Basic information

2017/2140(DEC) DEC - Discharge procedure	Procedure completed
2016 discharge: EU general budget, Court of Auditors **Subject** 8.70.03.06 2016 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	GRÄSSLE Ingeborg (PPE)	21/03/2018
	Shadow rapporteur SALAFRANCA SÁNCHEZ-NEYRA José Ignacio (PPE) KOHN Arndt (S&D) CZARNECKI Ryszard (ECR) TAKKULA Hannu (ALDE) DE JONG Dennis (GUE/NGL) JÁVOR Benedek (Verts/ALE) JALKH Jean-François (ENF)	

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	OETTINGER Günther

Key events

Date	Event	Reference	Summary
26/06/2017	Non-legislative basic document published	COM(2017)0365	Summary
13/09/2017	Committee referral announced in Parliament		
20/03/2018	Vote in committee		
23/03/2018	Committee report tabled for plenary	A8-0089/2018	Summary
18/04/2018	Decision by Parliament	T8-0127/2018	Summary
18/04/2018	Results of vote in Parliament		
18/04/2018	Debate in Parliament		
18/04/2018	End of procedure in Parliament		
03/10/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/2140(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/10681

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE612.033	29/01/2018	
Amendments tabled in committee		PE618.342	02/03/2018	
Committee report tabled for plenary, single reading		A8-0089/2018	23/03/2018	Summary
Text adopted by Parliament, single reading		T8-0127/2018	18/04/2018	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05940/2018	09/02/2018	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2017)0365	26/06/2017	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0008/2018 OJ C 322 28.09.2017, p. 0001	13/07/2017	Summary

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

Final act	
Budget 2018/1325 OJ L 248 03.10.2018, p. 0123	Summary

2016 discharge: EU general budget, Court of Auditors

2017/2140(DEC) - 23/03/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ingeborg GRÄSSLE (EPP, DE) calling on the European Parliament to **give discharge** to the Secretary-General of the European Court of Auditors in respect of the implementation of the budget of the Court for the financial year 2016, Section V – Court of Auditor.

Members took note of the opinion of the external auditor that the financial statements of the Court give a true and fair view of the financial position of the Court.

Budgetary and financial management: in 2016, the Court's final appropriations amounted to a total of EUR 137 557 000 (compared to EUR 132 906 000 in 2015) and that the **overall rate of implementation for the budget was 99%.**

Members welcomed the overall prudent and sound financial management of the Court in the 2016 budget period and expressed support for the successful paradigm shift towards performance-based budgeting in the Commission's budget planning. They encouraged the Court to apply the method to its own budget-planning procedure.

The report noted that the Court **reformed** its chambers and committees in 2016 with significant impact on the preparation of its work. This reform is complementary to the introduction of a task-based organisation and the establishment of an institution-wide network to strengthen knowledge management;

The Court is asked to provide more detailed data on each institution in order to achieve a better view of the weaknesses in administrative expenditures. Members considered that country specific reporting by the Court for every Member State would be welcome in the future.

Court's action: Members made a series of recommendations to the Court:

- respect the timeframe for producing special reports without compromising the quality of the reports;
- encourage the cooperation and exchange of practices between the Court and the Member States' Supreme Audit Institutions;
- examine the long-term impact of staff cuts, in particular regarding the institution's ability to improve gender and geographical imbalances as well as the need for building on the capacity of experienced officials to take over management posts, when planning the future allocation of financial resources for personnel;
- continue promoting gender balance, in particular at managerial level, and report on the strategy and results of the action plan;
- better organise its internal translation services in order to generate economic savings;
-

establish an independent disclosure, advice and referral body with sufficient budgetary resources, in order to help whistleblowers use the right channels to disclose information on possible irregularities affecting the financial interests of the Union, while protecting their confidentiality and offering needed support and advice;
- perform impact assessments and inform the Parliament on the implications of Brexit by the end of 2018.

2016 discharge: EU general budget, Court of Auditors

2017/2140(DEC) - 26/06/2017 - Non-legislative basic document

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.

Analysis of the accounts of the EU Institutions: **European Court of Auditors.**

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.

It also presents the accounting principles applicable to the European budget (in particular, consolidation).

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.

Audit and discharge: the EU's annual accounts and resource management are audited by the European Court of Auditors, its external auditor, 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 from taxable persons and payments to final beneficiaries.

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

(2) Implementation of Court of Auditors' appropriations for the financial year 2016: the CoA's budget is entirely administrative expenditure. In 2016 it accounted for around **EUR 137.6 million**, representing less than 0.1 % of total EU spending or around 1.5 % of total administrative spending. The overall rate of implementation was 99 %.

As regards the Court of Auditor's expenditure, the information is drawn from the Court of Auditors 2016 Annual Activity Report and highlighted that 2016 was marked by:

- the **production of 52 specific annual reports** on the EU's various agencies and bodies located across the Union; **36 special reports** examining the effectiveness of diverse management topics and budgetary areas such as climate change, maritime transport, migration or banking supervision; **2 opinions** on new or updated EU laws with significant financial management implications and a briefing paper on the mid-term review of the multiannual financial framework 2014-2020;
- the election of a new president, Klaus-Heiner Lehne (Germany);
- reform of the system of audit chambers and committees by creating a **fifth chamber** responsible for auditing the EU's financing and administration;
- putting in place a high-quality system of environmental management for buildings, which led to a positive environmental assessment by experts.

External audit of the ECA: the ECA's annual accounts are audited by an independent external auditor (PricewaterhouseCoopers Sàrl).

2016 discharge: EU general budget, Court of Auditors

2017/2140(DEC) - 13/07/2017

PURPOSE: presentation of the Annual report of the Court of Auditors on the implementation of the budget concerning the financial year 2016.

CONTENT: the Court of Auditors published its 40th annual report on the implementation of the general budget of the Union for the year 2016. This report follows a five-part structure:

- the statement of assurance (DAS) and a summary of the results of our audit on the reliability of accounts and the regularity of transactions;
- the analysis of budgetary and financial management;
- the Commission's performance reporting framework;
- the findings on EU revenue;
- the presentation of the main headings of the current multiannual financial framework (MFF), the results of the testing of the regularity of transactions.

The Court concludes that **payments for 2016 are legal and regular, with the exception of those based on the cost reimbursement payments**. It believes that the EU accounts present a true and fair view of the EU's financial position.

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

Overall, audit evidence indicates that **spending on 'Administration' is not affected by a material level of error**. For this MFF heading area, testing of transactions indicates that the estimated level of error present in the population is 0.2 %.

The Court noted that the institutions had **collectively cut the number of posts** in the establishment plan by 4% over the period from 2013 to 2017. The institutions had reduced the number of staff (posts actually occupied by a staff member) by 1.4 % between 2013 and 2017.

The Court of Justice of the European Union was assigned **137 more posts**, mostly because of an increase in the number of judges and advocates-general.

The Court also examined how the budgeted number of **contract staff** had changed. This number rose from 4 517 to 5 417 between 2013 and 2017 - an increase of 19.9 %. Contract staff made up 11.4 % of the number of staff in the establishment plan in 2013, and 14.2 % in 2017.

The institutions are **achieving the 5 % reduction target** by eliminating vacant posts in the establishment plan and by not replacing staff members leaving upon retirement, illness or at the end of temporary contracts.

According to the independent Auditor's report, the **financial statements of the European Union for the year ended 31 December 2016** present fairly, in all material respects, the financial position of the Union as at 31 December 2016, the results of its operations, its cash flows, and the changes in net assets for the year then ended.

2016 discharge: EU general budget, Court of Auditors

2017/2140(DEC) - 03/10/2018 - Final act

PURPOSE: to grant discharge to the Court of Auditors for the financial year 2016.

NON-LEGISLATIVE ACT: Decision (EU) 2018/1325 of the European Parliament on discharge in respect of the implementation of the general budget of the European Union for the financial year 2016, Section V — Court of Auditors.

CONTENT: the European Parliament decided to **grant discharge** to the Secretary-General of the Court of Auditors in respect of the implementation of the budget of the Court of Auditors for the financial year 2016.

This decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the discharge decision in respect of the implementation of the general budget of the European Union for the financial year 2016 (*please refer to the summary dated 18.4.2018*).

Parliament welcomed the Court's overall prudent and **sound financial management** in the 2016 budget period while expressing support for the successful paradigm shift towards performance-based budgeting in the Commission's budget planning.

It asked the Court to provide more detailed data on each institution in order to achieve a better view of the weaknesses in administrative expenditures, considering that country specific reporting by the Court for every Member State would be welcome in the future.

Parliament regretted that prior to 2016, there was a **gender imbalance** of three women to 25 men within the members of the Court. They welcomed that the number of women went up to four in 2016 and reiterated its support for the criteria for appointment of members of the Court.

Parliament welcomed the good cooperation of the Court with Parliament's Committee on Budgetary Control, particularly with regard to presenting and following up on the special reports. It finds the cooperation and exchange of practices between the Court and the Member States' supreme audit institutions very positive.

Parliament reiterated its calls on the Court to inform the Parliament, in compliance with the existing rules on confidentiality and data protection, of closed OLAF cases, where the Court or any of the individuals working for it were the subject of the investigation. It expressed the need to establish an independent disclosure, advice and referral body with sufficient budgetary resources in order to help whistleblowers.

Lastly, it welcomed the Court's ethical framework to prevent conflicts of interest.

2016 discharge: EU general budget, Court of Auditors

2017/2140(DEC) - 18/04/2018 - Text adopted by Parliament, single reading

The European Parliament decided to **grant discharge** to the Secretary-General of the Court of Auditors of the European Union with regard to the implementation of the Court's budget for the 2016 financial year, Section V – Court of Auditors.

Members took note of the opinion of the external auditor that the financial statements of the Court give a true and fair view of the financial position of the Court. They however requested that the Court follows best practice in the private sector and proposed to **review the timetable for the discharge procedure** so that the vote on the discharges would take place in Parliament's part session of November, thereby closing the discharge procedure within the year following the accounting year in question.

Budgetary and financial management: in 2016, the Court's final appropriations amounted to a total of EUR 137 557 000 (compared to EUR 132 906 000 in 2015) and that the overall rate of implementation for the budget was 99%.

Parliament welcomed the overall **prudent and sound financial management** of the Court in the 2016 budget period and expressed support for the successful shift towards performance-based budgeting in the Commission's budget planning. It encouraged the Court to apply the method to its own budget-planning procedure.

Members regretted that prior to 2016, there was a gender imbalance of three women to 25 men within the members of the Court (four in 2016). They called for this criterion to be taken into account in the appointment of members of the Court.

The Court is asked to provide more detailed data on each institution in order to achieve a better view of the weaknesses in administrative expenditures. Members considered that **country specific reporting** by the Court for every Member State would be welcome in the future.

Court's action: Members made a series of recommendations to the Court:

- respect the 13-month target timeframe for producing special reports without compromising the quality of the reports;
- encourage the cooperation and exchange of practices between the Court and the Member States' Supreme Audit Institutions;
- examine the long-term impact of staff cuts, in particular regarding the institution's ability to improve gender and geographical imbalances as well as the need for building on the capacity of experienced officials to take over management posts, when planning the future allocation of financial resources for personnel;
- continue promoting gender balance, in particular at managerial level, and report on the strategy and results of the action plan;
- better organise its internal translation services in order to generate economic savings;
- establish an independent body with sufficient budgetary resources to support **whistleblowers** wishing to disclose information on possible irregularities negatively impacting on the Union's financial interests, while ensuring their confidentiality is protected;
- inform the Parliament, in compliance with the existing rules on confidentiality and data protection, of closed OLAF cases, where the Court or any of the individuals working for it were the subject of the investigation;
- perform impact assessments and inform the Parliament on the implications of Brexit by the end of 2018.

Parliament welcomed the Court's ethical framework to prevent conflicts of interest. It also welcomed the Court's policy in regard to electronic publishing and found that the measures taken to rationalise the management of the fleet go in the right direction.

2016 discharge: EU general budget, Court of Auditors

2017/2140(DEC) - 09/02/2018 - Supplementary non-legislative basic document

Based on the observations contained in the report by the Court of Auditors, the Council called on the European Parliament to **grant discharge** to all of the EU institutions in respect of the implementation of their respective budgets for the financial year 2016.

The Council notes with satisfaction that the **estimated level of error** reported by the Court for payments in the "Administration" policy area further decreased by 0.6 percentage points to **0.2 % in 2016**, well below the materiality threshold of 2 %. It welcomes that **no serious weaknesses** were identified by the Court in the systems examined.

The Council underlines the need to respect the principles of annuality and of sound financial management and that the carry-over of appropriations should always be compliant with the rules of the Financial Regulation and be motivated with factual and genuine reasons.

The Council regrets that not all the EU institutions, bodies and agencies have achieved **the 5 % reduction of posts in the establishment plan** by the end of 2017 and urges these institutions, bodies and agencies to carry out the remaining reduction as soon as possible in order to achieve this target fully.

The Council also notes the Court's findings that the total number of staff posts in the establishment plans decreased by 1.1 % between 2012 and 2017, the number of posts actually occupied by staff increased by 0.4 % over the period from 1 January 2013 to 1 January 2017, and the actual payments for salaries for permanent officials and temporary agents increased by 9.2 % between 2012 and 2016.

While recognising that during the period 2013-2017 some EU institutions, bodies and agencies were tasked with new responsibilities and equipped with new resources, the Council considers that the **gap between the expectations and the outcome is significant**. In this context, the Council acknowledges that by focusing solely on the headcount based on establishment plan posts, the methodology chosen was **not suited** to achieve the goal of reducing administrative expenditure.

The Council stresses the importance of the independent audit work carried out by the Court. It encourages the Court to build upon the progress made so far in ensuring a **high level of transparency and detail** per spending area and to provide a deeper and more detailed analysis of the expenditure under heading 3 (**Security and Citizenship**) in line with the increasing importance of this spending area.