

# Procedure file

Basic information		
DEC - Discharge procedure	2009/2070(DEC)	Procedure completed
2008 discharge: EU general budget, Council		
Subject 8.70.03.07 Previous discharges		

Key players				
European Parliament	Committee responsible	Rapporteur	Appointed	
	<b>CONT</b> Budgetary Control		01/10/2009	
		ECR <a href="#">CZARNECKI Ryszard</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.			

## Key events

23/07/2009	Non-legislative basic document published	SEC(2009)1089	Summary
07/10/2009	Committee referral announced in Parliament		
23/03/2010	Vote in committee		Summary
26/03/2010	Committee report tabled for plenary	<a href="#">A7-0096/2010</a>	
21/04/2010	Debate in Parliament		
19/05/2010	Results of vote in Parliament		
19/05/2010	Decision by Parliament	<a href="#">T7-0180/2010</a>	Summary
16/06/2010	Decision by Parliament	<a href="#">T7-0219/2010</a>	Summary
16/06/2010	End of procedure in Parliament		
25/09/2010	Final act published in Official Journal		

## Technical information

Procedure reference	2009/2070(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/00586

## Documentation gateway

Non-legislative basic document		SEC(2009)1089	23/07/2009	EC	Summary
Document attached to the procedure		N7-0036/2009 <a href="#">OJ C 269 10.11.2009, p. 0001</a>	10/11/2009	CofA	Summary
Committee draft report		<a href="#">PE430.312</a>	04/02/2010	EP	
Amendments tabled in committee		<a href="#">PE439.262</a>	03/03/2010	EP	
Committee report tabled for plenary, single reading		<a href="#">A7-0096/2010</a>	26/03/2010	EP	
Text adopted by Parliament, single reading		<a href="#">T7-0180/2010</a>	19/05/2010	EP	Summary
Text adopted by Parliament, single reading		<a href="#">T7-0219/2010</a>	16/06/2010	EP	Summary

## Final act

[Decision 2010/493](#)  
[OJ L 252 25.09.2010, p. 0022](#) Summary

# 2008 discharge: EU general budget, Council

[PURPOSE: to present the final annual accounts of the European Communities for the 2008 financial year ? Other institutions: Section II ? Council.](#)

Note: this summary provides a general overview of the main trends in terms of the Council's expenditure for the financial year 2008. It provides an overview of the budgetary and financial management of the budget of the institution, as well as of its main expenditures. The amounts presented below are taken from the [Report on the budgetary and financial management in 2008: Section II ? Council.](#)

## CONTENT:

### 1) Council of the European Union expenditure appropriations 2008:

- commitments: EUR 594 715 268;
- outturn rate: 97.5% ;
- cancelled appropriations: EUR 14 959 380;
- payments: EUR 463 133 024.

### 2) Main axes of expenditure and main activities of the Council for 2008: the report states that the main administrative objectives of the General Secretariat of the Council (GSC) for 2008 were the following :

- further consolidation of the organisation of the GSC after the enlargement of the EU in 2004 and 2007: 82 permanent officials from the new Member States (EU-12) were recruited in 2008. At the same time, the number of temporary agents occupying a permanent post went down by 25. The organisation of the GSC was also improved by centralising all language units in the LEX building in 2008. In addition to the physical integration of the language units, working methods in the translation domain have been rationalised and simplified;
- continuation of the process of administrative modernisation: the General Secretariat has established an ambitious programme to reinforce the quality of its organisation. Various initiatives have or will have a budgetary impact (investment cost as well as economies resulting from increased efficiency). the GSC introduced a new system for financial management on 1 January 2008. This modernisation has provided up-to-date and efficient means for the financial management of the GSC, as well as for its partners in the project (the Court of Justice and the Court of Auditors). Another important step in administrative modernisation was the implementation of e-tendering, which improves the speed, transparency and equal treatment of tenderers. The GSC also introduced a flexible working time system on 1 January 2008 to better combine the requirements of work and working hours with those of private life;
- conclusion of the convention with the Belgium State on the construction of Residence Palace: on 19 March 2008 the Council signed with the Belgian government a contract for the acquisition and renovation of the Residence Palace. The project is a direct result of the decision of the European Council of 25 and 26 March 2004 to accept the offer of the Belgian government to renovate the Residence Palace with a view to turning it into the seat of the European Council and the Council of Ministers. The contract between the Council and the Belgian government enables the Council to make advance payments for the project, which will subsequently reduce the overall cost of the acquisition.

### 3) Implementation of appropriations by heading in 2008: the implementation rate of the budget 2008 for the institution's current expenditure is 85.7 %. The global implementation, which includes the planned advance payments for the Residence Palace building, is 97.5 %. An amount of EUR 15 million was cancelled.

The report also provides information about the differences between the budget estimates and the budget implementation. These may be summarised as follows:

#### Title I: (Persons working with the institution):

- staff: the difference between the initial budget for the establishment plan and implementation is due to the low occupation rate of the posts in the establishment plan (on average 90 %). Globally, the use of appropriations was EUR 19.2 million lower than foreseen in the budget 2008;
- other staff expenditures: the saving of EUR 1 million within the category of other staff expenditure comes mainly from the underspending of appropriations related to other staff and termination of service.

#### Title II: (Buildings, computer systems and operational costs):

- buildings: regarding building related expenditure (without Residence Palace) it should be noted that it was not possible to conclude and renew all related contracts in time. Globally EUR 3 million was cancelled (including EUR 1,8 million for costs relating to buildings including postponement of corridor renovation in the Justus Lipsius building and EUR 0,6 million for other fitting-out and installation work);
- computer systems: the budget for computer systems (title 2) was reduced by EUR 0.7 million mainly as a result of the reduced use of communication and data-transmission devices. In addition, at the end of the budget year EUR 1.7 million was cancelled mainly because of underspending on acquisition of hardware and software (EUR 0.9 million) and on maintenance of IT installations (EUR 0.6 million);
- interpretation: the underspending in interpretation expenditure comes from two sources: i) the saving of EUR 4.8 million for general interpretation, (the initial budget was EUR 36.5 million including EUR 3.9 million for cancellations and contingencies); ii) underspending in respect of 'on-request' envelopes by language totalled EUR 18.8 million (the initial budget was EUR 53 million);
- travel expenses: the amount available for delegations' travel expenses after transfers amounted to EUR 47.7 million (initial budget EUR 35.3 million + transfers of EUR 12.4 million from on-request interpreting savings). Since the Member States had to reimburse unused amounts from previous year(s), only EUR 28.3 million was committed for the subsequent payments in the budget 2008. In 2008, this totalled EUR 12.4 million;
- publication costs: the implementation of the appropriations for the Official Journal was EUR 0.7 million lower than foreseen.

Title III: (Expenditures resulting from the exercise by the institution of its specific tasks): the relatively low implementation rate is explained by the following factors:

- the delay in the implementation of the SESAME project (EUR 4.2 million)
- reduced need for outside services in IT (EUR 0.7 million)
- reduced need for mission and travel expenditure in the framework of CFSP/ESDP.

Lastly, it should be noted that the global underspending of the budget (outturn rate 85.7 %) made it possible to make available for advance payments in respect of Residence Palace EUR 55 million in addition to the EUR 15 million foreseen in Chapter 100.

## 2008 discharge: EU general budget, Council

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The Committee on Budgetary Control unanimously adopted the report by Ryszard CZARNECKI (ECR, PL) recommending that the Parliament postpone its decision on granting the Council's Secretary-General discharge in respect of the implementation of its budget for the financial year 2008.

The committee begins by noting that in 2008 the Council had available commitment appropriations amounting to a total of EUR 743 million (2007: EUR 650 million), with a utilisation rate of 93,31 %, considerably higher than in 2007 (81,89 %), but still below the average of the other institutions (95,67 %).

Reasons for the postponement of the discharge decision: generally, the committee's reasons for postponing the decision on the discharge are that there has been a lack of progress in most of the areas of concern that were discussed in Parliament's resolution of 25 November 2009 (see [DEC/2008/2277](#)). Members call on the Council to take a series of measures to strengthen transparency and to provide Parliament with certain documents on the Council's expenditure before 1 June 2010. The committee also requires further information on the following: i) expenditure in connection with ESDP/CFSP expenses (a full explanation of the need to transfer money from one item to another within the Council's budget; ii) the amount allocated for interpretation at European Security and Defence meetings iii) certain specific items of expenditure; iv) certain items on delegate travel costs.

Members also made the following observations :

A budget scrutinised in the same way as that of the other EU institutions: Members consider that in view of the increases in administrative expenditure and especially due to the possible presence of expenditure of an operational nature, the expenditure of the Council ought to be scrutinised in the same way as that of the other EU institutions as part of the discharge procedure. They reject the Council's suggestion that the fact that Parliament and the Council have not, in the past, scrutinised the implementation of their respective sections of the budget was the result of a "Gentlemen's agreement ". They consider the Gentlemen's Agreement not to be a binding document, and the interpretation attributed to it by the Council to be exceedingly wide. The valid legal basis in this case is the IIA. The preparation of the budget ? which rests on the Gentlemen's agreement - and the discharge of the budget are two separate procedures. The Gentlemen's Agreement between Parliament and the Council over the preparation of their respective sections of the budget must not absolve the Council of its responsibility to be fully accountable to the public for the funds placed at its disposal.

EEAS: Members believe that the 2008 discharge takes place at a crucial time, when a formal agreement on the discharge process for the new European External Action Service (EEAS) must be set out clearly. They call on Council to ensure that it submits, before the end of the 2008 discharge procedure, concrete, detailed and all-encompassing plans for the staffing, organisational and control structures of the EEAS, including EU military staff, the Situation Centre, the GSC's Crisis Management and Planning Directorate, the Civilian Planning and Conduct Capability, as well as all staff in the General Secretariat working on Foreign and Security Policy. The committee wants the Council immediately to take part in the negotiations with the budgetary authority on the basis of the proposals submitted.

More democratic scrutiny: Members insist that the Council abandon its adherence to out-of-date and arcane procedures regarding discharge and instead join with all the other institutions of the EU in striving for the highest standards of public scrutiny and transparency regarding the use of public funds. They condemn the Council for its perfunctory involvement in the discharge process, including its refusal to participate in Parliamentary discharge debates. They believe that this demonstrates contempt for Parliament's discharge function and for the public's right to see all those responsible for the use of EU funds called to account.

Activity report and transparency: regretting that that, unlike other institutions, the Council does not submit an annual activity report to Parliament, Members call on the Council to rectify this. They also call on the Council and the European Parliament, in their capacity as joint budgetary authorities, to establish, with a view to improving the exchange of information on their respective budgets, an annual procedure within the discharge procedure. Under this procedure, the President of the Council would meet officially with the Committee on Budgetary Control with a view to providing all the information needed for the execution of the Council's budget. Members also want a review of the informal arrangement covering the Council budget discharge and call for an undertaking for this to be included in the review of the Financial Regulations and to be in place for the start of the new financing period after 2013.

CFSP: the committee considers that the annual report from the Council on the main aspects and basic choices of the CFSP, presented to Parliament in application of point 43 of the IIA, is restricted in its scope to a description of CFSP common positions, joint actions and implementing decisions and contains very limited information on financing aspects, and is therefore not sufficient for the discharge exercise.

Conditions for granting discharge : before Parliament decides on discharge, the committee requests the Council to confirm the following:

- it has closed all its extra-budgetary accounts in accordance with the recommendations of the Council's internal auditor;
- it has improved the verification of invoices following the recommendations of the Council's internal auditor;
- it has published all administrative decisions used as the legal basis for budget items;
- it has transmitted to Parliament and its competent committee the Council's annual activity report;
- it has explained fully the need to transfer money from one item to another within the Council's budget;
- it has provided written answers to relevant questions asked by Parliament's competent committee and its rapporteur, and it is available and willing to provide an oral explanation to Parliament's competent committee, on the basis of these written answers, should they require further clarification.

Members reiterate their request to the Council to provide detailed information on the nature of expenses, within its Title 3 (Expenditure arising out of the institution's performance of its specific missions). They are concerned by the lack of transparency of the cost incurred by the activities, in particular the missions carried out by the special representatives and asks for a detailed breakdown of the expenditure of the special representatives and their missions budget.

Court of Auditors' comments: the committee asks the Court of Auditors why there is no mention of the unresolved problems, as pointed out in Parliament's above-mentioned resolution of 25 November 2009, in its Annual Report on 2008 concerning the Council. It also notes the comment made by the Court of Auditors on the over-budgeting of the Secured European System of Automatic Messaging (SESAME). Lastly, Members note the considerable increase in advance payments for the Residence Palace (EUR 70 million instead of EUR 15 million as envisaged). They call for buildings policy to be detailed in future annual reports.

## 2008 discharge: EU general budget, Council

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The European Parliament rejected by 160 votes to 492, with 18 abstentions, a decision postponing granting discharge to the Secretary-General of the Council in respect of the implementation of the Council's budget for the financial year 2008. Thus, the European Parliament grants discharge to the Council but postpones, in accordance with Article 5(3) of Annex VI to the Rules of Procedure, Parliament's vote on the resolution with observations to a later date.

Members are however going to prepare a resolution entailing the reasons for granting discharge and suggesting improvements as regards the Council's management of its budget.

## 2008 discharge: EU general budget, Council

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**PURPOSE:** to grant discharge to the Council for the financial year 2008.

**LEGISLATIVE ACT:** Decision 2010/493/EU of the European Parliament on the discharge for implementing the general budget of the European Union for the financial year 2008 (Section II ? Council).

**CONTENT:** with the present decision, the European Parliament grants discharge to the Secretary General of the Council for the implementation of the general budget for 2008.

This decision adopted on 19 May 2010 grants discharge to the Council. It was confirmed in the European Parliament's resolution adopted on 16 June 2010 in which a series of observations were made that form an integral part of the discharge decision (please refer to the summary of the opinion of 16 June 2010).

## 2008 discharge: EU general budget, Council

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Following the adoption of its decision to grant the Council's Secretary-General discharge in respect of the implementation of its budget for the financial year 2008 on 19 May 2010 (see preceding summary), Parliament adopted by 607 votes to 54, with 15 abstentions, a resolution comprising the observations that are an integral part of the discharge decision.

In 2008, the Council had available commitment appropriations amounting to a total of EUR 743 million, with a utilisation rate of 93.31 %.

It made a series of recommendations which can be summarised as follows:

**Review of the Gentlemen's Agreement:** Parliament recalls the problems encountered in the 2007 and 2008 discharge procedures and reaffirms its position according to which it is necessary to clarify the scope of the agreement between Parliament and the Council that these two institutions do not have to verify their respective budgetary sections (Gentlemen's Agreement). It considers, however, in view of the increases in administrative expenditure and especially due to the possible presence of expenditure of an operational nature, the expenditure of the Council ought to be scrutinised in the same way as that of the other EU institutions as part of the discharge procedure. Rejecting the Council's suggestion that the fact that Parliament and the Council have not, in the past, scrutinised the implementation of their respective sections of the budget was the result of a "Gentlemen's agreement", Parliament considers the Gentlemen's Agreement not to be a binding document, and the interpretation attributed to it by the Council to be exceedingly wide.

Parliament believes that the preparation of the budget and the discharge of the budget are two separate procedures and that the Gentlemen's Agreement between Parliament and the Council over the preparation of their respective sections of the budget must not absolve the Council of its responsibility to be fully accountable to the public for the funds placed at its disposal.

**EEAS:** Parliament considers that the 2008 discharge takes place at a crucial time, when a formal agreement on the discharge process for the new European External Action Service (EEAS) must be set out clearly to ensure credibility through full transparency. It therefore calls on Council to ensure that it submits to Parliament, before the end of the 2008 discharge procedure, concrete, detailed and all-encompassing plans for the staffing, organisational and control structures of the EEAS, including EU military staff, the Situation Centre, the GSC's Crisis Management and Planning Directorate, the Civilian Planning and Conduct Capability, as well as all staff in the General Secretariat working on Foreign and Security Policy, showing in particular the increase and allocation of staff and the budgetary implications provided for.

**Discharge procedure for the Council:** Parliament reiterates that Council should be present at the Parliament for the presentation of the Court of Auditors' Annual Report and for the budget discharge debate each year. It specifies the documents on which the granting of the discharge would be based and wishes that in the future all the institutions should be present, and represented at the appropriate level, at the plenary debate concerning the discharge. It calls on the Council together with the European Parliament, in their capacity as joint budgetary authorities, to establish, with a view to improving the exchange of information on their respective budgets, an annual procedure within the discharge procedure.

Under this procedure, the President of the Council, accompanied by the Secretary-General of the Council, would meet officially with the Committee on Budgetary Control with a view to providing all the information needed regarding the execution of the Council's budget. The Spanish Presidency should review the informal arrangement covering the Council budget discharge and ensure that this is included in the review of the Financial Regulations and to be in place for the start of the new financing period after 2013. The discussions on this subject should be concluded before 15 October 2010. Parliament welcomes the undertakings of the Spanish Presidency on clarification of the

discharge procedure to show full accountability of the Council's administrative budget to Parliament. It asks for a firm commitment of the successive presidencies to carry on with this work in the same spirit.

Parliament is of the opinion that the annual budget for the permanent President of the European Council should be separated from the Council's budget and presented as a new budget section as from 2012.

CFSP: Parliament reiterates its position whereby it calls for maximum transparency in the area of Common Foreign and Security Policy (CFSP). Acknowledging the fact that the Council has provided for various formats for consulting and keeping Parliament informed on the development of the CFSP, Parliament considers, however, that the annual report from the Council on the main aspects and basic choices of the CFSP, presented to Parliament is too restricted in its scope and that more extensive information should be provided in future years for the discharge exercise. It reiterates its request to the Council to provide detailed information on the nature of expenses relating to its specific tasks. Parliament is concerned by the lack of transparency of the cost incurred by the activities, in particular the missions carried out by the special representatives, and asks for a detailed breakdown of the to be published on the internet.

Follow-up of the 2007 discharge: Parliament asks the Court of Auditors why there is no mention of the unresolved problems in its Annual Report on 2008 concerning the Council, as pointed out in its [previous resolution regarding the Council's discharge](#). Welcoming the various measures taken by the Council in 2008 to improve its financial management and control, Parliament notes the considerable increase in advance payments for the Residence Palace (EUR 70 million instead of EUR 15 million as envisaged, with an aim of subsequent reduction of the overall cost of the acquisition) which was made possible by the global under-spending of the Council's budget. It calls for the Council's buildings policy to be detailed in future annual reports to allow proper scrutiny in the discharge process.