2010 discharge: EU general budget, European Ombudsman

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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 VIII - **European Ombudsman**.

(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.

Implementation of appropriations under Section VIII 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 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 (89.65% rate of implementation)
- Cancelled: EUR 1 million (10.35% of authorised appropriations)

B) Table showing the implementation of payments:

- Payments: EUR 8 million (84.26% rate of implementation)
- Carry-overs to 2011: EUR 1 million (5.23% 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 3 791 million for 2010.

(3) Budget implementation – conclusions: the main characteristics of the budget implementation of the European Ombudsman in 2010 are the following:

- the launch of a new visual identity for the Network, alongside a new visual identity for the European Ombudsman;
- maladministration in 12% of cases closed in 2010. In 33 such cases, the case was closed with critical remarks to the institution concerned (35 cases in 2009). Seven cases were closed when the institution concerned accepted a draft recommendation made by the Ombudsman;
- more than 19 000 people sought and received advice from the Ombudsman through the interactive guide;
- the total number of complaints fell from 3 098 in 2009 to 2 667 in 2010; in over 70% of cases processed, it was able to help the complainant by opening an inquiry into the case, transferring it to a competent body, or giving advice on where to turn;
- help ensure that the EU delivers the benefits for citizens promised by the Treaty of Lisbon.

For further details on the budgetary implementation of expenditure of Section VIII of the Budget (European Ombudsman) please refer to the 2010 Annual Activity Report.