Protection of the Communities' financial interests – Fight against fraud – Annual report 2009

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The Committee on Budgetary Control adopted an own-initiative report by Cãtãlin Sorin IVAN (S&D, RO) in response to the Commission's 'Protection of the European Union's financial interests – Fight against fraud – Annual Report 2009'.

Members regret that the Commission's report fails to consider fraud in detail and deals with irregularities very broadly. They call for a distinction to be made between fraud and errors or irregularities. They call on the Commission to exercise its responsibility in ensuring compliance by Member States in their reporting obligations with a view to providing reliable and comparable data on irregularities and fraud.

The committee deplores the fact that large amounts of EU funds are still wrongly spent and calls on the Commission to take appropriate action with a view to ensuring prompt recovery of those funds. It calls on the Commission to hold Member States more accountable for the amount of irregularities that have yet to be recovered.

Revenue - own resources: Members are concerned about the amount of fraud as compared to irregularities in the Own Resources sector in the Member States Austria, Spain, Italy, Romania, and Slovakia (as fraud constitutes more than half the total amount of irregularities in each Member State). They call on the Member States to take all necessary measures, including close cooperation with European institutions, to address all causes of fraud relating to EU funds.

Deploring the deficiencies in national customs supervision revealed by the Court of Auditors, Members call on the Member States to strengthen their customs supervision systems and on the Commission to provide the relevant support in that respect.

The report underlines that it is in the EU's financial interest to continue working to combat cigarette smuggling, from which the annual loss of revenue for the EU budget is estimated at around one billion euros. It urges OLAF to continue playing a leading role in the international negotiations for a Protocol on the Elimination of the Illicit Trade in Tobacco Products.

Expenditure - agriculture: Members welcome the Commission's conclusion that the overall reporting discipline in this policy group has improved and that compliance now stands at 95%. They call on those Member States which still do not report in good time (Austria, Finland, the Netherlands, Slovakia and the United Kingdom) to remedy the situation promptly.

Members are deeply concerned at the Court of Auditors' finding that payments for the year 2009 in this policy group were affected by material error and that the supervisory and control systems were generally, at most, partially effective in ensuring the regularity of payments. They call on the Commission to closely monitor the effectiveness of the supervisory and control systems in place in Member States to ensure that information on the irregularity rate per Member State represents a true and fair view of the actual situation. The report also deplores the catastrophic situation regarding the overall recovery rate in this policy group (in 2009, it was 42% of the EUR 1 266 million outstanding at the end of the 2006 financial year). They urge the Commission to take all necessary steps in order to put in place an effective system of recovery.

Expenditure - Cohesion Policy: the committee deplores the fact that the data contained in the Commission's 2009 annual report 2009 do not provide a reliable picture of the number of irregularities and fraud in this policy group. It is deeply concerned at the fact that payments for the year 2009 were found by the Court of Auditors to be affected by high material error (above 5%) and that at least 30% of the errors found by the Court in the 2009 sample could have been detected and corrected by the Member States prior to certifying the expenditure to the Commission. It calls on the Commission to provide information on the measures that have been taken with regard to the irregularities reported by the Member States and detected by its services in regard to this policy group.

Expenditure - Pre-accession funds: Members are deeply concerned about the suspected high fraud rate in Bulgaria for the Special Accession Programme for Agriculture and Rural Development (SAPARD) in 2009. They also note that the Czech Republic, Estonia, Latvia and Slovenia reported a zero fraud rate for SAPARD, and question the reliability of the reported information. They find unacceptable the very low recovery rate for suspected fraud in the pre-accession funds (only 4.6% for the whole programming period) and therefore call on the Commission to put in place an efficient system in order to address this situation.

Public procurement, increased transparency and the fight against corruption: Members call on the Commission, the relevant Union agencies and the Member States to take measures and provide resources to ensure that EU funds are not subject to corruption, to adopt dissuasive sanctions where corruption and fraud are found, and to step up the confiscation of criminal assets involved in fraud, tax evasion and money-laundering-related crimes.

They call on the Commission and the Member States to design, implement and periodically evaluate uniform systems of procurement to prevent fraud and corruption, They urge the Council to complete the conclusion of the Cooperation Agreements with Liechtenstein in the shortest possible time and to give the Commission a mandate to negotiate antifraud agreements with Andorra, Monaco, San Marino and Switzerland.

Lastly, Members urge the Commission to take action to ensure one-stop transparency of the beneficiaries of EU funds.