2010 discharge: EU general budget, Committee of the Regions

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PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2010, as part of the 2010 discharge procedure.

Analysis of the accounts of the EU Institutions: Section VII - **Committee of the Regions (CoR).**

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2010 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 Committee of the Regions.

(1) Purpose: the document helps to bring insight into the EU budget mechanism and the **way in which the budget has been managed and spent in 2010**. 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.

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:

- accounting principles applicable to the management of EU spending (business continuity, consistency of accounting methods, comparability of information ...);
- consolidation methods of figures for all major controlled entities (institutions and agencies);
- the recognition of financial assets in the EU (tangible and intangible assets, financial assets and other miscellaneous investments);
- the way in which EU public expenditure is committed and spent, including pre-financing;
- 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 (please refer to the follow-up reports presented in this procedure file).

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.

(2) Implementation of appropriations under Section VII of the budget for the financial year 2010: the document comprises a series of detailed tables, the most important concerning the implementation of the budget. As regards the Committee of the Region's expenditure, the table on the financial and budgetary implementation of this institution shows the following:

A) Table showing the commitment appropriations:

- Commitments: EUR 90 million (92.03% rate of implementation)
- Carry-overs to 2011: (0.02% of authorised appropriations)
- Cancelled: EUR 1 million

B) Table showing the implementation of payments:

- Payments: EUR 89 million (90.09% rate of implementation)
- Carry-overs to 2011: EUR 7 million (6.91% of authorised appropriations)
- Cancellations: EUR 1 million.

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

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 3 791 million. The calculations take into account active officials and pensioners from the various EU Institutions and Agencies.

(3) Budget implementation – conclusions: the main characteristics of the budget implementation of the Committee of the Regions for 2010 are as follows:

- the first year of Presidency of Ms. Mercedes Bresso was marked by the efforts to further rise the profile of the CoR, support the new territorial cohesion objective and the multi-annual and the multi-level governance in Europe;
- taking account of the effects of the Lisbon Treaty on the Committee: greater involvement of regional and local bodies in the legislative process;
- enlargement of the areas of consultation of the Committee, in cooperation with the European Parliament;
- the number of opinions (49 in 2010 with special opinions requested by certain EU Presidencies) in the framework of the Europe 2020 Strategy;
- organisation of a major event – Opens Days/European Week of Regions and Cities;
- setting up the Lisbon Monitoring Platform (on the regional impact of the Lisbon Treaty);
- strengthening territorial dialogue on sustainable growth and jobs;
- further work with members of the Subsidiarity Monitoring Network and various communication and awareness raising actions on regional cooperation and subsidiarity;
- support for the European Grouping of Territorial Cooperation (EGTC);
- various communication activities, organisation of meetings on the theme of territorial dialogue and subsidiarity (two external meetings in Valladolid and Antwerp).

For further details on the budgetary implementation of expenditure of Section VII of the Budget (Committee of the Regions) please refer to the Committee's Annual Activity Report 2010.