

Brussels, 5 February 2021
(OR. en)

5792/21

FIN 83
PE-L 4

'I' ITEM NOTE

From:	Budget Committee
To:	Permanent Representatives Committee
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 2019 – <i>Adoption</i>

1. The Budget Committee examined the Court's annual report concerning the financial year 2019¹, including its report on the performance of the EU budget - Status at the end of 2019², in January and February 2021.
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.
3. The Court concluded that the revenue for the financial year 2019 is legal and regular and free from material error.

¹ OJ C 377, 9.11.2020, p. 13.

² OJ C 381, 12.11.2020, p. 4.

³ "Déclaration d'assurance".

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 increasingly affected by material error and represents over half of the audit population. Therefore, the Court considered, unlike in the previous three years, that the error in expenditure is pervasive.
5. On 4 February 2021, 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 2019. The text is set out in Addendum 1 to this note.
6. In accordance with Regulation (EU, Euratom) 2018/1046⁴, 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 agreement by the Permanent Representatives Committee as a separate "I" item⁵.

⁴ 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).

⁵ Doc. 5793/21 ADD 1.

7. Furthermore, in accordance with Council Regulation (EC) No 58/2003⁶ 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 1653/2004⁷ of 21 September 2004, on a "standard financial regulation" for the executive agencies 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 submitted for agreement by the Permanent Representatives Committee as a separate "I" item⁸.
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 submitted for agreement by the Permanent Representatives Committee as a separate "I" item⁹.

⁶ OJ L 11, 16.1.2003, p. 1

⁷ OJ L 297, 22.9.2004, p. 6.

⁸ Doc. 5794/21 ADD 1.

⁹ Doc. 5795/21 ADD 1.

9. In view of the above, the Permanent Representatives Committee is invited to:

- confirm its agreement on the text of the draft recommendation on the discharge to be given to the Commission in respect of the implementation of the budget of the European Union for the financial year 2019, together with the general comments accompanying it, as set out in the Addendum to this note;
- decide, in accordance with the first subparagraph of Article 12(1) of the Council's Rules of Procedure and Article 1 of Council Decision 2020/430¹⁰, as further extended by Council Decision 2021/26¹¹, that the Council uses the written procedure for the adoption of the draft recommendations, together with the general comments accompanying it, as set out in the Addendum to this note; and
- arrange for the above mentioned Council recommendation, together with the general comments accompanying it, to be forwarded to the European Parliament, and approve the draft letter in the ANNEX to that effect.

¹⁰ Council Decision (EU) 2020/430 of 23 March 2020 on a temporary derogation from the Council's Rules of Procedure in view of the travel difficulties caused by the COVID-19 pandemic in the Union (OJ L 88 I, 24.3.2020, p. 1).

¹¹ Council Decision (EU) 2021/26 of 12 January 2021 further extending the temporary derogation from the Council's Rules of Procedure introduced by Decision (EU) 2020/430, and extended by Decisions (EU) 2020/556, (EU) 2020/702, (EU) 2020/970, (EU) 2020/1253 and (EU) 2020/1659, in view of the travel difficulties caused by the COVID-19 pandemic in the Union (OJ L 11, 14.01.21, p. 19).

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 16 February 2021 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 2019.

[Complimentary close].

¹ Doc. 5792/21 + ADD 1.