalls that, in 2006, the Council had available commitment appropriations amounting to a total of EUR 626 102 378.31 (compared to EUR 586 182 640.52 in 2005), with a utilisation rate of 91.79%, (compared to 96.69% in 2005).

The MEPs regret that, unlike other institutions, the Council does not submit an annual activity report to Parliament, citing the Gentleman's Agreement of 1970. They therefore call on the Council to reconsider this decision, in order to be more accountable to the general public and taxpayers. The MEPs note that this Gentleman's Agreement, in regard to the section of the budget concerning the Parliament, provides that ?the 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?. However, according to MEPs, the Gentlemen's Agreement should be revised, given its age and the substantial shortfall between the words used and the meaning or interpretation which is attributed to them. In any case, MEPs believe that ?there is no obstacle at present to the Council being submitted to the normal discharge procedure, like the other institutions?.

The parliamentary committee draws attention to the fact that the Court of Auditors highlighted shortcomings in terms of procurement: the Council extended a contract for the provision of telecommunication services for meetings of the European Council and incorrectly justified this extension. MEPs believe that the Council should have carried out an open tendering procedure before the expiry of the contract, while understanding the exceptional circumstances for this extension (all efforts of the Council Secretariat had to be concentrated on the projects related to the occupation of the new LEX-building). However, the MEPs stress that a further extension of the contract without tender took place in 2007 and that it is only in July 2008 that the procurement procedure should for a new contract.

At the same time, MEPs welcome 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) following the Court's observations. They also note with satisfaction the setting-up of a Task-Force in order to reform the system for reimbursing the travel expenses of delegates of Council Members.

CFSP: in terms of the Common Foreign and Security Policy of the EU, MEPs for maximum transparency and call on the Council to make sure that, in accordance with the

Interinstitutional Agreement of 17 May 2006, no operating CFSP expenditure should appear in the Council's budget. They urge 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') of the Council's budget so as to enable Parliament to verify whether the Interinstitutional Agreement is being complied with. The Parliament reserves the right to take the necessary steps, where appropriate, where that Agreement is infringed.

Lastly, MEPs request 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.

## 2006 discharge: EC general budget, Council

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PURPOSE: to grant discharge to the Council for the financial year 2006.

LEGISLATIVE ACT: Decision 2009/186/EC of the European Parliament on the discharge for implementation of the European Union general

budget for the financial year 2006 (Section II - Council).

CONTENT: with the present decision, the European Parliament grants the Secretary-General of the Council discharge in respect of the implementation of the budget for the financial year 2006.

This decision is in line with the European Parliament's resolution adopted on 22 April 2008 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 22/04/2008).

## 2006 discharge: EC general budget, Council

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The European Parliament adopted, by 605 votes in favour, 46 against and 10 abstentions, a Decision to grant the Council's Secretary-General discharge in respect of the implementation of its budget for the financial year 2006. The decision to grant discharge also constitutes closure of the accounts of this institution.

At the same time, the Parliament adopted, by 628 votes in favour, 44 against and 12 abstentions, a Resolution containing the comments which form part of the decision giving discharge. The report had been tabled for plenary by Nils LUNDGREN (ID, SE) on behalf of the Committee on Budgetary Control.

The Resolution recalls that in 2006, the Council had available commitment appropriations amounting to a total of EUR 626 102 378.31 (compared to EUR 586 182 640.52 in 2005), with a utilisation rate of 91.79%, (compared to 96.69% in 2005).

The Parliament regrets that, unlike other institutions, the Council does not submit an annual activity report to Parliament, citing the Gentleman's Agreement of 1970. It therefore calls on the Council to reconsider this decision, in order to be more accountable to the general public and taxpayers. As a reminder, the Gentleman's Agreement provides that the Council undertakes to make no amendments to the estimate of expenditure of the European Parliament, provided that this estimate of expenditure does not conflict with the Staff Regulations of Officials or the seat of the institutions. However, according to the Parliament, the Gentlemen's Agreement should be revised, given its age and the substantial shortfall between the words used and the meaning or interpretation which is attributed to them. In any case, the Parliament believes that there is no obstacle at present to the Council being submitted to the normal discharge procedure, like the other institutions.

The Parliament then makes a series of observations which can be summarised as follows:

**Procurement:** The Parliament draws attention to the fact that the Court of Auditors highlighted shortcomings in terms of procurement. The Council extended a contract for the provision of telecommunication services for meetings of the European Council, without sufficient justification for this extension. The Parliament believes that the Council should have carried out an open tendering procedure before the expiry of the contract, while understanding the exceptional circumstances for this extension. The Parliament expects this procedure to be closed by July 2008 at the latest. At the same time, the Parliament 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) following the Court's observations. It also notes with satisfaction the setting-up of a Task-Force in order to reform the system for reimbursing the travel expenses of Council representatives.

**CFSP:** in terms of the Common Foreign and Security Policy of the EU, the Parliament insists on maximum transparency in this area and calls on the Council to make sure that, in accordance with the Interinstitutional Agreement of 17 May 2006, no operating CFSP expenditure should appear in the Council's budget. It 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') of the Council's budget so as to enable Parliament to verify whether the Interinstitutional Agreement is being complied with. The Parliament reserves the right to take the necessary steps, where appropriate, where that Agreement is infringed. Lastly, the Parliament requests that the Council provide Parliament with an ex-post assessment of individual European Security and Defence Policy missions and of the actions of EU Special Representatives.