

2015 discharge: EU general budget, Court of Justice

2016/2154(DEC) - 11/07/2016 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2015, as part of the 2015 discharge procedure.

Analysis of the accounts of the EU Institutions: **EU Court of Justice.**

Legal reminder: the consolidated annual accounts of the European Union for the year 2015 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.

(1) Governance and budgetary principles: the organisational governance of the EU consists of institutions, agencies and other EU bodies. The main institutions in the sense of being responsible for drafting policies and taking decisions are the EP, the European Council, the Council and the Commission.

The EU Budget finances a wide range of policies and programmes throughout the EU. In accordance with the priorities set by the European Parliament and the Council in the Multiannual Financial Framework (MFF), the Commission carries out specific programmes, activities and projects in the field.

The budget is prepared by the Commission and usually agreed in mid-December by the Parliament and the Council, based on the procedure of Art. 314 TFEU.

According to the principle of budget equilibrium, the total revenue must equal total expenditure (payment appropriations) for a given financial year.

EU revenues: the EU has two main categories of funding: own resources revenues and sundry revenues. Own resources can be divided into traditional own resources (such as custom levies), the own resource based on value added tax (VAT) and the resource based on gross national income (GNI). Sundry revenues arising from the activities of the EU (e.g. competition fines) normally represent less than 10 % of total revenue. Own resources revenue make up the vast majority of EU funding.

Expenditure of the EU institutions: the EU's operational expenditure of these institutions takes different forms, depending on how the money is paid out and managed.

From 2014 onwards, the Commission classifies its expenditure as follows:

- **Direct management:** the budget is implemented directly by the Commission services.
- **Indirect management:** the Commission confers tasks of implementation of the budget to bodies of EU law or national law, such as the EU agencies.
- **Shared management:** under this method of budget implementation tasks are delegated to Member States. About 80 % of the expenditure falls under this management mode covering such areas as agricultural spending and structural actions.

Consolidated annual accounts of the EU: this Commission document concerns the EU's consolidated accounts for the year 2015 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 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 (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.

The document also 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 the Court of Justice's appropriations for the financial year 2015: the document comprises a series of detailed annexes, the most important concerning the implementation of the budget. The document noted that in 2015 the Court's budget was **EUR 376 million**, with an implementation rate of payments of 93.1%.

As regards the **Court of Justice's expenditure**, the information is drawn from the 2015 Annual Report – a year in review. The main conclusions were:

- **increasing the pace of judicial activity:** in 2015, **1 711** cases were brought before the courts and 1 755 cases were closed;
- **the Court's administrative powers:** the exceptional pace of the Court's judicial activity in 2015 was also reflected in a marked increase in the productivity of the departments. Against the twofold background of an increase in the judicial activity and the obligation for each European institution to reduce its workforce by 5% over the period 2013-17, as required by the budgetary authorities of the European Union, the Court chose to preserve its core 'business' by strengthening the courts. The institution's departments fully participate in the modernisation of working methods, in particular to the advantage of the parties, who benefit from the opportunities offered by the new methods of electronic transmission of procedural documents (e-Curia). Lastly, the rational management of multilingualism means that the Court is able to deal with a case irrespective of the official language of the European Union in which it has been brought, and then to ensure that its case-law is disseminated in all the official languages;
- **buildings policy:** the project to construct the fifth extension of the Palais (third tower) of the Court made good progress in 2015. The fitting-out work in the premises intended to receive the new judges of the General Court, following the adoption of a legislative proposal to that effect, made good progress due in particular to the launch of a series of calls for tenders in 2015.

