2009 discharge: EU general budget, European Ombudsman

2010/2149(DEC) - 20/07/2010 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2009, as part of the 2009 discharge procedure.

Analysis of the accounts of the EU Institutions: Section VIII – **European Ombudsman.**

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2009 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the European Ombudsman.

The document helps to bring insight into the EU budget mechanism and the **way in which the budget has been managed and spent in 2009**. It recalls that European Union's operational expenditure covers the various headings of the financial framework and takes different forms, depending on how the money is paid out and managed.

In accordance with the Financial Regulation, the Commission implements the general budget using the following methods:

- **direct centralised management**: direct implementation of the budget by the Commission services;
- **indirect centralised management**: the Commission confers tasks of implementation of the budget to bodies of EU law or national law, such as the EU agencies of public law or with public service missions;
- **decentralised management**: the Commission delegates certain tasks for implementation of the budget to third countries;
- **shared management**: under this method of management budget implementation tasks are delegated to Member States. The majority of the expenditure falls under this mode "Shared Management" involving the delegation of tasks to Member States, covering such areas as agricultural spending and Structural Actions;
- **joint management**: under this method, the Commission entrusts certain implementation tasks to an international organisation.

The document also presents the different financial actors involved in the budget process (accounting officers, internal officers and authorising officers) and recalls their respective roles in the context of the tasks of sound financial management.

Amongst the other legal elements relating to the implementation of the EU budget presented in this document, the paper focuses on the following issues:

- the way in which EU public expenditure is committed and spent;

- the means of recovery following irregularities detected;
- the *modus operandi* of the accounting system:
- the audit process followed by the European Parliament's granting of the discharge.

To recall, the final control is the discharge of the budget for a given financial year. The discharge represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission from its responsibility for management of a given budget by marking the end of that budget's existence.

Lastly, the document presents a series of tables and detailed technical indicators on (i) the balance sheet; (ii) the economic outturn account; (iii) cashflow tables; (iv) technical annexes concerning the financial statements.

Implementation of appropriations under Section VIII of the budget for the financial year 2009: the document comprises a series of detailed tables, the most important concerning the implementation of the budget. As regards the European Ombudsman's expenditure, the table on the financial and budgetary implementation of this institution shows the following:

A) Table showing the commitment appropriations:

- Commitments: EUR 8 million (91.98% rate of implementation)
- Cancelled: EUR 1 million

B) Table showing the implementation of payments:

- Payments: EUR 8 million (84.57% rate of implementation)
- Carry-overs to 2010: EUR 1 million (7.75% of authorised appropriations)
- Cancellations: EUR 1 million.

Lastly, the annexes detail specific expenditure of the institutions, in particular:

- **pensions**: an administrative budget heading includes the pension obligations towards the Members and former members of the European Ombudsman;
- **joint sickness insurance scheme**: a valuation is made for the estimated liability that the EU has regarding its contributions to the Joint Sickness Insurance Scheme in relation to its retired staff. This gross liability has been valued at EUR 3 535 million. The calculations take into account active officials and pensioners from the various EU Institutions and Agencies, and their families, and active Members and pensioners from the European Ombudsman.

For further details on the budgetary implementation of expenditure of Section VIII of the Budget (European Ombudsman) please refer to the 2009 Annual Activity Report. This report outlines the main administrative objectives of the European Ombudsman. The main challenges in 2009 were:

- re-election of the Ombudsman for a new mandate of 5 years (Nikiforos DIAMANDOUROS);
- taking into account of the effects of the Treaty of Lisbon on the institution in order to strengthen transparency and sound administration of the EU institutions and bodies;

- prospective study of the issues which might be raised by the 'future citizens' initiative "under the Treaty of Lisbon;

- enhancing initiatives (from institutions and bodies of the EU) to further improve the results in terms of good administration;

- enhancing the objectives of awareness and communication among citizens (to improve media coverage of the Ombudsman).

The report gives an overview of the results achieved as against the objectives set for 2009.