

2015 discharge: EU general budget, European Ombudsman

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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 Ombudsman.**

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 Ombudsman'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 Ombudsman's expenditure, the document stated that the available appropriations in 2015 amounted to **EUR 11 million**, with an implementation rate of payments of 86.37%.

As regards the implementation of the Ombudsman's budget, the [2015 Annual Activity Report](#) stated that the Ombudsman concentrated on the three way strategy to improve the impact, relevance and visibility of the office.

This year was characterised by the following:

- conducting strategic inquiries into problems in EU institutions (17 033 complaints of which 2007 were handled and 1060 requested were replied to by the Ombudsman – 261 inquiries were opened on the basis of complaints and 277 were closed);
- enhancing transparency in EU-US trade negotiations, for example, the Commission made great strides in proactively publishing many Transatlantic and Trade Investment (TTIP) documents;
- combating against 'revolving door' cases (to prevent former officials being hired by private organisations to put pressure on the Commission through lobbying);
- strengthening the transparency of activities of the European Central Bank and Frontex (to ensure that the fundamental rights of migrants who are forcibly returned from the EU are respected).

2015 also saw the launch of reform proposals for the European Network of Ombudsmen (ENO), such as conducting parallel inquiries at the national and European level.