Discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2020: performance, financial management and control

2021/2157(DEC) - 30/06/2021 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2020, as part of the 2020 discharge procedure: performance, financial management and control.

The document focuses on the **performance, financial management and control** of the EU's accounts in general.

The discharge is a Parliament decision that reflects its conclusions at the end of a process, the discharge procedure, on the way the Commission (and other institutions and bodies) has carried out its task of implementing the EU budget.

The decision is based in particular on the European Court of Auditors reports, in particular its annual report, in which the Court provides a Statement of Assurance (DAS) on the legality and regularity of transactions (payments and commitments).

The procedure results in the **granting, postponement or refusal of discharge**.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

The EU budget for 2020 – a budget in transition

2020 was a pivotal year for the EU budget in many ways. The 2020 EU budget played an important role in supporting the von der Leyen Commission's ambitious headline goals. It helped, for example, with preparing the green and digital transitions and with promoting solidarity and security, not only within the EU, but also in cooperation with our international partners. 2020 was also the year of the COVID-19 outbreak, which made swift and significant modifications necessary for crisis repair and recovery.

2020 was the last year of the 2014-2020 multiannual financial framework. The new and ambitious **2021-2027 multiannual financial framework**, together with the temporary recovery instrument **NextGenerationEU**, was adopted in December 2020, putting the EU budget at the heart of the recovery and the transition towards a more sustainable and digital future.

In the new long-term budget, the structure of the **budgetary headings has been reviewed** to provide greater transparency and to ensure close alignment with the key political priorities.

Sound management

The Commission is fully committed to ensuring that the management of the EU budget remains subject to the highest standards of sound financial management, even during these unprecedented times. Thanks to

good crisis preparedness, the Commission was able to remain fully operational in 2020. Its administration (comprising almost 30 000 people) switched to teleworking in the span of only a few days.

A strengthened performance framework

The transition to the 2021-2027 long-term budget will also represent another major step forward for the EU budget performance framework. The Commission has taken very seriously the lessons learnt from the 2014-2020 period and the recommendations from the Parliament, the Council and the Court of Auditors.

Through the new spending programmes, the Commission is introducing a **more comprehensive and coherent performance framework** for the EU budget. This will be based on: (i) integrating performance into policy design through programme evaluations; (ii) robust monitoring and reporting on the performance of individual programmes and the progress towards their objectives in the annual budgetary cycle; and (iii) ensuring the contribution of the EU budget towards overarching horizontal policy objectives such as the climate, the digital sphere and economic recovery.

A result-oriented EU budget

The Commission continues to give the highest priority to the performance of EU spending. It is fully committed to ensuring that the EU budget is implemented in accordance with the strongest financial management standards and is as effective as possible in achieving its objectives.

In November 2020, the European Court of Auditors published a new report on the performance of the EU budget. The report concluded that the Commission has solid procedures in place to produce performance reports and noted the many improvements that have been made, while identifying targeted areas for further improvement.

A robust governance system

The Commission's internal functioning is based on a number of key principles underpinning **robust governance**: clear roles and responsibilities and accountability mechanisms, a strong commitment to performance management and compliance with the legal framework, transparency and high standards of ethical behaviour. The chain of accountability and the governance system used by the European Commission are tailored to its unique structure and role. The Commission's governance arrangements have been strengthened over time and adapted to changing circumstances.