

2015 discharge: EU general budget, European Commission and executive agencies

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This document comprises the Member States' Replies to the European Court of Auditors' 2015 Annual Report.

It concentrates on three main themes:

- regularity of transactions in the major EU spending areas in shared management with a particular focus on root causes of errors;
- performance of the EU budget and performance at project level in shared management;
- follow-up of the Court's recommendations to Member States.

This report provides a summary of the Member States' replies. It is accompanied by a [staff working document](#), which presents the Member States' replies in more detail.

1. Root causes of errors and actions addressing errors: the report established list of 192 examples of main root causes of legality and regularity errors in the EU expenditure. The examples were based on findings made by the Court and the Commission as well as reservations formulated in the annual activity reports of the relevant Directorates-General of the Commission over a two-year period.

Main root causes of errors were found in the CAP and Cohesion policy.

The analysis shows that the causes most commonly identified by the Member States are:

- **the complexity of implementing rules:** Member States have gained practical experience with opportunities for simplification. However, **further simplification is needed**, considering in particular reduction of administrative burden and efficiency of controls at **reasonable cost**. For CAP and cohesion policy, the sufficient knowledge in applying procurement and State aid rules remains a problem, and for the CAP only – the complex eligibility rules;
- **the prevention and correction of errors:** for cohesion policy in particular, Member States called for further improvement of the systems and promoting good practices;
- **the prevention of errors:** Member States stated that the preventive and corrective capacity of errors should be strengthened and that IT functionalities should enhance the efficiency of controls. Risk analysis techniques should contribute to better target controls and resources.

2. Performance of the EU budget: Member States' mind-sets are changing towards **focus on results as they make efforts to introduce performance frameworks**. This ensures that EU programmes and projects have an impact in many different ways and on multiple levels. However, ensuring consistency in the performance-related terminology remains a challenge. Some Member States called for a clear set of indicators at project level.

Overall Member States put the monitoring of result-oriented systems in a larger perspective by referring to *ex ante* evaluations for the purposes of preparing partnership agreements and operational programmes and /or to other evaluations, studies and impact assessments that are foreseen for the period 2014-2020.

3. Follow-up of the Court's recommendation to Member States: Member States almost unanimously replied that they have established systems for the follow-up of Court's recommendations formulated in its

annual and special reports. Some Member States explained that the Court's and the Commission's recommendations are monitored by the competent authorities for the management of the EU funds, including certification bodies and audit bodies. However, follow-up processes vary between Member States.

Conclusion: the Commission is committed to continue working closely with the Member States towards **lower levels of error**, improved financial management and value added of the EU budget.

Member States demonstrated in their replies that they are aware of the main root causes of the errors and are committed to continue working to ensure effectively functioning management and control systems. They addressed root causes of errors by using various simplification opportunities and strengthening their preventive and corrective capacity, notably on the basis of lessons learned, enhanced IT technologies, data mining tools, and risk management techniques. Member States also implement action plans, if needed, on which they regularly report to the Commission.

In general, the replies confirmed that the Member States:

- apply a multiannual control and audit cycle, and that corrective measures can be implemented until the closure of the programming period;
- considered that it is not possible to avoid minor errors at reasonable costs;
- are committed to ensuring a link between EU political priorities of smart, sustainable and inclusive growth and national priorities;
- strengthen their framework performance and that they focus more on results;
- are committed to follow-up the Court's recommendations but wide variations in the follow-up systems and processes exist.