Basic information

2012/2171(DEC) DEC - Discharge procedure	Procedure completed
2011 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	CZARNECKI Ryszard (ECR)	29/02/2012
	Shadow rapporteur DEUTSCH Tamás (PPE) SONIK Bogusław (PPE) KALFIN Ivailo (S&D) SKYLAKAKIS Theodoros (ALDE) STAES Bart (Verts/ALE) 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
25/07/2012	Non-legislative basic document published	COM(2012)0436	Summary
13/09/2012	Committee referral announced in Parliament		
19/03/2013	Vote in committee		
21/03/2013	Committee report tabled for plenary	A7-0092/2013	Summary
16/04/2013	Debate in Parliament		
17/04/2013	Decision by Parliament	T7-0128/2013	Summary
17/04/2013	Results of vote in Parliament		
17/04/2013	End of procedure in Parliament		
16/11/2013	Final act published in Official Journal		

Technical information

Procedure reference	2012/2171(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/10381

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE497.968	29/01/2013	
Amendments tabled in committee		PE506.046	27/02/2013	
Committee report tabled for plenary, single reading		A7-0092/2013	21/03/2013	Summary
Text adopted by Parliament, single reading		T7-0128/2013	17/04/2013	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05752/2013	01/02/2013	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0436	25/07/2012	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0127/2012 OJ C 344 12.11.2012, p. 0001	06/09/2012	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2013/0546
OJ L 308 16.11.2013, p. 0122 Summary

2011 discharge: EU general budget, Court of Auditors

2012/2171(DEC) - 25/07/2012 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2011, as part of the 2011 discharge procedure.

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

Legal reminder: the consolidated annual accounts of the European Union for the year 2011 have been prepared on the basis of the information presented by the institutions and bodies under Article 129.2 of the Financial Regulation applicable to the general budget of the European Union. They were prepared in accordance with Title VII of this Financial Regulation and with the accounting principles, rules and methods set out in the notes to the financial statements.

The objective of the financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of users. The objective is to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

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 2011**. It recalls that the 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 or indirect centralised management (by means of bodies or agencies of public law or other); decentralised management where the Commission delegates certain tasks for the implementation of the budget to third countries; and, thirdly, shared management where budget implementation tasks are delegated to Member States, in areas such as agricultural expenditure 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 (the consolidated financial statements of the EU comprise all significant controlled entities –institutions, organisations and agencies, this being 50 controlled entities, 5 joint ventures and 4 associates. In comparison with 2010, the scope of consolidation has been extended by 7 controlled entities (one institution, 6 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 (cash advances intended for the benefit of an EU organ);
- 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 recap, 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. When granting the discharge, Parliament may highlight some observations that it considers important, often by recommending that the Commission **takes action on the aspects in question**.

The document also details specific expenditure of the institutions, in particular: i) pensions of former Members and functionaries of institutions; ii) joint sickness insurance scheme and iii) buildings.

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.

2) Implementation of appropriations under Section V of the budget for the financial year 2011: the document also comprises a series of detailed tables, the most important of which concern the implementation of the budget. Concerning the Court of Auditor's expenditure, information drawn from the Annual Activity Report 2011 Court of Auditors of the European Union shows the following financial information:

- final appropriations: 2011: EUR 144.331 million;
- commitments: EUR 134.337 million(rate of commitments entered into: 93%);
- payments: EUR 121.250 million.

3) Budgetary implementation - conclusions: the main characteristics of the Court of Auditor’s budgetary implementation for the financial year 2011 were chiefly marked by:

- 42 specific annual reports published on the EU’s agencies, decentralised bodies
- and other institutions including annual reports on the EU budget and on the European Development Fund (EDF) for the 2010 financial year;
- 16 special reports adopted on specific budgetary areas or management topics
- 7 opinions providing contributions on budget reform, such as the modernisation of
- public procurement policy and the Commission’s legislative proposal for the rules
- governing Cohesion spending after 2013
- Position paper on the consequences for public accountability and public audit in
- the EU and the role of the European Court of Auditors (ECA) in the light of the current financial and economic crisis.
- The budget implementation was also notable for:
- the putting in place of performance indicators on the quality and impact of the work of the Court;
- adoption of ethical guidelines for the audit management framework;
- revision of the auditing and reporting processes;
- deployment of staff from administration to core audit tasks;
- major construction work on the ECA’s second extension building project (construction of building K3 at an estimated total cost of EUR 79 million).

2011 discharge: EU general budget, Court of Auditors

2012/2171(DEC) - 06/09/2012

OBJECTIVE: presentation of the Report of the Court of Auditors on the 2011 budget (section V – European Court of Auditors).

CONTENT: the Court of Auditors published its 35th Annual Report on the implementation of the EU budget for the 2011 financial year.

In accordance with the tasks and objectives conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, it provides under the discharge procedure, for both the European Parliament and Council, a statement of assurance (“DAS”) about the reliability of the accounts and the legality and regularity of the transactions of each institution, body or agency of the EU, based on an independent external audit.

The audit also focuses on the budget implementation of the Court of Auditors.

On the basis of its audit work, the Court considers that payments for “Administrative and other expenditure” policy are, overall, significantly error-free. **The estimated error rate is 0.1 %.**

The Court, however, draws attention to the errors and weaknesses which did not affect the Court’s conclusion. The Court examined a sample of **procurement procedures** and noted several weaknesses in the application of selection and award criteria, some of which had an impact on the results

of the procedure. Other weaknesses relate to the organisation of cross border competition, to the management of automatic award procedures and to the respect of provisions as regards the drafting and filing of tendering documents.

The Court also detect weaknesses when it reviewed a sample of calculations and **payments of social allowances** as well as a sample of employment contracts concluded with temporary agents.

The Court therefore recommends that the institutions and bodies of the EU take steps to: (i) guarantee that staff deliver, at appropriate intervals, **documents confirming their personal situation** and implement a system for the timely monitoring of these documents; (ii) ensure that authorising officers improve **the design, coordination and performance of procurement procedures** through appropriate checks and better guidance.

The Court also makes a number of comments specific to each institution or body of the European Union. These observations do not affect the positive overall appraisal given that they do not significantly affect overall administrative expenditure.

The Court of Auditors is audited by an external audit firm which concluded that the financial statements give a true and fair view of the financial position of the European Court of Auditors as of 31 December 2011, and of its financial performance and its cash flows for the year then ended. In consequence, the **Court's audit did not identify any significant weakness.**

2011 discharge: EU general budget, Court of Auditors

2012/2171(DEC) - 01/02/2013

In view of the observations made in the Court of Auditor's report, the Council calls on the European Parliament **to grant discharge to all of the Union's institutions in regard to the implementation of their respective budgets for the financial year 2011**.

Overall, the Council's remarks are positive in regard to the expenditure of the institutions since it notes that, again in 2011, the administrative expenditure of EU institutions and bodies **remained free from material error and that their supervisory and control systems continued to comply** with the requirements of the Financial Regulation.

Nevertheless, the Council regrets that in some institutions **weaknesses were still detected in the payment of social allowances to staff members**, in the employment contracts for non-permanent staff and in procurement procedures.

It welcomes the measures already taken and encourages the institutions concerned to address the remaining weaknesses pointed out by the Court.

The Council notes the Court's recommendations that the institutions concerned should ensure that staff regularly deliver documents on their personal situation, that the relevant provisions are applied when concluding, extending or modifying employment contracts with non-permanent staff, and that the authorising officers further improve guidance and appropriate checks concerning procurement procedures.

2011 discharge: EU general budget, Court of Auditors

2012/2171(DEC) - 21/03/2013 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ryszard CZARNECKI (ECR, PL) in which it calls on the European Parliament to grant the Secretary-General of the Court of Auditors discharge in respect of the implementation of the Court of Auditors' budget for the financial year 2011.

Members note that the Court of Auditors' annual accounts are audited by an independent external auditor in order to apply the same principles of transparency and accountability that it applies to its auditees. They emphasise that in 2011, the Court of Auditors' commitment appropriations amounted to a total of EUR 134.337 million and the implementation rate for those appropriations was 93% last year. They encourage the Court of Auditors to continue to assess the quality and impact of its work.

Moreover, Members encourage the Court of Auditors to examine what lessons can be learned from the **recently revealed harassment case** and call for preventive measures to safeguard against workplace harassment and for details of all measures taken in respect of staff in the private offices of Members of the Court of Auditors.

On an operational level, Members note that the Court of Auditors made a total of 379 audit visits in 2011, 343 to Member States and 36 to third countries. They call on the Court of Auditors to increase both the number and effectiveness of on-site audit visits. In this respect, they reported a total of seven cases of suspected fraud arising from its audit work to the European Anti-Fraud Office (OLAF).

Lastly, they agree with the internal audit service recommendations to create a new set of key performance indicators to measure the implementation of that strategy.

2011 discharge: EU general budget, Court of Auditors

2012/2171(DEC) - 17/04/2013 - Text adopted by Parliament, single reading

The European Parliament adopted by 558 votes to 40, with 11 abstentions, a decision to grant the Secretary-General of the Court of Auditors discharge in respect of the implementation of the Court of Auditors' budget for the financial year 2011.

In its resolution accompanying the discharge decision, Parliament noted that the Court of Auditors' annual accounts are audited by an independent external auditor in order to apply the same principles of transparency and accountability that it applies to its auditees. It emphasises that in 2011, the Court of Auditors' commitment appropriations amounted to a total of EUR 134.337 million and the implementation rate for those appropriations was 93% last year. It encourages the Court of Auditors to continue to assess the quality and impact of its work.

Staff: Parliament welcomes the reinforcement of audit posts in 2011, compared to the number of staff in other services. Plenary points to the considerable geographical imbalance as regards director posts: four nationals from the United Kingdom and one national from France, Spain, Belgium, Denmark, Greece, Ireland and Italy. It finds the **gender balance at the level of Directors and Heads of Units still very unbalanced** (72% male and 28% female) and points out the importance of geographical balance at all levels of staff. Members request that the Court of Auditors also provide a breakdown by nationality. Parliament calls on the Court of Auditors to maintain the best possible working environment for its staff and its Members in the future. It encourages the Court of Auditors to examine what lessons can be learned from the recently revealed harassment case and whether the procedure applied during the investigation by the Court of Auditors was fully in line with its Rules of Procedure. It calls for preventive measures to safeguard against workplace harassment and for details of all measures taken in respect of staff in the private offices of Members of the Court of Auditors.

On an operational level, Parliament notes that the Court of Auditors made a total of 379 audit visits in 2011, 343 to Member States and 36 to third countries. It calls on the Court of Auditors to increase both the number and effectiveness of on-site audit visits. It agrees with the internal audit service recommendations to create a new set of key performance indicators to measure the implementation of that strategy.

OLAF: lastly, Parliament notes that certain cases brought to light by the Court have been transferred to OLAF which is currently dealing with them. They concern 17 cases of possible suspected fraud to OLAF arising from denunciation letters received by the Court of Auditors. Parliament supports the Court of Auditors' continuous close cooperation with OLAF, and urges the Court of Auditors to assess whether – and, if so, how – this number can be increased in relation to the overall image, action and effectiveness of the Court of Auditors in this sector.

2011 discharge: EU general budget, Court of Auditors

2012/2171(DEC) - 17/04/2013 - Final act

PURPOSE: to grant discharge to the Court of Auditors for the financial year 2011.

NON-LEGISLATIVE ACT: Decision 2013/546/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 2011.

CONTENT: with the present decision, and in accordance with Article 318 of the Treaty on the Functioning of the European Union (TFEU), 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 2011.

The decision is in line with the European Parliament's resolution adopted on 17 April 2013 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 17 April 2013).