2016 discharge: EU general budget, European External Action Service (EEAS)

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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 External Action Service**.

Consolidated annual accounts of the EU: this Commission document concerns the EU's consolidated annual accounts for the year 2016, 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. It 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 the EEAS's appropriations for the financial year 2016: management of the EEAS budget continues to be a challenging exercise, particularly in relation to the network of EU Delegations. 2016 was the first year where the common overhead costs of all the delegation offices (rent, security, cleaning, and other overheads), including EDF delegations, were **financed entirely from the budget lines of the EEAS**. This made management of the budget for this type of expenditure simpler and more efficient.

Overall, the EEAS budget of **EUR 636.1 million for 2016** has been executed at 31.12.2016 to 99.7 % in commitments and 87.5% in payments. The rate of execution in payments will increase with payments made in 2017 on commitments carried over.

As regards the budget implementation of the EESC, the Annual Activity Report 2016 stated that the 2016 was characterised by the following:

- war in neighbouring countries, high numbers of people seeking refuge in the EU countries, mass migration, terrorist attacks targeting innocent citizens and a much reduced level of trust in the architecture of global governance;
- heightened security for staff and installations including an EUR 8 million reinforcement of the administrative budget by the budgetary authority for security;
- improved awareness and a sustained staff training efforts;
- a number of additional measures were taken in 2016 with the creation of a new Division "Migration and Human Security" to mitigate migration challenges;
- an improved business plan for its headquarters;
- the network of EU Delegations did not undergo any changes in 2016; no Delegations were closed, nor were any new ones opened.