

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

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This report concerns the Member States' Replies to the European Court of Auditors' 2014 Annual Report.

Three main themes have been identified in this year's report:

- measuring performance results;
- types of quantifiable errors – infringements of state aid and public procurement rules;
- sound financial management.

The report is also accompanied by a [Staff Working Document](#) which comprises Member States' technical replies to the themes identified in 2014.

Key features of the ECA 2014 report: for the 2014 annual report, the Court has updated its audit approach and the structure of the report. The main change to its approach is the quantification of serious infringements of public procurement rules and the corresponding adjustment of 2013 and 2012 figures in order to ensure comparability of results.

The new structure of the report reflects the 2014-2020 Multiannual Financial Framework (MFF) headings.

Results of the Court's audit for 2014: the results of the Court's audit for 2014 stated that **the accounts were not affected by material misstatements** and therefore it issued a **clean opinion** on the reliability of the accounts, as it has done since 2007.

For **expenditure**, the Court found an **estimated level of error for 2014 payments of 4.4%** close to the 2013 level of 4.5%. Apart from MFF heading 5 (Administration), expenditure for all remaining headings was affected by material error. For Competiveness, Cohesion and Global Europe the estimated levels of error were 5.6%, 5.7% and 2.7% respectively, all representing an increase on equivalent results in 2013.

However, for Natural Resources the estimated level of error was 3.6% a decrease on the equivalent results for 2013.

Cohesion was the biggest contributor to the overall error rate followed by Natural Resources, Competiveness and Global Europe.

The Court's report also identified two types of expenditure programmes - **entitlement programmes and cost reimbursement schemes** - which involve distinct patterns of risk. According to the report, eligibility errors in cost reimbursement schemes dominate the errors detected for 2014. Errors in the cost reimbursement category include mostly serious infringements of **public procurement rules** during tendering and contract implementation.

For entitlement programmes typical errors include **over declarations by farmers and administrative errors** affecting payments to farmers

Member States' replies to the identifies errors: this report demonstrated a continued commitment to sound financial management by:

- actively promoting the use of SCOs,
- improving management verifications,
- reporting on financial instruments.

According to many Member States, procurement issues are also being tackled by aligning national and EU legislation. In cases where weaknesses are found in training programmes, increases in on-the-spot checks and recoveries of amounts, are among the measures undertaken to remedy deficiencies in public procurement as attested by the Czech Republic, Croatia, Belgium, Finland and Germany.

The replies from Member States this year also indicate that there is a **growing awareness of the need to create an effective performance culture and to focus on results**.

Nearly all Member States reported using indicators - common and specific- across the funds, at national and regional level to measure performance.

Nevertheless **low implementation levels** of programmes could mean that meaningful data on performance may not be provided in term for the 2017 MFF mid-term review. More meaningful data is likely to be available in line with performance frameworks of many programmes scheduled for 2018 or 2019.