## Basic information

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|---|---|
| **2013/2200(DEC)**<br>DEC - Discharge procedure | Procedure completed |
| 2012 discharge: EU general budget, Court of Auditors<br>**Subject**<br>8.70.03.07 Previous discharges | |

## Key players

European Parliament

| Committee responsible | Rapporteur | Appointed |
|---|---|---|
| CONT Budgetary Control | DEUTSCH Tamás (PPE) | 25/09/2013 |
| | Shadow rapporteur<br>BALČYTIS Zigmantas (S&D)<br>MULDER Jan (ALDE)<br>STAES Bart (Verts/ALE)<br>ANDREASEN Marta (ECR)<br>VANHECKE Frank (EFD)<br>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. | |

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|---|---|---|---|
| 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 |
|---|---|---|---|
| 26/07/2013 | Non-legislative basic document published | COM(2013)0570 | Summary |
| 22/10/2013 | Committee referral announced in Parliament | | |
| 18/03/2014 | Vote in committee | | |
| 21/03/2014 | Committee report tabled for plenary | A7-0212/2014 | Summary |
| 02/04/2014 | Debate in Parliament | | |
| 03/04/2014 | Decision by Parliament | T7-0294/2014 | Summary |
| 03/04/2014 | Results of vote in Parliament | | |
| 03/04/2014 | End of procedure in Parliament | | |
| 05/09/2014 | Final act published in Official Journal | | |

## Technical information

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|---|---|
| **Procedure reference** | 2013/2200(DEC) |
| **Procedure type** | DEC - Discharge procedure |
| **Other legal basis** | Rules of Procedure EP 165 |
| **Stage reached in procedure** | Procedure completed |
| **Committee dossier** | CONT/7/13956 |

## Documentation gateway

**European Parliament**

| Document type | Committee | Reference | Date | Summary |
|---|---|---|---|---|
| Committee draft report | | PE521.727 | 27/01/2014 | |
| Amendments tabled in committee | | PE529.741 | 25/02/2014 | |
| Committee report tabled for plenary, single reading | | A7-0212/2014 | 21/03/2014 | Summary |
| Text adopted by Parliament, single reading | | T7-0294/2014 | 03/04/2014 | Summary |

**Council of the EU**

| Document type | Reference | Date | Summary |
|---|---|---|---|
| Document attached to the procedure | 05848/2014 | 17/02/2014 | Summary |

**European Commission**

| Document type | Reference | Date | Summary |
|---|---|---|---|

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|---|---|---|---|
| Non-legislative basic document | COM(2013)0570 | 26/07/2013 | Summary |

**Other institutions and bodies**

| Institution/body | Document type | Reference | Date | Summary |
|---|---|---|---|---|
| CofA | Court of Auditors: opinion, report | N7-0049/2014<br>OJ C 331 14.11.2013, p. 0001 | 05/09/2013 | Summary |

**Additional information**

| Source | Document | Date |
|---|---|---|
| European Commission | EUR-Lex | |

**Final act**

Budget 2014/0554
OJ L 266 05.09.2014, p. 0128 Summary

# 2012 discharge: EU general budget, Court of Auditors

2013/2200(DEC) - 26/07/2013 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2012, as part of the 2012 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 2012 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 2012**. 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);
- 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 2012**: 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 2012 of the Court of Auditors of the European Union shows the following financial information:

- final appropriations: 2012: EUR 142.477 million;
- commitments: EUR 137.345 million (rate of commitments used: 96%);
- payments: EUR 124.667 million.

**3) Budgetary implementation - conclusions**: in more general and political terms, the main characteristics of the Court of Auditor’s budgetary implementation for the financial year 2012 were chiefly marked by:

- Annual reports on the EU budget and on the European Development Funds for the 2011 financial year, providing improved clarity and information;
- 50 specific annual reports published on the EU’s agencies, decentralised bodies and other institutions;
- 25 special reports adopted on specific budgetary areas or management topics;
- 9 opinions providing contributions on budget reform, such as the reform of the common agricultural policy and a directive of the European Parliament and of the Council on the fight against fraud to the Union’s financial interests by means of criminal law.

The implementation of the budget was also marked by:

- the adoption of a new strategy for 2013 to 2017 to guide the Court’s activities over the period with the objective of maximising the value of the ECA’s contribution to EU public accountability;
- setting key performance indicators for 2008 to 2012 show improved performance, and for the first time measure the proportion of our recommendations that have been implemented;
- further development of staff policy, and continued redeployment of posts to core audit functions through efficiency gains in administration and translation, have strengthened the ECA’s ability to pursue its mission;
- construction work was completed on the K3 building (second extension).

# 2012 discharge: EU general budget, Court of Auditors

2013/2200(DEC) - 05/09/2013

PURPOSE: presentation of the Report of the Court of Auditors on the 2012 budget (Analysis of the accounts of the European Court of Auditors).

CONTENT: the Court of Auditors published its 36th Annual Report on the implementation of the EU budget for the 2012 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 European 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 most likely error rate affecting expenditure is next to nothing.

Although the Court has observed some errors and weaknesses, the examined supervisory and control systems are likely to reduce the rate of error present in initial payment requests to an acceptable level. These systems are therefore assessed as effective.

The main risks regarding administrative and other expenditure are:

- the non-compliance with the procedures for procurement;
- the implementation of contracts;
- recruitment issues;

- the calculation of salaries and allowances.

Overall audit evidence indicates that accepted expenditure is not affected by a material level of error.

The Court makes a certain number of particular observations as regards each EU institution or body of the European Union. 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 31 December 2012**, and of its financial performance and its cash flows for the year then ended.

# 2012 discharge: EU general budget, Court of Auditors

2013/2200(DEC) - 17/02/2014

In view of the observations made in the Court of Auditor's report, the Council called 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 2012**.

Overall, the Council's remarks were positive in regard to the expenditure of the institutions since it noted that, again in 2012, the administrative expenditure of EU institutions and bodies **remained free from material error** with an estimated error rate of 0%, and that their supervisory and control systems continued to comply with the requirements of the Financial Regulation.

The Council welcomed the fact that, according to the Court's assessment, **no serious errors** were detected with regard to the effectiveness of the supervisory and control systems, in the individual institutions, except for a limited number of errors in the procurement procedures and the management of **social allowances**.

It welcomed the measures already taken and encouraged the institutions concerned to address the remaining weaknesses identified by the Court.

# 2012 discharge: EU general budget, Court of Auditors

2013/2200(DEC) - 03/04/2014 - Text adopted by Parliament, single reading

The European Parliament adopted a decision concerning the discharge to be granted to the Secretary-General of the Court of Auditors in respect of the implementation of the Court of Auditors' budget for the financial year 2012.

In its resolution accompanying the discharge decision, adopted by 535 votes to 55 with 19 abstentions, Parliament concluded, with the Court of Auditors, that the payments as a whole for the year ended on 31 December 2012 for administrative and other expenditure of the institutions and bodies were free from material error.

Parliament recalled that the Court of Auditors' annual accounts are audited by an independent external Auditor – PricewaterhouseCoopers SARL – in order to apply the same principles of transparency and accountability that it applies to its auditees. It took note of the auditor's opinion that "the financial statement gives a true and fair view of the financial position of the Court and of its financial performance and its cash flows for the year ... ended". Parliament requested, however, that it be given access to the assurance report concerning the regularity of the use of the Court of Auditors' resources and the validity of the control procedures in place in 2012 and called for scrutiny to be brought to bear on the Court of Auditors as regards the legality and regularity of the transactions underlying its accounts.

**Budgetary and financial management**: Parliament emphasised that in 2012, the Court of Auditors' commitment appropriations amounted to a total of EUR 137.345 million and that the overall rate of implementation for the budget was 96%. Supporting the Court of Auditors' assessment of the quality and impact of its work and commending the results achieved, it believed that the Court of Auditors should improve target setting to ensure that the results achieved effectively reach the targets.

**Discharge procedure**: Parliament called on the Court of Auditors to examine the possibility of presenting its annual report by 30 June, as this would lead to a significant improvement in the audit of the Union accounts and would enhance and streamline both the performance and the effectiveness of Union spending by having the discharge voted before 31 December of the year following the financial year audited. It reminded the Court of Auditors of the need to improve time plans, even where there is no deadline, as in the case of Court of Auditors' Special Reports. It challenged the Court of Auditors to streamline targets and to pay particular attention to ensuring the improvement of quality in each of the stages of the audit process for the strategy 2013-2017.

Moreover, Parliament invited the Court of Auditors to take into consideration in its annual work programme the **political priorities of the legislators and the issues of major interest to Union citizens** communicated by Parliament's Committee on Budgetary Control.

**Court of Auditor's framework action**: Parliament also made a series of observations on the daily management of the Court of Auditors and called for:

- a greater geographical balance in the representation of staff at all levels of the administration of the Court;
- clarification regarding the completion of the K3 building (delay and budget);
- clarification on the cost of translations as well as the activities of the High-level group to monitor the new initiative to streamline the reporting process to produce reports;
- review procedures for dealing with ongoing harassment and abuse of power in order to improve the working conditions of its staff and its Members.

Parliament also called on the Court of Auditors to include in its Annual Activity Report the results and consequences of closed OLAF cases where the institution or any of the individuals working for it were the subject of the investigation, as well as the results of the cases referred to OLAF by the Court of Auditors arising from its audit work and from denunciation letters.

**Harassment**: lastly, Parliament recalled the case of alleged harassment and abuse of power by a former Member of the Court of Auditors which occurred in 2012 and which resulted in a lawsuit filed by three employees of the Court of Auditors against their institution. It took note of the efforts of the Court of Auditors with regard to this harassment case, including preventive measures introduced and assistance and protection given to complainants. It encouraged the Court of Auditors to review its procedures for dealing with harassment and abuse of power and to further improve the working environment for its staff and its Members in order to fully guarantee dignity in the workplace.

# 2012 discharge: EU general budget, Court of Auditors

2013/2200(DEC) - 21/03/2014 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Tamás DEUTSCH (EPP, HU) in which it called on the European Parliament to grant discharge to the Secretary-General of the Court of Auditors in respect of the implementation of the Court of Auditors' budget for the financial year 2012.

Members welcomed the fact that, on the basis of its audit work, the Court of Auditors concluded that the payments as a whole for the year ended on 31 December 2012 for administrative and other expenditure of the institutions and bodies were free from material error.

Members recalled that the Court of Auditors' annual accounts are audited by an independent external Auditor – PricewaterhouseCoopers SARL – in order to apply the same principles of

transparency and accountability that it applies to its auditees; takes note of the auditor’s opinion that “the financial statement gives a true and fair view of the financial position of the Court and of its financial performance and its cash flows for the year ... ended”.

**Budgetary and financial management**: Members emphasised that in 2012, the Court of Auditors' commitment appropriations amounted to a total of EUR 137.345 million and that the overall rate of implementation for the budget was 96%. Supporting the Court of Auditors' assessment of the quality and impact of its work and commending the results achieved, Members believed that the Court of Auditors should improve target setting to ensure that the results achieved effectively reach the targets.

**Discharge procedure**: Members called on the Court of Auditors to examine the possibility of presenting its annual report by 30 June, as this would lead to a significant improvement in the audit of the Union accounts and would enhance and streamline both the performance and the effectiveness of Union spending by having the discharge voted before 31 December of the year following the financial year audited. They reminded the Court of Auditors of the need to improve time plans, even where there is no deadline, as in the case of Court of Auditors' Special Reports. They challenged the Court of Auditors to streamline targets and to pay particular attention to ensuring the improvement of quality in each of the stages of the audit process for the strategy 2013-2017.

**Court of Auditor's framework action**: Members also made a series of observations on the daily management of the Court of Auditors and called for:

- a greater geographical balance in the representation of staff at all levels of the administration of the Court;
- clarification regarding the completion of the K3 building (delay and budget);
- clarification on the cost of translations as well as the activities of the High-level group to monitor the new initiative to streamline the reporting process to produce reports;
- review procedures for dealing with ongoing harassment and abuse of power in order to improve the working conditions of its staff and its Members.

Members called on the Court of Auditors to include in its Annual Activity Report the results and consequences of closed OLAF cases where the institution or any of the individuals working for it were the subject of the investigation, as well as the results of the cases referred to OLAF by the Court of Auditors arising from its audit work and from denunciation letters.

# 2012 discharge: EU general budget, Court of Auditors

2013/2200(DEC) - 03/04/2014 - Final act

PURPOSE: to grant discharge to the Court of Auditors for the financial year 2012.

NON-LEGISLATIVE ACT: Decision 2014/554/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 2012.

CONTENT: with the present decision, 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 2012.

The decision is in line with the European Parliament's resolution adopted on 3 April 2014 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 3 April 2014).

Amongst the main observations made, Parliament called for scrutiny to be brought to bear on the Court of Auditors as regards the **legality and regularity** of the transactions underlying its accounts as is the case for the other EU institutions.