


Procedure file

Basic information		
DEC - Discharge procedure	2013/2200(DEC)	Procedure completed
2012 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		25/09/2013	
		PPE DEUTSCH Tamás		
		Shadow rapporteur		
		S&D BALČYTIS Zigmantas		
		ALDE MULDER Jan		
		Verts/ALE STAES Bart		
		ECR ANDREASEN Marta		
		EFD VANHECKE Frank		
		NI EHRENHAUSER Martin		
	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	

European Commission		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.
	Commission DG Budget	Commissioner ŠEMETA Algirdas

Key events

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	Results of vote in Parliament		
03/04/2014	Decision by Parliament	T7-0294/2014	Summary
03/04/2014	End of procedure in Parliament		
05/09/2014	Final act published in Official Journal		

Technical information

Procedure reference	2013/2200(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/13956

Documentation gateway

Non-legislative basic document	COM(2013)0570	26/07/2013	EC	Summary
Court of Auditors: opinion, report	N7-0049/2014 OJ C 331 14.11.2013, p. 0001	05/09/2013	CofA	Summary
Committee draft report	PE521.727	27/01/2014	EP	
Document attached to the procedure	05848/2014	17/02/2014	CSL	Summary
Amendments tabled in committee	PE529.741	25/02/2014	EP	
Committee report tabled for plenary, single reading	A7-0212/2014	21/03/2014	EP	Summary

Final act

Budget 2014/554

[OJ L 266 05.09.2014, p. 0128](#) Summary

2012 discharge: EU general budget, Court of Auditors

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 Auditors 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 EUs 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 Unions 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 Courts activities over the period with the objective of maximising the value of the ECAs 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 ECAs ability to pursue its mission;
- construction work was completed on the K3 building (second extension).

2012 discharge: EU general budget, Court of Auditors

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 auditors 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 Auditors 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

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 auditors 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 Parliaments Committee on Budgetary Control.

Court of Auditors 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

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 Unions 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.