2013 discharge: EU general budget, European Council and Council

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PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2013, as part of the 2013 discharge procedure.

Analysis of the accounts of the EU Institutions: **European Council/Council**.

Legal reminder: the consolidated annual accounts of the European Union for the year 2013 have been prepared on the basis of the information presented by the institutions and bodies under Article 148(2) of the Financial Regulation applicable to the general budget of the European Union. They were prepared in accordance with Title IX of this Financial Regulation.

(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 2013**, including the different expenses of the European institutions. It should be recalled that only the Commission budget contains administrative appropriations and operating appropriations. **The other Institutions have only administrative appropriations.**

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);
- 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.

Discharge procedure: 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. When granting discharge, Parliament may make observations which it considers important and often recommends the Commission and the other institutions to **take actions concerning these matters.**

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.

The document also 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 the European Council/Council's appropriations for the financial year 2013: the document comprises a series of detailed tables, the most important concerning the implementation of the budget.

Budget 2013: at the end of 2013, an amount of EUR 507 million was committed.

Budget implementation: information concerning the implementation of the budget of the Council and the European Council is drawn from the Financial Activity Report 2013 (Section II - European Council and Council).

The budget authority established the overall European Council/Council budget 2013 at **EUR 535.5 million** . This corresponds to an increase of EUR 1.6 million (0.3%) compared to the 2012. The number of posts in the establishment plan for 2013 for the EC/C was 3153.

The global implementation rate of the 2013 budget is 86.7%. The difference between the final budget and implementation can be explained as follows:

- the total under-spending in the category of establishment plan amounts to EUR 23.6 million;
- the global implementation of the building related expenditure (without the Europa-Building) resulted in a saving of EUR 2.4 million;
- in the IT domain the budget implementation was almost 98 %. The under-spending of EUR 800 000 resulted from a smaller need for IT equipment, software and outside consultancy;
- the underspending in appropriations for interpretation amounts to EUR 11.2 million and EUR 2.5 million in organising meetings and conferences.

The document also notes the underspending in furniture, technical equipment and transport costs. The amount available for delegations' travel expenses after transfers amounted to EUR 25.3 million.

(3) Budgetary implementation - conclusions: in more general and political terms, the implementation of the Council budget in 2013 was marked by the following:

- the continuous support to the President of the European Council and to the Council through an appropriate use of financial resources;
- the need to proceed further with the process of administrative modernisation with the objective to reinforce the quality of its organisation as well as the appropriate use of resources;
- the adaptation of its organisation to the accession of Croatia in July 2013.

Building policy: the project to renovate the Residence Palace and convert it into the seat of the European Council and the Council (Europa Building) continued in 2013 with the actual construction work including, among other things, starting to building up floors, insulation and various technical installations.

In 2013, **EUR 5 million was committed** for the acquisition of the Europa Building. The amount has been carried over to 2014 for the actual payment.