2014 discharge: EU general budget, European Commission and executive agencies

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FOLLOW-UP TO THE 2013 COMMISSION DISCHARGE: FOLLOW-UP ON THE EUROPEAN PARLIAMENT AND COUNCIL RECOMMENDATIONS

Preliminary comments: this is the Commission's report to the European Parliament (EP) and the Council on the follow-up to the EP discharge resolutions and the Council Recommendation for the 2013 financial year, pursuant to Article 319(3) of the Treaty on the Functioning of the European Union (TFEU).

It is the first report presented by the Commission which took up office on 1.11.2014. The Commission has thoroughly examined the concerns expressed by the EP and Council in the 2013 discharge.

In the Parliament’s general discharge resolution, a certain number of issues such as necessary improvements in **shared management, simplification, performance** as well as other specific points are highlighted. These requests have been extensively discussed during the discharge procedure, in particular with the rapporteur and the Members of the Budgetary Control Committee (CONT).

The Council recommendation also contains important issues related to the need of improvements in shared management, simplification and performance.

The present communication takes into account this commitment whilst updating, where necessary, the situation as far as further actions have been taken so far. It is accompanied by two Commission Staff Working Documents containing replies to 319 EP and 75 Council specific discharge requests (*please refer to Commission Staff Working Documents SWD(2015)0194 and 0195*).

CONTENT: the report focuses on the binding commitments highlighted by the European Parliament in its general discharge resolutions.

The Commission agrees to start new actions on 139 requests (115 from the EP and 24 from the Council). It considers that for 218 requests (168 from the EP and 50 from the Council), the required action has already been taken or is on-going, though in some cases the results of the actions will need to be assessed. Finally, for reasons related to the existing legal and budgetary framework or its institutional role or prerogatives, the Commission cannot accept 37 requests (36 from the EP and 1 from the Council). A detailed justification is provided in the two Commission staff working documents mentioned above.

The Commission’s replies to requests from the European Parliament and the Council may be summarised as follows:

Shared management: the Commission has been working towards an effective "single audit chain" which is a leitmotiv of a large part of the resolution. In this context the main sources for the assurance of the Commission that resources have been used in accordance with the legal framework and principles of sound financial management are the results of its own audit work, audits of the European Court of Auditors (ECA) and reports provided by OLAF, as well as information presented by national authorities, in particular the audit opinions and control statistics on error rates transmitted as part of the annual control reports and the national system audits provided throughout the year.

One important aspect of the single audit is the **management declaration** which introduces a reinforced mandatory reporting for Member States, signed by the Directors / heads of the agencies or bodies. However, the issuance of a national declaration (Article 59(1) FR) could constitute another important element of the single audit.

On the request to submit a recommendation to promote the use of such national declarations the Commission, whilst endorsing the recommendations of the Interinstitutional Working Group, would like to stress that other actions constitute a more appropriate way to promote their use, like including information in public documents such as the AARs of the Commission, collection of best practices, information sessions in the relevant fora or **promotion of the national declarations** vis-à-vis the Ministers of Finance, National Parliaments and Supreme Audit Institutions. As for the EP request to publish national declarations, annual summaries and management declarations, the Commission underlines that it has not he right to publish such documents.

As regards the reliability of the information provided by Member States, the Commission is of the opinion that the credibility of AARs is not undermined by the lack of reliability of some of the first level checks performed by Member States. For its assurance, the Commission takes into account the results from the work of all these levels of control as well as the results from the ECA audit work and the OLAF investigations.

Simplification: the Commission recalled that the legal framework for 2014-2020 provides a basis for further simplification by introducing measures like the reduced number of programmes, the alignment of the provisions between European Structural Investment Funds and other EU instruments, the reinforcement of simplified cost options (SCO) or the introduction of Joint Action Plans and the reduction of audit burden in line with the principle of proportionality.

In the area of Agriculture and Rural Development, the new legal framework includes simplification elements such as the small farmers' scheme or standard costs and lump sum payments in rural development. Moreover, some of the elements introduced by the co-legislators in the course of the legislative procedure have added complexity to the Commission's initial proposals.

As far as Cohesion Policy is concerned, wide ranges of simplification opportunities have been offered to Member States which they must now take up while avoiding 'gold-plating'.

Therefore, simplification helps focus effort on achieving projects and programmes results.

Performance: the European Parliament requests that the Management Plan of the Directors-General should have a limited number of targets on which they report in their Annual Activity Reports (AAR). The Commission underlines that

2013 AARs contained the progress in achieving milestones and long-term targets defined in the 2013 management plans and also included a summary of evaluations and performance audits carried out.

OLAF: lastly, Parliament’s requests in this domain mainly concern the relations between OLAF and its Supervisory Committee (SC). The Commission can assure the EP that these are duly considered. In particular, as regards the **independence of the Supervisory Committee**, in line with Regulation 883 /2013, OLAF has undertaken, to the extent possible, measures to guarantee the independent functioning and the financial autonomy of the SC and its budget.