Basic information

2011/2205(DEC) DEC - Discharge procedure	Procedure completed
2010 discharge: EU general budget, Court of Auditors **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	AYALA SENDER Inés (S&D)	03/03/2011
	Shadow rapporteur MARINESCU Marian-Jean (PPE) STAES Bart (Verts/ALE) CZARNECKI Ryszard (ECR) SØNDERGAARD Søren Bo (GUE/NGL) ANDREASEN Marta (EFD) EHRENHAUSER Martin (NI)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
DEVE Development	The committee decided not to give an opinion.	
INTA International Trade	The committee decided not to give an opinion.	
BUDG Budgets	The committee decided not to give an opinion.	
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	

EMPL	Employment and Social Affairs	The committee decided not to give an opinion.	
ENVI	Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
ITRE	Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO	Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN	Transport and Tourism	The committee decided not to give an opinion.	
REGI	Regional Development	The committee decided not to give an opinion.	
AGRI	Agriculture and Rural Development	The committee decided not to give an opinion.	
PECH	Fisheries	The committee decided not to give an opinion.	
CULT	Culture and Education	The committee decided not to give an opinion.	
JURI	Legal Affairs	The committee decided not to give an opinion.	
LIBE	Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
AFCO	Constitutional Affairs	The committee decided not to give an opinion.	
FEMM	Women's Rights and Gender Equality	The committee decided not to give an opinion.	
PETI	Petitions	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner

Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
26/07/2011	Non-legislative basic document published	COM(2011)0473	Summary
12/10/2011	Committee referral announced in Parliament		
27/03/2012	Vote in committee		
30/03/2012	Committee report tabled for plenary	A7-0091/2012	Summary
10/05/2012	Decision by Parliament	T7-0159/2012	Summary
10/05/2012	Results of vote in Parliament		
10/05/2012	Debate in Parliament		
10/05/2012	End of procedure in Parliament		
17/10/2012	Final act published in Official Journal		

Technical information

Procedure reference	2011/2205(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/07047

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE475.755	07/02/2012	
Amendments tabled in committee		PE483.638	07/03/2012	
Committee report tabled for plenary, single reading		A7-0091/2012	30/03/2012	Summary
Text adopted by Parliament, single reading		T7-0159/2012	10/05/2012	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	06081/2012	17/02/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2011)0473	26/07/2011	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0107/2011 OJ C 326 10.11.2011, p. 0001	08/09/2011	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Decision 2012/0555 OJ L 286 17.10.2012, p. 0104	Summary

2010 discharge: EU general budget, Court of Auditors

2011/2205(DEC) - 08/09/2011

PURPOSE: to present the report of the Court of Auditors on the implementation of the budget for the financial year 2010 (Section V – European Court of Auditors (ECA)).

CONTENT: this is the Court's 34th Annual Report on the implementation of the EU budget. It covers the 2010 financial year.

Pursuant to the provisions of the Treaty on the Functioning of the European Union (TFEU) the Court has audited: (a) the annual accounts of the European Union which comprise the consolidated financial statements and the consolidated reports on implementation of the budget for the financial year ended 31 December 2010; and (b) the legality and regularity of the transactions underlying those accounts.

The central part of the annual report is the Court's statement of assurance (the 'DAS') on the reliability of the annual accounts of the EU and on the legality and regularity of transactions (referred to in the report as 'regularity of transactions'). The statement of assurance itself begins the report; the material which follows reports mainly on the audit work underlying the statement of assurance.

This particular audit concerns the budget implementation of the European Court of Auditors.

Based on its audit testing, the ECA concludes that the payments for the policy group Administrative and other expenditure were on the whole free from material error. **The estimated error rate was 0.4%.**

The Court found that supervisory and control systems for administrative and other expenditure were effective in ensuring the regularity of payments. However, **the ECA found a number of errors and weaknesses in the implementation of procurement procedures** by the EU institutions and bodies, and in one institution repeated under-utilisation of certain budget lines resulting in significant budget transfers to finance building projects. Recruitment decisions were also not always appropriately documented. These weaknesses were not material for the policy group as a whole, but were significant in the context of the individual institution or body concerned and need to be addressed by their administrations.

For 2010, the ECA recommends the EU institutions and bodies should ensure that:

- appropriate documentation is established to justify recruitment decisions and that eligibility criteria set out in vacancy notices are respected; and
- authorising officers establish appropriate checks and benefit of better guidance in order to improve the design, coordination and performance of procurement procedures.

The Court makes a certain number of particular observations as regards each EU institution or body of the European Union and which do not call into question the overall positive assessments set out above because they do not affect significantly administrative expenses as a whole.

In the specific case of the audit of the Court of Auditors, the report notes that the external auditor's report states that, in the auditors' opinion, 'the financial statements give a true and fair view of the financial position of the European Court of Auditors as of December 31, 2010, and of its cash flows for the year then ended in accordance with the Financial Regulation and the Accounting Rules of the European Union'. The report will be published in the Official Journal.

2010 discharge: EU general budget, Court of Auditors

2011/2205(DEC) - 17/02/2012

Having regard to the observations made in the Court of Auditor's report, the Council calls on the European Parliament to **give a discharge to all of the other institutions of the European Union in respect of the implementation of the budget of the European Union for the financial year 2010**.

The Council notes with satisfaction that, again in 2010, the administrative expenditure of EU institutions and bodies continued to **remain free from material error and that their supervisory and control systems continued to be effective** in ensuring compliance with the requirements of the Financial Regulation (no specific comment was made regarding the Court of Auditors).

2010 discharge: EU general budget, Court of Auditors

2011/2205(DEC) - 30/03/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Inés AYALA SENDER (S&D, ES) on discharge to be granted to the Secretary-General of the Court of Auditors in respect of the implementation of the budget for the financial year 2010.

Members emphasise that the audit of the Court of Auditors' financial statements for 2010 was carried out by an external auditor and that this was considered satisfactory.

They call for improvements to be made to the summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.

In parallel, Members note that in 2010 the Court of Auditors' commitment appropriations amounted to a total of EUR 148.6 million (EUR 188 million in 2009), and that the implementation rate for those appropriations was 93 % (92.1 % in 2009). They emphasise that the Court of Auditors' budget is purely administrative in nature, with 80 % of it being spent on persons working within the institution and 20 % on buildings, furniture, equipment and miscellaneous operating expenditure. They welcome the fact that, following a reorganisation, the Court of Auditors has reduced the annual cost of security services by EUR 500 000, while making for more effective delivery of service and better risk control.

Members ask the European Anti-Fraud Office (OLAF) to speed up the investigation related to **allegations of irregularities** reported by the Court of Auditors to OLAF in 2010.

Regarding the Court of Auditors' activities, Memebers make the following remarks:

- they suggest that the Court evaluates the effects and the implementation of its conclusions contained in the special reports within a reasonable period of time, informing the Committee on Budgetary Control of its findings;
- they consider that preventing and identifying conflicts of interest is of high relevance for the efficient and correct use of resources as well as for the public confidence in the Union institutions;
- they await the Court of Auditors completion and release of the **Special Report on conflicts of interest management** in the European Aviation Safety Agency, the European Chemicals Agency, the European Food Safety Authority and the European Medicines Agency;
- they invite the Court of Auditors to provide the discharge authority with a **Special Report on the effectiveness of the Joint Undertakings' establishment and on their added value** for the efficient execution of Union research, technological development and demonstration programmes.

Members consider that for **additional optimisation of the Court of Auditors' activity**, an even more substantial number of the Court's officials should be specialised in, and performing exclusively audit tasks. They hope to see an increase of this proportion in the future. They request the Court of Auditors to incorporate into its future work programmes a systematic follow-up of specific past audits, following a sufficient time lapse, to assess progress.

Members encourage the Court to perform an **in-depth assessment of supervisory and control systems in the Council** before the end of 2012 and awaits with interest the 'follow-up peer review' that the Court of Auditors intends to launch in 2012. They confirm their intention to propose **a revision of the rules on appointing candidates to the Court of Auditors**, with a view to improving the requirements so that the Court is better equipped to deal with current and future challenges.

2010 discharge: EU general budget, Court of Auditors

2011/2205(DEC) - 10/05/2012 - Text adopted by Parliament, single reading

The European Parliament adopted by 566 votes to 62, with 16 abstentions, a decision to grant discharge to the Secretary-General of the Court of Auditors in respect of the implementation of the budget for the financial year 2010.

In its accompanying resolution adopted by 574 votes to 66, with 12 abstentions, Parliament emphasises that the audit of the Court of Auditors' financial statements for 2010 was carried out by an external auditor and that this was considered satisfactory. It calls for improvements to be made to the summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.

In parallel, Members note that in 2010 the Court of Auditors' commitment appropriations amounted to a total of EUR 148.6 million (EUR 188 million in 2009), and that the implementation rate for those appropriations was 93 % (92.1 % in 2009). They emphasise that the Court of Auditors' budget is purely administrative in nature, with 80 % of it being spent on persons working within the institution and 20 % on buildings, furniture, equipment and miscellaneous operating expenditure.

Administrative and financial management of the Court of Auditors: Parliament welcomes the fact that, following a reorganisation, the Court of Auditors has reduced the annual cost of security services by EUR 500 000, while making for more effective delivery of service and better risk control. It asks the European Anti-Fraud Office (OLAF) to speed up the investigation related to **allegations of irregularities** reported by the Court of Auditors to OLAF in 2010.

Parliament calls on the Court to:

- evaluate the effects and the implementation of its conclusions contained in the special reports within a reasonable period of time, informing the Committee on Budgetary Control of its findings;
- await the completion and release of the **Special Report on conflicts of interest management** in the European Aviation Safety Agency, the European Chemicals Agency, the European Food Safety Authority and the European Medicines Agency;
- provide the discharge authority with a **Special Report on the effectiveness of the Joint Undertakings' establishment and on their added value** for the efficient execution of Union research, technological development and demonstration programmes.

Parliament considers that preventing and identifying conflicts of interest is of high relevance for the efficient and correct use of resources as well as for public confidence in the Union institutions. It awaits the Court of Auditors' Special Report on conflicts of interest management in the European Aviation Safety Agency, the European Chemicals Agency, the European Food Safety Authority and the European Medicines Agency, as planned, by the **end of June 2012**.

Members consider that for **additional optimisation of the Court of Auditors' activity**, an even more substantial number of the Court's officials should be specialised in, and performing exclusively audit tasks. They hope to see an increase of this proportion in the future. They request the Court of Auditors to incorporate into its future work programmes a systematic follow-up of specific past audits, following a sufficient time lapse, to assess progress.

- **Independent external auditor**: Parliament notes that the draft future Financial Regulation provides that, after consulting the Court of Auditors, agencies can appoint an independent external auditor to check whether their budget implementation complies with the provisions of the Financial Regulation. It notes that the Court of Auditors would then take the external auditor's report into account in drawing up its opinion. Members note that in 2011 the Court of Auditors launched a pilot project with Eurofound (the European Foundation for the Improvement of Living and Working Conditions);
- **Control systems in the Council**: Members encourage the Court to perform an **in-depth assessment of supervisory and control systems in the Council** before the end of 2012 and await with interest the 'follow-up peer review' that the Court of Auditors intends to launch in 2012. They confirm their intention to propose **a revision of the rules on appointing candidates to the Court of Auditors**, with a view to improving the requirements so that the Court is better equipped to deal with current and future challenges.

2010 discharge: EU general budget, Court of Auditors

2011/2205(DEC) - 26/07/2011 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2010, as part of the 2010 discharge procedure.

Analysis of the accounts of the EU Institutions: Section V - **Court of Auditors**.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2010 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the Court of Auditors.

(1) Purpose: the document helps to bring insight into the EU budget mechanism and the **way in which the budget has been managed and spent in 2010** . It recalls that European Union's operational expenditure covers the various headings of the financial framework and takes different forms, depending on how the money is paid out and managed.

In accordance with the Financial Regulation, the Commission implements the general budget using the following methods: direct centralised management: direct implementation of the budget by the Commission services; indirect centralised management: the Commission confers tasks of implementation of the budget to bodies of EU law or national law, such as the EU agencies of public law or with public service missions; decentralised management: the Commission delegates certain tasks for implementation of the budget to third countries; **shared management**: under this method of management budget implementation tasks are delegated to Member States. The majority of the expenditure falls under this mode "Shared Management" involving the delegation of tasks to Member States, covering such areas as agricultural spending and Structural Actions.

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.

Amongst the other legal elements relating to the implementation of the EU budget presented in this document, the paper focuses on the following issues:

- accounting principles applicable to the management of EU spending (business continuity, consistency of accounting methods, comparability of information ...);
- consolidation methods of figures for all major controlled entities (institutions and agencies);
- the recognition of financial assets in the EU (tangible and intangible assets, financial assets and other miscellaneous investments);
- the way in which EU public expenditure is committed and spent, including pre-financing;
- the means of recovery following irregularities detected;
- the modus operandi of the accounting system:
- the audit process followed by the European Parliament's granting of the discharge.

To recall, the **final control is the discharge of the budget for a given financial year**. The discharge represents 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 from its responsibility for management of a given budget by marking the end of that budget's existence (please refer to the follow-up reports presented in this procedure file).

Lastly, the document presents a series of tables and detailed technical indicators on (i) the balance sheet; (ii) the economic outturn account; (iii) cashflow tables; (iv) technical annexes concerning the financial statements.

Implementation of appropriations under Section V of the budget for the financial year 2010: the document comprises a series of detailed tables, the most important concerning the implementation of the budget. As regards the Court of Auditor's expenditure, the table on the financial and budgetary implementation of this institution shows the following:

A) Table showing the commitment appropriations:

- Commitments: EUR 138 million (93.02% rate of implementation)
- Carry-overs to 2011: (0.26% of authorised appropriations)
- Cancelled: EUR 6 million

B) Table showing the implementation of payments:

- Payments: EUR 182 million (61.35% rate of implementation)
- Carry-overs to 2011: EUR 17 million (7.94% of authorised appropriations)
- Cancellations: EUR 11 million.

Lastly, the annexes detail specific expenditure of the institutions, in particular:

- **pensions**: an administrative budget heading includes the pension obligations towards the Members and former members of the Court of Auditors;
- **joint sickness insurance scheme**: a valuation is also made for the estimated liability that the EU has regarding its contributions to the Joint Sickness Insurance Scheme in relation to its retired staff. This gross liability has been valued at EUR 3 791 million.

(3) Budget implementation – conclusions: the main characteristics of the budget implementation of the Court of Auditors for 2010 were as follows:

- Annual reports on the EU budget and the European Development Funds for the 2009 financial year;
- 40 specific annual reports on the EU's various agencies and other institutions and bodies for the 2009 financial year;
- 14 special reports , mainly performance audits;
- opinion on improving the financial management of the EU budget;
- five other opinions on new or amended EU legislation, including on the proposal for the revised financial regulation;
- extensive contribution to the international public audit profession and community, including to the development of new standards for supreme audit institutions (iSSAis);
- a pilot project involving coordinated audits with the supreme audit institutions of the Czech Republic and the Netherlands on the regularity of agricultural expenditure;
- recruitment of 97 new employees, resulting in a fall in vacant posts to below 5% for the first time;
- continuing re-deployment of staff to audit as a result of efficiency gains in support services.

For further details on the budgetary implementation of expenditure of Section V of the budget (Court of Auditors), please refer to the Report on budgetary and financial management for 2010 and the Financial Statements for 2010.

2010 discharge: EU general budget, Court of Auditors

2011/2205(DEC) - 10/05/2012 - Final act

PURPOSE: to grant discharge to the Court of Auditors for the financial year 2010.

NON-LEGISLATIVE ACT: Decision 2012/555/EU of the European Parliament on discharge in respect of the implementation of the European Union’s General Budget, section V – Court of Auditors, for the financial year 2010.

CONTENT: with the present decision, and in accordance with Article 318 of the Treaty on the Functioning of the European Union, the European Parliament grants discharge to the Secretary-General of the Court of Auditors in respect of the implementation of the budget for the financial year 2010.

The decision is in line with the European Parliament's resolution adopted on 10 May 2012 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 10/05/2012).