

2015 discharge: EU general budget, European Commission and executive agencies

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In accordance with Article 319(1) of the Treaty on the Functioning of the European Union (TFEU), the Council approved a recommendation concerning discharge to be given to the Commission in respect of the implementation of the budget of the European Union for the financial year 2015.

Detailed analysis of expenditure:

- revenue amounted to EUR 146 623 630 294.45;
- expenditure disbursed from appropriations amounted to **-EUR 143 484 740 003.31**;
- cancelled payment appropriations (including earmarked revenue) carried over from year n-1 amounted to EUR 675 429 004.31;
- appropriations for payments carried over to year n+1 amounted to -EUR 1 294 470 333.92;
- EFTA payment appropriations carried over from year n-1 amounted to -EUR 4 428 001.55;
- the balance of exchange-rate differences amounted to EUR 182 315 866.64;
- the positive budget balance amounted to EUR 1 346 878 818.00;
- cancelled payment appropriations for the financial year amounted to EUR 28 585 352.01;
- EUR 1 758 506 605.41 (98.4 %) of the EUR 1 787 091 957.42 in appropriations for payments carried over to year n have been used.

Based on the observations contained in the Court of Auditors reports, the Council recommended the European Parliament to give a discharge to the Commission in respect of the implementation of the budget of the European Union for the financial year 2015.

However, the Council issued a series of comments in regard to budgetary implementation which will need to be fully taken into account when granting the discharge.

DAS: the Council welcomed the Court's annual report and Statement of Assurance (DAS) on the implementation of the EU budget for 2015, as well as the favourable opinion given by the Court on the reliability of the annual accounts. It regretted, however, that the overall estimated level of error reported by the Court for 2015 payments stood at **3.8 %**, even though relatively lower than in 2014 (4.4 %) and that all spending areas, bar "Administration", continued to be affected by a material level of error.

In general, the Council appreciated the efforts and actions taken by the Commission and Member States to implement the Court's recommendations and it encouraged the Commission to continue to ensuring **strict supervision** of expenditure in order to **reduce the estimated level of error** across the Union's spending.

Financial corrections: the Council considered that financial corrections and recoveries are important instruments for the protection of the EU budget. It called on the Commission to continue, where appropriate, the implementation of all **available corrective measures**. It is aware of the multiannual nature of financial corrections and assesses its overall impact on the protection of the EU budget in that context. Therefore, it encouraged the Court and the Commission to work together in order to converge their approaches in the evaluation of the impact of financial correction on the estimated amount at risk at closure and to provide comparable data.

Public procurement: the Council noted with satisfaction the Court's finding that non-compliance with public procurement rules decreased relative to preceding years reflecting the efforts made by the Commission and Member States to address weaknesses in this area.

"Single Audit": the Council encouraged the Court, the Commission and Member States to improve the timely exchange of information on sufficiently and continuously reliable audit results with a view to an efficient application of the principle of "Single Audit". It stressed the need to facilitate the exchange and disclosure of the relevant and available information and to **build on reliable controls already undertaken instead of adding additional layers of control.**

RAL and payment appropriations: the Council noted the Court's observation that so far, 2015 was the year with the highest level of commitments due to the late adoption of operational programmes and the transfer of commitments from 2014. It also noted the increase in the level of outstanding commitments RAL ("*Reste à Liquider*"). It called on the Commission to continue monitoring the evolution of the amounts of outstanding commitments, by heading and by programme on a regular basis, and to settle or decommit them in a timely manner and in line with the relevant rules.

The Council recalled its request to the Commission to provide the budgetary authority with a long term cash flow forecast, in order to avoid a possible build-up of outstanding unpaid claims and to improve the predictability of national contributions. It called on the Commission to prepare and publish on an annual basis a long **term and transparent forecast** covering budgetary ceilings, estimated payments obligations and needs until the end of the current MFF.

It emphasised the need to provide, on a regular basis, clear, exhaustive, transparent and timely information about the needs for payment appropriations and the availability of funds in the annual budget.

Getting results from the EU budget: the Council called on the Commission to continue its efforts in providing consistent and coherent measurements of performance at all levels of management of the programmes in order to enable their meaningful assessment against the objectives set. It stressed the need, in this regard, to assess performance in order to make the results of EU interventions more evident.

Revenue: the Council noted with satisfaction the Court's conclusion that the revenue part of the budget was not affected by material error, that the underlying transactions tested were found to be free from error, and that the systems for traditional own resources were assessed as being overall effective. However, in connection with the own resources, the Council noted with concern the shortcomings identified by the Court in the management of their accounting.

The Council analysed **each budget area** and made the following comments:

- **competitiveness for growth and jobs:** the Council appreciated that the errors that could have been prevented or detected and corrected by using all available information dropped from 2.8 % in 2014 to 0.6 % in 2015. However, it showed concern about the relative importance of certain quantified errors, which have a significant impact on the overall estimated level of error and called on the Commission to analyse the causes and take action to avoid such errors in the future;
- **economic, social and territorial cohesion:** the Council noted that errors made by managing authorities and intermediate bodies in Member States contributed to another 0.6 percentage points to the estimated level of error in this chapter.
- The Council took note of the Court's observations on the increased probability of greater delays in the implementation of the 2014-2020 programmes compared to the 2007-2013 programmes. It regretted the Court's observation that several attempts aimed at simplification in recent years have had only a limited impact on the regularity of transactions while, at the same time, increased levels of control have caused significant additional administrative burden on national administrations and

beneficiaries. It invited the Commission and Member States to intensify their efforts in addressing those weaknesses by taking into account all available information and supporting documentation;

- **natural resources:** the Council encouraged Member States to take full advantage of the new 2014-2020 legal framework in order to improve the management of EU spending and thereby to lower the risk of error and the Commission to provide appropriate and consistent training and guidance to assist in the implementation of new programmes. It underlined the high level of error detected by the Court in the administrative processing of aid applications by national authorities, contributing for 0.6 percentage points to the estimated level of error. It called upon the Commission to continue to systematically request and closely monitor action plans by Member States aiming at remedying the situation and to continue to **apply reductions and suspension of payments and financial corrections when necessary**, in line with the conformity clearance procedures. It stated that the errors which contribute most to the estimated level of error related to the **non-compliance with either the eligibility requirements, the public procurement rules or the agri-environmental commitments**;
- **global Europe and security and citizenship:** the Council took note that the estimated level of error reported by the Court for 2015 payments in the "Global Europe" policy area stood at 2.8 %, representing an increase of 0.1 percentage points compared to 2014. It welcomed the fact that, for the first time, the Court has included in its Annual Report an analysis of the "Security and Citizenship" policies. It encouraged the Court to consider increasing its audit scope in this area in order to assess, in particular, the effectiveness of the Asylum, Migration, and Integration Fund and of the Internal Security Fund and to provide a deeper analysis of this policy area;
- **administration:** lastly, the Council welcomed the fact that, as in previous years, the administrative and related expenditure of the EU institutions remained free from material error with an estimated level of error of 0.6 %, which is well below the materiality threshold.