

System of the Communities' own resources: implementing Decision 94/728/EC, Euratom

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In accordance with Council Regulation No 1150/2000, the Commission presents its sixth report on the operation of the inspection arrangements for traditional own resources.

The report describes and analyses the operation of the inspection system for traditional own resources for the period covering 2006 to 2009 (2006 was only partly covered by the previous report adopted in 2007). It describes the Commission's inspection measures over this period, assesses the measures carried out and draws conclusions. The report also outlines the financial, legal and regulatory follow-up to these inspections.

Main results of the inspections: the Commission carried out 129 inspections under Article 18 of Regulation No 1150/2000 during the period 2006-2009. Eleven of these inspections were carried out under the Joint Audit Arrangement approach. Of the 436 anomalies noted, 224 had a financial impact (51.4%) and 110 a regulatory impact (25.2%). The Commission has taken appropriate measures to resolve the financial consequences of the anomalies observed.

Follow up to inspection measures:

Disputes: during the period 2006-2009 the Court of Justice delivered a number of important judgments following infringement procedures brought by the Commission. Where necessary, the Member States concerned had to assume the financial consequences. For some of these judgments, these financial consequences are still being evaluated or settled. The Commission gives details of the relevant judgements. **Financial aspects:** over the reference period (2006-2009) additional entitlements totalling more than €130 million were paid to the Commission following observations it made in its inspection reports, following inspections by the Court of Auditors or following the Commission's other inspection activities.

Interest for late payment was also charged for delays in making traditional own resources available. The interest for late payment paid by the Member States totalled more than €107 million.

Commission measures to improve recovery of traditional own resources: apart from its on-the-spot inspections in the Member States, the Commission has several other means of monitoring the recovery of traditional own resources. Appropriate use of these means effectively improves recovery. Examination of the waiver requests is a particularly important and evergrowing task for the Commission. With the adoption of Regulation No 2028/2004, the concept of amounts which are definitively irrecoverable has been defined along with the specific conditions for deeming amounts irrecoverable. These new conditions have allowed the Member States to "clean up" their separate accounts by withdrawing a large number of amounts that are deemed irrecoverable. A transitional period ending on 30 September 2009 was established for this purpose. The Commission was therefore confronted by a significant increase in the number of requests, in particular in 2008 and 2009, and succeeded in meeting this challenge. Over the period 2006-2009 it was sent 1 017 cases (including 589 for 2008 alone) involving a gross amount of almost €394 million. In response to the requests examined during this period (outstanding cases and newly presented cases), the Commission granted 497 waivers involving almost €152 million. On the other hand, it refused 168 cases involving more than €62 million (gross), which must now be made available. The Commission had to ask the Member States for further information in almost 50% of the cases examined. At 31 December 2009, 165 requests involving around €57 million were still being processed.

A new database called WOMIS (Write-Off Management and Information System) became operational on 1 January 2010. WOMIS is a multilingual tool designed for the transmission of waiver requests by means of a web-based communication and database software reserved for authorised Member State and Commission users. It will allow easier and more secure management of the Member States' requests and can be used to provide data and useful information on the follow-up to these requests.

The report concludes that the results recorded from 2006 to 2009 show that the Commission's inspections of traditional own resources are necessary. This was illustrated by improved compliance with Community provisions on the protection of the EU's financial interests as well as at the financial level (the net amount made available came to around **€237 million**). This inspection activity ensures equality of treatment between the Member States as regards both application of the customs and accounting rules and protection of the EU's financial interests.

In future, the Commission therefore intends:

- to continue with its role as regards on-the-spot inspections, while improving its inspection methods (audit tools, etc.);
- to continue strengthening the monitoring of recovery measures in the Member States;
- to continue monitoring the acceding countries, so as to obtain a reasonable degree of assurance that these countries' systems for collecting traditional own resources meet Community requirements by the time of accession.