

Special report 3/2012 (2011 discharge): Structural Funds: Did the Commission successfully deal with deficiencies identified in the Member States' management and control systems?

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The Committee on Budgetary Control adopted the report by Jens GEIER (S&D, DE) on Special Report No 3/2012 (Discharge 2011) - Structural Funds - Did the Commission successfully deal with deficiencies identified in the Member States' management and control systems?

Welcoming the Court of Auditors' report and its overall conclusion (*please refer to the summary of the report dated 26/04/2012*), Members are pleased that the Commission systematically initiated corrective actions and that the actions requested were an **appropriate response** for the deficiencies in 90% of cases.

Members are concerned, however, in particular about the following observations:

- corrective actions took 30 months on average and delays were mainly attributable to the Member States concerned;
- in only 67% of cases the Commission obtained a high degree of assurance that financial corrections were accurate,
- **in only 28% of cases the Commission obtained a high degree of assurance that the Member States' management and control systems improved** following corrective actions, which means that considerable effort will need to be undertaken in the closure process.

Members are also concerned about the Court of Auditors' finding that **Commission's follow-up audits aiming to scrutinise the reliability of Member States' statements required further corrective actions** by the Member States in 78% of cases. They are therefore worried that the Commission sometimes relied on potentially unreliable information by not sufficiently questioning information submitted by Member States and that the Commission did not adequately scrutinise the reliability of the information.

Commission's action plan to strengthen its supervisory role under shared management of structural actions: Members remind the Commission that the error rate in the policy area Cohesion has increased in the Court of Auditors' Annual Report 2010, which reverses the positive trend observed in previous years and is contrary to an accelerated reduction of error rates, as called for by Parliament in the context of the 2008 discharge. They reiterate the importance of the supervisory role the Commission exercises in order to be able to bear the ultimate responsibility for the implementation of the budget including the areas of shared management of structural actions and the improved legal framework for the 2007-2013 programming period. The report notes that the action plan of 2008 came only into force at the end of the programming period 2000-2006 and could therefore cover the closure process of that period only. The Commission is called upon to fully enforce measures as stated in the action plan for the 2007-2013 programming period and beyond.

Members believe that improving the Commission's supervisory role is an **ongoing process** that can never be considered 'implemented'. They consider enhancements of the action plan to be necessary if the expectations with regard to the improvement of the Commission's financial management are not met.

The Commission is also called upon to: (i) make efforts to ensure that Member States do not affect the continuity of programmes by changing entities, systems and personnel responsible for Structural Funds control; (ii) provide information on the impact of those corrections on the overall error rate for the 2000-2006 programming period.

Single audit: Members reiterate the idea of a '**single audit**' that was pronounced by the Court of Auditors in its Opinion No 2/2004 respecting the common principles and standards for the administration at all levels. They call on the Commission to continue to aim at implementing the **single audit principle** and to establish clear and transparent common standards for these audits.

Conclusion: Members conclude by calling on the Commission to finalise the closure of the 2000-2006 programming period duly taking into account the Court of Auditors' observations and to report to Parliament on how the Commission will ensure legality and regularity in the process. It is also called upon to monitor the implementation of structural actions for the 2007-2013 period and to bear in mind the Court of Auditors' observations in the discussions on the future structural actions for the period 2014-2020.

Lastly, Members believe strongly that the Commission should deepen its involvement in the Structural Funds scrutiny process by further assisting and supervising Member States' management and certifying authorities as well as the winding-up bodies, throughout all phases of implementation and verification, in order to ensure an even more efficient and less time and resource consuming process.