

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

PART ONE

**FINANCIAL REGULATION**

TITLE XIV

**EXTERNAL AUDIT AND DISCHARGE**

*CHAPTER 1*

***External audit***

*Article 254*

**External audit by the Court of Auditors**

The European Parliament, the Council and the Commission shall inform the Court of Auditors, as soon as possible, of all decisions and rules adopted pursuant to Articles 12, 16, 21, 29, 30, 32 and 43.

*Article 255*

**Rules and procedure on the audit**

1 The examination by the Court of Auditors of whether all revenue has been received and all expenditure incurred in a lawful and proper manner shall have regard to the Treaties, the budget, this Regulation, the delegated acts adopted pursuant to this Regulation and all other relevant acts adopted pursuant to the Treaties. That examination may take account of the multiannual character of programmes and related supervisory and control systems.

2 In the performance of its task, the Court of Auditors shall be entitled to consult, in the manner provided for in Article 257, all documents and information relating to the financial management by departments or bodies with regard to operations financed or co-financed by the Union. It shall have the power to hear any official responsible for a revenue or expenditure operation and to use any of the auditing procedures appropriate to those departments or bodies. The audit in Member States shall be carried out in liaison with the national audit institutions or, where they do not have the necessary powers, with the competent national departments. The Court of Auditors and the national audit institutions of Member States shall cooperate in a spirit of trust while maintaining their independence.

In order to obtain all the necessary information for the performance of the task entrusted to it by the Treaties or by acts adopted pursuant to them, the Court of Auditors may be present, at its request, during the audit operations carried out within the framework of budget implementation by, or on behalf of, any Union institution.

At the request of the Court of Auditors, each Union institution shall authorise financial institutions holding Union deposits to enable the Court of Auditors to ensure that external data tally with the accounts.

3 In order to perform its task, the Court of Auditors shall notify Union institutions and the authorities to which this Regulation applies of the names of the members of its staff who are empowered to audit them.

#### *Article 256*

### **Checks on securities and cash**

The Court of Auditors shall ensure that all securities and cash on deposit or in hand are checked against vouchers signed by the depositories or against official memoranda of cash and securities held. It may carry out such checks itself.

#### *Article 257*

### **Court of Auditors' right of access**

1 Union institutions, the bodies administering revenue or expenditure on the Union's behalf and recipients shall afford the Court of Auditors all the facilities and give it all the information which it considers necessary for the performance of its task. They shall, at the request of the Court of Auditors, place at its disposal all documents concerning the award and performance of contracts financed by the budget and all accounts of cash or materials, all accounting records or supporting documents, and also administrative documents relating thereto, all documents relating to revenue and expenditure, all inventories, all organisation charts of departments, which the Court of Auditors considers necessary for auditing the annual accounts and budget implementation reports on the basis of records or on-the-spot auditing and, for the same purposes, all documents and data created or stored electronically. The Court of Auditors' right of access shall include access to the IT system used for the management of revenue or expenditure subject to its audit, where such access is relevant for the audit.

The internal audit bodies and other services of the national administrations concerned shall afford the Court of Auditors all the facilities which it considers necessary for the performance of its task.

- 2 The officials whose operations are checked by the Court of Auditors shall:
- a show their records of cash in hand, any other cash, securities and materials of all kinds, and also the supporting documents in respect of their stewardship of the funds with which they are entrusted, and also any books, registers and other documents relating thereto;
  - b present the correspondence and any other documents required for the full implementation of the audit referred to in Article 255.

The information supplied under point (b) of the first subparagraph may be requested only by the Court of Auditors.

3 The Court of Auditors shall be empowered to audit the documents in respect of the revenue and expenditure of the Union which are held by the departments of Union institutions and, in particular, by the departments responsible for decisions in respect of such revenue and expenditure, the bodies administering revenue or expenditure on the Union's behalf and the natural or legal persons receiving payments from the budget.

4 The task of establishing that the revenue has been received and the expenditure incurred in a lawful and proper manner and that the financial management has been sound shall extend to the use, by bodies outside Union institutions, of Union funds received by way of contributions.

5 Union financing paid to recipients outside Union institutions shall be subject to the agreement in writing by those recipients or, failing agreement on their part, by contractors or subcontractors, to an audit by the Court of Auditors into the use made of the financing granted.

6 The Commission shall, at the request of the Court of Auditors, provide it with any information on borrowing and lending operations.

7 Use of integrated computer systems shall not have the effect of reducing access by the Court of Auditors to supporting documents. Whenever technically possible, electronic access to data and documents necessary for the audit shall be given to the Court of Auditors in its own premises and in compliance with relevant security rules.

#### *Article 258*

### **Annual report of the Court of Auditors**

1 The Court of Auditors shall transmit to the Commission and the other Union institutions concerned, by 30 June, any observations which are, in its opinion, such that they should appear in its annual report. Those observations shall remain confidential and shall be subject to an adversarial procedure. Each Union institution shall address its reply to the Court of Auditors by 15 October. The replies of Union institutions other than the Commission shall be sent to the Commission at the same time.

2 The annual report of the Court of Auditors shall contain an assessment of the soundness of financial management.

3 The annual report of the Court of Auditors shall contain a section for each Union institution and for the common provisioning fund. The Court of Auditors may add any summary report or general observations which it sees fit to make.

4 The Court of Auditors shall transmit to the authorities responsible for giving discharge and to the other Union institutions, by 15 November, its annual report accompanied by the replies of Union institutions and shall ensure publication thereof in the *Official Journal of the European Union*.

#### *Article 259*

### **Special reports of the Court of Auditors**

1 The Court of Auditors shall transmit to the Union institution or the body concerned any observations which are, in its opinion, such that they should appear in a special report. Those observations shall remain confidential and shall be subject to an adversarial procedure.

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*Status: This is the original version (as it was originally adopted).*

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The Union institution or the body concerned shall inform the Court of Auditors, in general, within six weeks of transmission of those observations, of any replies it wishes to make in relation to those observations. That period shall be suspended in duly justified cases, in particular where, during the adversarial procedure, it is necessary for the Union institution or body concerned to obtain feedback from Member States in order to finalise its reply.

The replies of the Union institution or the body concerned shall directly and exclusively address the observations of the Court of Auditors.

Upon request of the Court of Auditors or of the Union institution or body concerned, the replies may be examined by the European Parliament and by the Council after publication of the report.

The Court of Auditors shall ensure that special reports are drawn up and adopted within an appropriate period of time, which shall, in general, not exceed 13 months.

The special reports, together with the replies of the Union institutions or bodies concerned, shall be transmitted without delay to the European Parliament and to the Council, each of which shall decide, where appropriate in conjunction with the Commission, what action is to be taken in response.

The Court of Auditors shall take all necessary steps to ensure that the replies to its observations from each Union institution or body concerned as well as the timeline for the drawing up of the special report are published together with the special report.

2 The opinions referred to in the second subparagraph of Article 287(4) TFEU which do not relate to proposals or drafts covered by the legislative consultation procedure may be published by the Court of Auditors in the *Official Journal of the European Union*. The Court of Auditors shall take its decision on publication after consulting the Union institution which requested the opinion or which is concerned by it. Opinions published shall be accompanied by any remarks by the Union institutions concerned.

## CHAPTER 2

### **Discharge**

#### *Article 260*

#### **Timetable of the discharge procedure**

1 The European Parliament, upon a recommendation from the Council acting by qualified majority, shall, before 15 May of year n+2, give a discharge to the Commission in respect of the implementation of the budget for year n.

2 Where the deadline provided for in paragraph 1 cannot be complied with, the European Parliament or the Council shall inform the Commission of the reasons therefor.

3 If the European Parliament postpones the decision giving a discharge, the Commission shall make every effort to take measures, as soon as possible, to remove or facilitate removal of the obstacles to that decision.

## *Article 261*

### **The discharge procedure**

1 The discharge decision shall cover the accounts of all the Union's revenue and expenditure, the resulting balance and the assets and liabilities of the Union shown in the balance sheet.

2 With a view to giving the discharge, the European Parliament shall, after the Council has done so, examine the accounts, financial statements and the evaluation report referred to in Article 318 TFEU. It shall also examine the annual report made by the Court of Auditors together with the replies of the Union institutions under audit, and any relevant special reports by the Court of Auditors in respect of the financial year concerned and the Court of Auditors' statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.

3 The Commission shall submit to the European Parliament, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year concerned, in accordance with Article 319 TFEU.

## *Article 262*

### **Follow-up measures**

1 In accordance with Article 319 TFEU and Article 106a of the Euratom Treaty, Union institutions and Union bodies referred to in Articles 70 and 71 of this Regulation shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.

2 At the request of the European Parliament or of the Council, Union institutions and Union bodies referred to in Articles 70 and 71 shall report on the measures taken in the light of those observations and comments, and, in particular, on the instructions they have given to any of their departments which are responsible for budget implementation. Member States shall cooperate with the Commission by informing it of the measures they have taken to act on those observations so that the Commission may take them into account when drawing up its own report. The reports from Union institutions and Union bodies referred to in Articles 70 and 71 shall also be transmitted to the Court of Auditors.

## *Article 263*

### **Specific provisions regarding the EEAS**

The EEAS shall be subject to the procedures provided for in Article 319 TFEU and in Articles 260, 261 and 262 of this Regulation. The EEAS shall fully cooperate with Union institutions involved in the discharge procedure and provide, as appropriate, any additional necessary information, including through attendance at meetings of the relevant bodies.