

# 2015 discharge: EU general budget, European Parliament

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**PURPOSE:** presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2015, as part of the 2015 discharge procedure.

Analysis of the accounts of the EU Institutions: **European Parliament.**

**Legal reminder:** the consolidated annual accounts of the European Union for the year 2015 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) Governance and budgetary principles:** the organisational governance of the EU consists of institutions, agencies and other EU bodies. The main institutions in the sense of being responsible for drafting policies and taking decisions are the **EP**, the European Council, the Council and the Commission.

The EU Budget finances a wide range of policies and programmes throughout the EU. In accordance with the priorities set by the European Parliament and the Council in the Multiannual Financial Framework (MFF), the Commission carries out specific programmes, activities and projects in the field.

The budget is prepared by the Commission and usually agreed in mid-December by the Parliament and the Council, based on the procedure of Art. 314 TFEU.

According to the principle of budget equilibrium, the total revenue must equal total expenditure (payment appropriations) for a given financial year.

**EU revenues:** the EU has two main categories of funding: own resources revenues and sundry revenues. Own resources can be divided into traditional own resources (such as custom levies), the own resource based on value added tax (VAT) and the resource based on gross national income (GNI). Sundry revenues arising from the activities of the EU (e.g. competition fines) normally represent less than 10 % of total revenue. Own resources revenue make up the vast majority of EU funding.

**Expenditure of the EU institutions:** the EU's operational expenditure of these institutions takes different forms, depending on how the money is paid out and managed.

From 2014 onwards, the Commission classifies its expenditure as follows:

- **Direct management:** the budget is implemented directly by the Commission services.
- **Indirect management:** the Commission confers tasks of implementation of the budget to bodies of EU law or national law, such as the EU agencies.
- **Shared management:** under this method of budget implementation tasks are delegated to Member States. About 80 % of the expenditure falls under this management mode covering such areas as agricultural spending and structural actions.

**Consolidated annual accounts of the EU:** this Commission document concerns the EU's consolidated accounts for the year 2015 and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It also presents the accounting principles applicable to the European budget (in particular, consolidation).

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.

**Audit and discharge:** the EU's annual accounts and resource management are audited by the European Court of Auditors, its external auditor, which as part of its activities draws up for the European Parliament and the Council:

- an annual report on the activities financed from the general budget, detailing its observations on the annual accounts and underlying transactions;
- an opinion, based on its audits and given in the annual report in the form of a statement of assurance, on (i) the reliability of the accounts and (ii) the legality and regularity of the underlying transactions involving both revenue collected from taxable persons and payments to final beneficiaries.

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 (and other EU bodies) from its responsibility for management of a given budget** by marking the end of that budget's existence. This discharge procedure may produce three outcomes: (i) the granting; (ii) postponement; (iii) or the refusal of the discharge.

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 Parliament's appropriations for the financial year 2015:** the document comprises a series of detailed annexes, the most important concerning the implementation of the budget.

As regards the expenditure of the European Parliament, the table on the financial and budgetary management of this institution states that the final appropriations amounted to **EUR 2.207 billion**, committed to 80.24%.

As regards the budget implementation of the European Parliament, the 2015 [report on financial and budgetary management](#) stated that 2015 was marked by:

- an **increase in appropriations for security**. The terrorist acts prompted immediate action to enhance building security, chiefly in Brussels, but also a review of Parliament's activities in the light of this new constraint.
- as regards security, Parliament approved the iPACS (integrated Physical Access Control System) project for the acquisition of new security techniques to step up security at the Institution by giving it modern, integrated, non-invasive technological tools capable of assimilating future technological developments. It will make it possible to maintain security and protection at Parliament's premises in the three places of work in a coordinated, coherent and integrated manner, with the aid of a single genuinely integrated system.

This year also witnessed:

- continued efforts which begun in 2011 to bring about structural improvements in order to provide Parliament with all the resources it needs to play its role in the legislative process to the full and

enable it to capitalise to the full on the enhanced powers conferred on it by the Treaty of Lisbon. The development and build-up of the Members' Research Service (EPRS) has moved to a further stage:

- the carrying out of multiannual programmes designed to rationalise and modernise key areas of its Administration. Two decisions with a direct impact on the buildings strategy were taken by the Bureau in 2015: the decision on the Brussels visitor reception strategy, and the decision on the second phase for construction of the KAD Building;
- improved external communication from Parliament in particular with the House of European History and the continuation of the future European museum.