Commission action plan towards an integrated internal control framework

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The Committee on Budgetary Control unanimously adopted the report by Gabriele STAUNER (EPP-ED, DE) on the Commission action plan towards an integrated internal control framework, stressing that, to support the strategic objective of receiving a **positive declaration of assurance from the European Court of Auditors**, the Commission adopted the aforementioned action plan to address 'gaps' in the Commission's control structures at the time. This plan identified 16 areas for action by the end of 2007, taking into account that improvement of financial management in the Union must be supported by a close monitoring of controls in the Commission and the Member States.

In this context, while MEPs welcome the overall progress made in the development of the Action Plan and the fact that a majority of actions have been implemented and most of the gaps identified in the Action Plan filled, they regret that the actions proposed lack clarity in some respects. They call on the Commission to indicate at which stage it finds itself in the process of achieving an integrated internal control framework, and **when it expects the measures taken to have visible and positive effects**. MEPs expect the Commission to adopt the next progress report before 30 January 2009 so that real improvements made can be taken into consideration in the discharge resolution in respect of the financial year 2007. They regret, however, that, so far, the Commission has not been able to present complete and reliable figures on recoveries and financial corrections due to Member States' reporting problems. They therefore ask the Commission to solve these problems as soon as possible.

Moreover, MEPs stress that it is the impact of the actions which will form the basis of the evaluation of the success of the Action Plan (including through decreasing error rates) and that improvements should be seen in the European Court of Auditor’s Annual Report for 2008.

MEPs consider the actions envisaged by the Commission in its action plan and make the following observations:

- **acceptable risk of error (Actions 4, 10 and 10N of the action plan)**: MEPs regret the fact that in two of the most important actions for this Parliament there is a degree of delay with regard to the planned calendar: Action 4 concerning the launching of an inter-institutional initiative on the basic principles to be considered regarding the risks to be tolerated in the underlying transactions. They therefore call on the Commission to promptly adopt the promised communication on this issue, with the aim of re-launching the inter-institutional discussion on **tolerable risk** and to fully disclose to the public the methods being used for the determination of rates of error. MEPs also remind the Commission of the importance of carrying out the comparative analysis, which alone will enable the establishment of an acceptable risk level of error, and of forwarding it to Parliament, the Council and the Court of Auditors. MEPs also call on the Commission (for Actions 10 and 10N on reliable information on the costs of the control systems and on possible means of simplification) to find a better balance between the need for controls and the aim of lessening the administrative burden for applicants and beneficiaries of EU funds;
- **cooperation with the Member States is needed (Actions 1, 3, 3N, 5, 10, 10a, 11N, 13 and 15)** : with regard to the implementation of these actions, MEPs ask the Commission to use every available tool at its disposal to implement them fully as soon as possible and call on the Court of Auditors to report in more detail on cooperation;
- **annual summaries and management declarations (Actions 5 and 13)**: while MEPs welcome the annual summaries of available audits and declarations at national level, they regret that Parliament

has until now not received complete information from the Commission concerning the assessment and comparative analysis of the first annual summaries presented. Moreover, they note that, for the Court of Auditors, annual summaries do not yet provide a reliable assessment of the functioning and effectiveness of the system;

- **typology of error and relationship with recoveries and financial corrections (Action 11N)**: MEPs regret the fact that, despite the considerable efforts made by the Commission, it was unable to present complete figures or demonstrate that the figures eventually presented could be clearly reconciled with the published financial statements. They therefore encourage the Commission to complete the implementation of this important action in order to obtain a greater degree of compliance with reporting requirements;
- **cooperation with the National Supreme Audit Institutions(Action 8N)**: lastly, MEPs fully support the cooperation started by the Commission with some of the National Supreme Audit Institutions in order to increase assurance as regards the execution of programmes in the Member States.