



Brussels, 3 March 2022
(OR. fr, en)

6001/1/22
REV 1

FIN 119
PE-L 6

NOTE

From: Budget Committee

To: Permanent Representatives Committee/Council

Subject: 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 2020
– *Adoption*

1. The Budget Committee examined the Court's annual report concerning the financial year 2020¹, including its report on the performance of the EU budget – Status at the end of 2020², in January and February 2022.
2. The annual report contains an assessment of the reliability of the consolidated accounts of the EU and the legality and regularity of the underlying transactions for the revenue and expenditure side of the EU budget, which form the basis for the Court's Statement of Assurance (DAS).
3. The Court concluded that the revenue for the financial year 2020 is legal and regular and free from material error.

¹ OJ C 430, 25.10.2021, p. 7.

² OJ C 458, 12.11.2021, p. 21.

4. The Court issued an adverse opinion on the legality and regularity of expenditure after finding that high-risk expenditure (mainly spending on a reimbursement basis, which is subject to complex rules) is affected by material error, that it represents over half of the audit population and that its proportion has increased compared to the previous year. Consequently, the Court considered that, similarly to the previous year, the errors in expenditure were pervasive.
5. On 10 February 2022, the Budget Committee reached an 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 2020. The text is set out in Addendum 1 to this note.
6. In accordance with Regulation (EU, Euratom) 2018/1046³, and in particular Article 70(4) thereof, and the Financial Regulations 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.

³ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU, and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

⁴ 6003/22 ADD 1 + ADD 1 COR 1 REV 1.

7. Furthermore, in accordance with Council Regulation (EC) No 58/2003⁵ of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, and in particular Article 14(3) thereof, and Commission Regulation (EC) No 1653/2004⁶ of 21 September 2004 on a standard financial regulation for the executive agencies and in particular the first paragraph of Article 66 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’ item⁷.
8. Moreover, in accordance with the relevant establishing acts and Article 70(4) of Regulation (EU, Euratom) 2018/1046, 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’ item⁸.
9. The joint statement by Sweden and the Netherlands set out in ANNEX 1 will be entered in the Council minutes in accordance with Article 13 of the Council’s Rules of Procedure.
9. The Permanent Representatives Committee is asked to suggest that the Council:
 - 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 2020 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 abovementioned Council recommendation, together with the comments accompanying it, forwarded to the European Parliament, and approve the draft letter in ANNEX 2 to that effect.

⁵ OJ L 11, 16.1.2003, p. 1.

⁶ OJ L 297, 22.9.2004, p. 6.

⁷ 6004/22 ADD 1.

⁸ 6005/22 ADD 1.

Joint statement by Sweden and the Netherlands on discharge of the 2020 EU budget

“Sweden and the Netherlands

- Underline the important and independent role of the European Court of Auditors (the Court) as the Union’s external auditor. Through its work on the examination of the accounts of the revenue and expenditure of the Union, as stated in article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court contributes to accountability, transparency and sound financial management. This enhances public trust in the European Union as a whole.
- Specifically underline the importance of the annual audit report of the Court, the role of the Court in the annual discharge procedure, and its opinion and recommendations in this process as set out in article 319 TFEU on the implementation of the annual budget and discharge.
- Deeply regret that the estimated error rate for expenditure as observed by the Court was found to be both material and pervasive and remains above the materiality threshold of 2%. This has led the Court to give an adverse opinion on the legality and regularity of expenditures for the year 2020.
- Call upon the European Commission and Member States to attach great value to the Court’s conclusions and to implement the recommendations, especially regarding reimbursement-based payments and the management and control of the EU budget.
- Are concerned about the lack of effectiveness and efficiency in parts of EU expenditure and the issues related to performance highlighted by the Court. A responsible and efficient use of EU-funds is especially important given the increased ambition in the MFF and of the Recovery package. To ensure trust and legitimacy it is essential that the EU-budget efficiently delivers true value to EU-citizens.

- Call for the implementation of less complex funding rules and implementation procedures.
 - See the evaluation of the performance of the EU budget, and the results achieved, as an essential and integral part of the annual evaluation.”
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DRAFT LETTER

from : President of the Council

to : President of the European Parliament

Dear President,

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 15 March 2022 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 2020.

[Complimentary close].

¹ 6001/1/22 REV 1 and 6001/22 ADD 1.