2014 discharge: EU general budget, Court of Justice

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PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2014, as part of the 2014 discharge procedure.

Analysis of the accounts of the EU Institutions: **EU Court of Justice**.

Legal reminder: the consolidated annual accounts of the European Union for the year 2014 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.

(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 2014**, 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 performance indicators in the framework of the financial implementation;
- 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 Court of Justice's appropriations for the financial year 2014: the document comprises a series of detailed annexes, the most important concerning the implementation of the budget. The document noted that in 2014 the Court's budget was **EUR 374 million** (total payments in 2014). EUR 349 million was spent (implementation rate of 93.5%).

As regards the Court of Justice's expenditure, the information is drawn from the Report on the budgetary and financial management 2014. The implementation of the Court of Justice's budget in 2014 was marked by the following:

- **increasing the pace of judicial activity**: in 2014, the Court again experienced a striking increase in the pace of its judicial activity. A new record was set with, in total, **1 691 cases brought before the three courts**, that is to say, the highest number since the judicial system of the European Union was created. Second, with 1 685 cases closed, the institution's productivity reached a level unparalleled in its history;
- **strengthening of the Court of First Instance**: in order to cope with that ever-increasing workload, the Court submitted to the Council a proposal for the reinforcement of the General Court which not only repeats the necessity of immediately reinforcing that court with 12 Judges but also falls within a longer perspective of structural change to the General Court and of simplification of the judicial architecture of the European Union. Furthermore, as regards the Court of Justice itself, the number of Advocates General was increased;
- **buildings**: after completing the renovation work on the Annex buildings (Erasmus, Thomas More and Annex C buildings) during the financial year 2013, within the period and budget provided for, thereby enabling two buildings previously leased to be vacated, the Court has carried on with the project for the fifth extension to its buildings, which will make it possible, as of 2019, to reunite all the Court's staff on one site (giving up the last building still rented) and so increase the efficiency of its services.