



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 17 February 2014
(OR. en)**

**5848/1/14
REV 1**

**FIN 71
PE-L 6**

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 2012
- *Draft Council recommendation*

1. At a series of meetings in January and February 2014, 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 2012¹.
2. The annual report contains assessments of the reliability of the Commission's accounts, the regularity of the underlying transactions, the effectiveness of the supervisory and control systems and the reliability of the Commission's annual activity reports for the revenue and expenditure side of the EU budget, which form the basis for the Court's Statement of Assurance (DAS)².

¹ OJ C 331, 14.11.2013, p. 1.

² "Déclaration d'assurance".

3. For the year 2012, the Court gave a favourable assessment in respect of the EU annual accounts, "Revenue", commitments for all policy groups and payments for "Administrative and other expenditure"; for all other areas, the Court qualified its assessment.
4. 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 2012. The text is set out in Addendum 1 to this note.
5. In accordance with the conclusions of the ECOFIN Council meeting on 8 May 2000¹, 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 reports².
6. 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 1605/2002³, 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" item⁴.

¹ Doc. 7515/00 FIN 127 + COR 1.

² Docs. 7040/13, 8591/13, 8857/13, 9106/13, 9238/13, 9245/13, 10095/13, 12744/13, 13886/13, 14987/13, 16383/13, 16734/13, 17151/2/13 REV 2, 17496/13, 17497/13 and 17691/13.

³ OJ L 298, 26.10.2012, p. 1.

⁴ Doc. 5849/14 ADD 1 FIN 72 PE-L 7.

7. 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, 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" item³.
8. 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 1605/2002⁴, 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 also submitted for adoption by the Council as a separate "A" item⁵.

¹ OJ L 11, 16.1.2003, p. 1.

² OJ L 297, 22.9.2004, p. 6, as last amended by Commission Regulation (EC) No 651/2008 of 9 July 2008 (OJ L 181, 10.7.2008, p. 15).

³ Doc. 5850/14 ADD 1 FIN 73 PE-L 8.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ Doc. 5851/14 ADD 1 FIN 74 PE-L 9.

9. 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 2012 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 the ANNEX 2 to that effect;
 - enter in its minutes the unilateral statement by the Netherlands, Sweden and the United Kingdom recorded in ANNEX 1.
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Unilateral statement by the Netherlands, Sweden and the United Kingdom
on the discharge of the 2012 EU budget

"With reference to:

- the European Court of Auditors' annual report on implementation of the 2012 EU budget;
- the discharge to be given to the Commission in respect of the implementation of the EU budget for the financial year 2012; and
- the draft Council recommendation as in document 5848/14 FIN 71 PE-L 6 + ADD 1,

the Netherlands, Sweden and the United Kingdom:

- strongly regret that, for the nineteenth successive year, the European Court of Auditors has been unable to grant an unqualified statement of assurance on the EU budget as a whole and that the overall error rate in recent years has increased to 4.8 %, being significantly above the acceptable threshold of 2 %;
- stress the necessity of preventing further increases in the error rate, whilst agreeing that the credibility of EU spending depends crucially on improvements to financial management by all involved in the use of EU funds;
- reiterate the importance of independent EU-level audit of EU funds and firmly support the work of the European Court of Auditors;
- urge the Commission to take the opportunity of the new multiannual financial framework and the revised Financial Regulation to launch initiatives to significantly reduce the error rates, including by taking further steps to simplify and clarify the regulatory framework in order to enhance compliance, and issuing guidance to facilitate a universal interpretation given the challenges created by the complexity of existing rules;

- note that around 80 % of the EU budget is spent under the system of "shared management" by Member States;
- reiterate the importance of Member States taking full responsibility for putting in place effective and efficient control mechanisms for the management of EU funds at a national level, more specifically in view of the revised Financial Regulation containing new and additional control and reporting obligations;
- call upon Member States and the European Commission to ensure a prompt implementation of these new reporting obligations when due;
- stress that transparency is an important element of accountability and therefore call upon Member States to publish the annual summaries of audits and management statements following the invitation to this end in the revised Financial Regulation;
- urge the Commission to continue to strive for an efficient financial management, including strict application of financial corrections and recoveries;
- invite the Commission to facilitate the use of standardised cost instruments;
- encourage the Commission 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;
- affirm, like the Court of Auditors, the importance of quality in EU spending and call upon the Commission to take further steps to monitor and enhance the European added value of interventions financed from EU funds."

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 18 February 2014 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 2012.

[Complimentary close].

¹ Docs. 5848/1/14 REV 1 FIN 71 PE-L 6 + 5848/14 ADD 1 FIN 71 PE-L 6.