2014 discharge: EU general budget, Court of Auditors

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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: **European Court of Auditors**.

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 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 Court of Auditors' 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 145 million** (total payments in 2014). EUR 134 million was spent (implementation rate of 92.4%).

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

- **91 reports and opinions**, based on the result of the Court's audit work and an overall analysis based on its accumulated experience (one focuses on the challenges in terms of accountability and of public audit in the EU, and the other risks to EU financial management);
- recommendations to improve EU financial management and strengthening accountability in the new period 2014-2020.

Budget implementation was also marked by:

- continuing the Court's strategy for the period 2013-2017 to streamline the audit process and ensure a more flexible organisation of our resources;
- simplification of internal procedures to redeploy staff support services to audit;
- the implementation of a plan for equal opportunities.