2016 discharge: Court of Auditors' special reports

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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 (**Court of Auditors' special reports**).

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.

External audit: the European Court of Auditors is the external auditor of the EU institutions (and bodies). The Court's mission is to contribute to **improving EU financial management, promote accountability and transparency, and act as the independent guardian of the financial interests of the citizens of the EU**.

The Court’s role as the EU’s independent external auditor is to check that EU funds are correctly accounted for, are raised and spent in accordance with the relevant rules and regulations and have achieved value for money.

The EU’s annual accounts and its resource management are audited by the Court, 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 and payments to final beneficiaries;
- **special reports** covering specific areas.

Discharge: 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 decision is based on an examination of the annual accounts, the Commission's annual management and performance report for the budget, the annual report, the audit opinion and **special reports of the Court**, and replies of the Commission to questions and further information requests.

The special reports of the Court of Auditors provide information on issues of concern related to the implementation of funds, which are **thus useful for Parliament** in exercising its role of discharge authority.

The observations on the special reports of the Court of Auditors form an integral part of Parliament's decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016.

This discharge procedure may produce three outcomes: (i) the granting; (ii) postponement; (iii) or the refusal of the discharge.