2016 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 2016, as part of the 2016 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 2016 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.

Consolidated annual accounts of the EU: this Commission document concerns the EU's consolidated accounts for the year 2016 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 European Parliament is the discharge authority within the EU. The **discharge** represents the **final step** of a budget lifecycle. It is 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.

(2) Implementation of Court of Auditors' appropriations for the financial year 2016: the CoA's budget is entirely administrative expenditure. In 2016 it accounted for around **EUR 137.6 million**, representing less than 0.1 % of total EU spending or around 1.5 % of total administrative spending. The overall rate of implementation was 99 %.

As regards the Court of Auditor's expenditure, the information is drawn from the Court of Auditors 2016 Annual Activity Report and highlighted that 2016 was marked by:

- the **production of 52 specific annual reports** on the EU's various agencies and bodies located across the Union; **36 special reports** examining the effectiveness of diverse management topics and budgetary areas such as climate change, maritime transport, migration or banking supervision; **2 opinions** on new or updated EU laws with significant financial management implications and a briefing paper on the mid-term review of the multiannual financial framework 2014-2020;
- the election of a new president, Klaus-Heiner Lehne (Germany);
- reform of the system of audit chambers and committees by creating a **fifth chamber** responsible for auditing the EU's financing and administration;
- putting in place a high-quality system of environmental management for buildings, which led to a positive environmental assessment by experts.

External audit of the ECA: the ECA's annual accounts are audited by an independent external auditor (PricewaterhouseCoopers Sàrl).