2011 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 2011, as part of the 2011 discharge procedure.

Analysis of the accounts of the EU Institutions: Section VII – **Committee of the Regions**.

Legal reminder: the consolidated annual accounts of the European Union for the year 2011 have been prepared on the basis of the information presented by the institutions and bodies under Article 129(2) of the Financial Regulation applicable to the general budget of the European Union. They were prepared in accordance with Title VII of the Financial Regulation and with the accounting principles, rules and methods set out in the notes to the financial statements.

The objective of the financial statements is to provide information about the financial position, performance and cashflow of a body that is useful to a wide range of users. The objective is to provide information that is useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

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 2011**. It recalls that the 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 or indirect centralised management (by means of bodies or agencies of public law or other); decentralised management where the Commission delegates certain tasks for the implementation of the budget to third countries; and, thirdly, shared management where budget implementation tasks are delegated to Member States, in areas such as agricultural expenditure 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 (the consolidated financial statements of the EU comprise all significant controlled entities –institutions, organisations and agencies, this being 50 controlled entities, 5 joint ventures and 4 associates. In comparison with 2010, the scope of consolidation has been extended by 7 controlled entities (one institution, 6 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 (cash advances intended for the benefit of an EU organ);
- 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 recap, 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.

The document also details specific expenditure of the institutions, in particular: i) pensions of former Members and officials of institutions; ii) joint sickness insurance scheme and iii) buildings. For the Parliament, the outstanding contractual obligation relating to building contracts totalled EUR 434 million in 2011.

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 2011: the document also comprises a series of detailed tables, the most important concerning the implementation of the budget. Concerning the expenditure of the Committee of the Regions (CoR), the information drawn from the CoR Impact Report 2011 shows that:

- credits authorised for 2011 were **EUR 94 million;**
- the rate of budgetary implementation was 97.76%

3) Budgetary implementation - conclusions: in more general and political terms, the Committee's budgetary implementation for the financial year 2011 primarily consisted in the following of files on which this body is called to take a position and issue non-binding opinions. It should be noted that in 2011, the CoR adopted **62 opinions** the importance of which can vary depending on the area on which the opinion covers.

The CoR Impact Report highlights the following opinions:

- opinion on the Commission's Work Programme for 2011;

- opinion on the future financial framework (2014-2020);

- opinion on the future European Social Fund (2014-2020) before the publication of the text by the European Commission;

- follow-up document on CoR opinions;

- publication of CoR impact assessment sheets on the political impact of CoR opinions on other EU institutions;

- continuation of the "Rolling planning sheet": the objective being the production of a constantly updated planning sheet in order to plan, structure and monitor the CoR's political activities relating to an opinion, with the aim of enhancing the CoR's political impact.

The Committee also continued its activities relating to cohesion policy and in particular the follow-up of the European Grouping of Territorial Cooperation (EGTC). Work also continued in the classical areas of

cohesion policy and the Structural Funds in all of the Committee's activities as well as on the implications of the 2020 strategy, the economic and social development of the Union in the context of the financial crisis, citizenship (with particular focus on the Roms), sustainable development and climate change.

There were also certain interinstitutional activities with the European Parliament, the President of the European Council as well as activities beyond Europe's borders with the organisation of the ARLEM and CORLEAP networks on the Neighbourhood Policy.

Lastly, the Committee also organised a number of events focused on regional policy.