



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 11 February 2013

**5752/1/13
REV 1**

**FIN 44
PE-L 4**

NOTE

from:	Budget Committee
to:	Permanent Representatives Committee/Council
Subject:	Discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2011 - Draft Council recommendation

1. At a series of meetings in January 2013, with representatives of the Commission and the European Court of Auditors in attendance, the Budget Committee examined the Court's annual report concerning the financial year 2011¹.
2. The annual report contains assessments of the reliability of the Commission's accounts and of recovery and correction mechanisms, as well as specific assessments of the regularity of transactions, the effectiveness of systems and the reliability of Commission management representations for the revenue side of the budget and for the major areas of EU expenditure, which form the basis for the Court's Statement of Assurance (DAS)².

¹ OJ C 344, 12.11.2012, p. 1, with corrigendum in OJ C 345, 13.11.2012, p. 63.

² "Déclaration d'assurance".

For the year 2011, the Court gave a favourable assessment in respect of the annual accounts, "Revenue", commitments for all policy groups and payments for "External relations, aid and enlargement" and "Administrative and other expenditure"; for all other areas, the Court qualified its assessment.

The Court also made observations concerning the progress made in implementing the recommendations given in previous annual and special reports¹.

3. The Budget Committee has reached agreement on a draft Council recommendation on the discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2011. The text is set out in Addendum 1 to this note.
4. In accordance with the conclusions of the ECOFIN Council meeting on 8 May 2000², the Council's preparatory bodies responsible for monitoring the areas covered by the Court's special reports have been able at this stage to examine special reports mentioned by the Court in its annual reports, under the procedure established by the Permanent Representatives Committee. As a result of those proceedings, the Council has adopted conclusions concerning these special reports³.
5. In accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁴, and in particular Article 208(2) thereof, and the Financial Regulation of each body, the Council is required to draw up recommendations to the European Parliament on a discharge to be given to the bodies set up under the TFEU and the Euratom Treaty and which have legal personality and receive contributions charged to the budget. These draft recommendations are submitted for adoption by the Council as a separate "A" item⁵.

¹ Doc. 5046/13.

² Doc. 7515/00 FIN 127 + COR 1.

³ Docs. 8711/12, 7519/12, 6967/12 + COR 1, 8795/12, 9149/12, 12663/12, 10058/12, 11633/12, 11632/12, 12473/12, 12526/12, 15393/12, 12727/12, 16490/12, 15421/12, 17985/12, 15544/12 EXT 1, 18063/12, 17987/12, 17767/12 and 17989/12.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ Doc. 5753/13 ADD 1 FIN 45 PE-L 5.

6. Furthermore, in accordance with Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes¹, and in particular Article 14(3) thereof, and Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003², as last amended by Commission Regulation (EC) No 651/2008 of 9 July 2008³, and in particular Article 66, first paragraph, thereof, the Council is required to draw up recommendations to the European Parliament on a discharge to be given to the executive agencies. These draft recommendations are also submitted for adoption by the Council as a separate "A" item⁴.

7. Moreover, in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002⁵, and in particular Article 208(2) thereof, and the financial rules of each joint undertaking, the Council is required to draw up recommendations to the European Parliament on a discharge to be given to the joint undertakings. These draft recommendations are as well submitted for adoption by the Council as a separate "A" item⁶.

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6.

³ OJ L 181, 10.7.2008, p. 15.

⁴ Doc. 5754/13 ADD 1 FIN 46 PE-L 6.

⁵ OJ L 298, 26.10.2012, p. 1.

⁶ Doc. 5755/13 ADD 1 FIN 47 PE-L 7.

8. The Permanent Representatives Committee is asked to advise the Council to:

- adopt the Council recommendation on the discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2011 as set out in Addendum 1;
- approve the general comments accompanying the recommendation, as contained in the ANNEX to the same Addendum 1;
- instruct the President of the Council to have the above Council recommendation forwarded to the European Parliament, and to approve the draft letter in ANNEX 2 to that effect;
- enter in its minutes the unilateral statement by the Netherlands, Sweden and the United Kingdom recorded in ANNEX 1.

**Unilateral statement by the Netherlands, Sweden and the United Kingdom
on the discharge of the 2011 EU budget**

"With reference to:

- the European Court of Auditors' annual report on implementation of the 2011 EU budget;
- the discharge to be given to the Commission in respect of the implementation of the EU budget for the financial year 2011; and
- the draft Council recommendations as in 5752/13 FIN 44 PE-L 4 + ADD 1;

Sweden, the Netherlands and the United Kingdom:

- regret strongly that, for the eighteenth year in succession, the European Court of Auditors has been unable to grant a positive unqualified statement of assurance on the EU budget as a whole and, furthermore, that the overall error rate in recent years has increased, remaining significantly high above the acceptable threshold of 2 %;
- stress the necessity to prevent the risk of increasing error rates in the following years, whilst agreeing that the credibility of EU spending depends crucially on sound financial management, on orderly accounting of EU expenditure and on transparent accountability by all relevant actors involved;
- note that around 80 % of the EU budget is spent under the system of "shared management" by Member States;
- affirm, like the European Court of Auditors, that improving the quality and effectiveness of EU spending should be given a high priority, in order to attain significantly better results, and that reporting standards on results should be improved;

- reiterate the importance of independent EU-level audit of EU funds and firmly support the work of the European Court of Auditors;
- reiterate the importance of all Member States taking full responsibility for putting in place effective and efficient controls for the management of EU funds at a national level;
- regret that only four out of seven of Member States' audit authorities assessed by the Court were considered to be effective, whilst recognising that these national audit authorities are a crucial element in the chain of accountability, meriting a more systematic and transparent analysis of audit authorities' effectiveness in the future.
- call upon all Member States to undertake to provide full, transparent and accurate data as part of their annual summaries, and for this or similar data to be made publicly available in an accessible format; and,
- encourage the Commission to continue to drive better financial management by all Member States, including its strict application of sanctions such as suspensions and interruptions, and to continue to publish its Annual Activity Reports and other comprehensive reports in such a way as to provide European citizens with accessible and comparable data on the performance, legality and regularity of EU spending in Member States."

DRAFT LETTER

from : President of the Council

to : President of the European Parliament

Sir,

In accordance with Article 319(1) of the Treaty on the Functioning of the European Union, I am forwarding under separate cover¹ the Council recommendation of 12 February 2013 on the discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2011.

[Complimentary close].

¹ Doc. 5752/1/13 REV 1 FIN 44 PE-L 4 + 5752/13 ADD 1 FIN 44 PE-L 4.