

# 2009 discharge: EU general budget, Section III, Commission

2010/2142(DEC) - 28/02/2011 - Document attached to the procedure

This report sets out the Member States' Replies to the Court of Auditors' 2009 Annual Report.

The European Union's external auditor, the European Court of Auditors (the Court), under the terms of the Treaty provides a statement of assurance (the DAS) in its Annual Report. The DAS concerns the reliability of accounts and the legality and regularity of the underlying transactions and is provided to the European Parliament and the Council.

The Financial Regulation states that as soon as the Court has transmitted the Annual Report, the Commission shall inform the Member States concerned immediately of the details of that report which relate to management of the funds for which they are responsible, under the rules applicable. Member States should reply to the Commission within sixty days and the Commission transmits a summary of the replies to the Court of Auditors, the European Parliament and the Council before 28 February.

Following publication on 9 November 2010, the Commission duly informed Member States of details of the report. This information was presented in the form of a letter and three annexes:

- Annex I was a questionnaire on the paragraphs in the report referring to the individual Member States;
- Annex II was a questionnaire on the audit findings which refer to the individual Member State;
- Annex III was a questionnaire on general findings related to Shared Management for DAS 2009.

This report is an analysis of the Member States' replies and is accompanied by a Staff Working Document (SWD) which is a summary of the findings and the replies to Annex I and Annex III (see the summary of SEC(2011)0262 of the same date).

**Main conclusions:** the results of the Court's 2009 Annual Report illustrate the **continuing improvement of the performances of all actors involved in the management of the EU funds.**

The results show that:

- the estimate of error has fallen over recent years,
- for the third year in a row, a "clean opinion" on the accounts has been given;
- the error rate in Cohesion has fallen significantly, are all worth noting.

However, it is clear that there is a need for further sustained improvement, in particular, for the European funds under shared management between the Commission and the Member States.

Member States replies remarked positively on the improvements noted by the Court and, particularly, the significant decrease in the most likely error rate in the policy area Cohesion. However, Member States signalled that even closer cooperation with the Commission is desirable. For instance, in the complex field of procurement, guidance and support in the form of training programmes and targeted guidelines have been highlighted as key issues which need to be continually addressed.

The Commission remains firmly committed to improving EU financial management. The current Commission proposal for a recast Financial Regulation deals with the issues highlighted by both the Court

and the Member States in their replies to the Court's findings. This is particularly relevant as regards the Commission proposals to **lay down the control and audit obligations of the Member States in the Financial Regulation** and to **further simplify and rationalise the rules applicable to the EU funds and programmes**. Together these two commitments are regarded as an important route to the significant improvement in the quality of spending.

At the same time, the Commission remains acutely attentive to the fact that simplification of programme structures and management systems at beneficiary level should not undermine assurance provided by a high effectiveness of controls.

The Commission is focused on sustaining the positive trend in the evolution of sound financial management. It is therefore of particular importance that the **Commission and the Member States cooperate even more closely** to address the findings highlighted by the Court.