

# 2011 discharge: EU general budget, Section III, Commission and executive agencies

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This report is an analysis of the Member States' replies to the European Court of Auditors' annual report for budgetary year 2011.

In accordance with the Treaty, the Court of Auditors presents, in its annual report, a declaration of assurance (DAS). This document is sent to the European Parliament and the Council as regards the reliability of the accounts and the legality and regularity of the underlying transactions.

The Financial Regulation applicable to the General Budget of the European Union states in article 162.5 that as soon as the Court of Auditors (the Court) has transmitted its 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 of the following year.

Following publication on 6 November 2012 of the Court's Annual Report for the budgetary year 2011, the Commission duly informed Member States of details of the report. This information was presented in the form of a letter and three questionnaires (presented as annexes) which Member States were required to complete:

- Annex I was a questionnaire on the paragraphs in the report referring to individual Member States;
- Annex II was a questionnaire on the audit findings which refer to each Member State;
- Annex III was a questionnaire on general findings related to the policies and programmes under shared management.

This report is an analysis of the Member States' replies and is accompanied by a [Staff Working Document](#) (SWD) which comprises the Member States' replies to Annex I and Annex III.

**Main conclusions:** for 2011, the Court made further modifications to the presentation of its report, primarily by adding two new chapters. The Court gave a clean opinion on the accounts and it estimated the most likely error rate for the budget as a whole at 3.9% which is similar to last year's overall error rate of 3.7%. The figure of 3.9% now includes errors in cross-compliance for both "Agriculture: market and direct support" and "Rural development" following a change in the Court's methodology. Without this change, the figure would have been 3.8%.

The majority of replies from Member States were received within the scheduled timeline.

As in previous years, the quality varied considerably from one Member State to another. In some cases replies were of a very high standard, while in others it was apparent that very little quality time had been dedicated to the replies.

Member States reiterated their commitment to partnership with the Commission and the Court in order to ensure sound financial management of EU funds. For instance, **three quarters of all Member States have expressed an interest in extending tripartite meetings, (which already exist in the Cohesion policy area), to Rural development.**

Both the Commission and the Member States have expressed their commitment to tackling **Rural development** issues in order to reduce the error rate. DG AGRI has launched an action plan and as indicated in their replies, Member States are already taking some remedial action in order to address Rural development issues.

**In the Cohesion policy as a whole**, although there have been significant improvements, concrete and sustained actions are required by both Member States and the Commission to ensure improved results. For this programming period DG REGIO and DG EMPL will continue targeted actions. These will include **focusing audits on more risky areas and financial actors**, careful monitoring of actions taken by national authorities interrupting/suspending payments and applying financial corrections where justified.

**For the next programming period**, several measures have been proposed by the Commission and are being discussed in the interinstitutional process.

These measures include:

- wider use of simplified costs,
- quarterly focused reporting by Member States to the Commission,
- stricter eligibility rules,
- the introduction of net financial corrections and management declarations.