Digitalisation of the European reporting, monitoring and audit

2021/2054(INL) - 04/11/2021 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted a legislative initiative report by Maria GRAPINI (S&D, RO) containing recommendations to the Commission on the digitalisation of the European reporting, monitoring and auditing.

Ensuring confidence in the financial management of EU funds is essential for the overall trust in the EU institutions and thus for the credibility of the project for further European integration.

Members consider that the most effective way to enhance the protection of the EU budget and the EU instrument for recovery against fraud and irregularities is to create an **integrated, interoperable and harmonised system for the collection, monitoring and analysis of information on final beneficiaries** in all Member States. This system should ensure effective controls on conflicts of interest, irregularities, double funding issues and any misuse of funds. It could also be the best instrument to fight disinformation in all Member States.

Therefore, the Committee on Budgetary Control asks the European Commission, in particular in the context of the forthcoming revision of the Financial Regulation, to **present, before the end of 2021, the necessary legislative proposals to amend the Financial Regulation** in order to ensure the use of standardised data sets and the possibility to identify the final beneficiaries of funds.

Under the proposal requested by Members, the Commission should make available an **integrated and interoperable electronic information and monitoring system**, including a single data mining and risk scoring tool, to access, store, aggregate and analyse data on final beneficiaries of EU funds with a view to a generalised mandatory application by Member States.

The Commission, the European Anti-Fraud Office (OLAF) and other Union investigative and control bodies should have the necessary access to that data in order to exercise their supervisory functions in relation to the controls and audits that are to be carried out by the Member States in the first place to detect irregularities and conduct administrative investigations into the misuse of the Union funding concerned, and to get a precise overview of its distribution.

The report stressed that this system should:

- be based as far as possible on **open-source principles** and use standardised data sets and measures to collect, compare and aggregate information and figures on recipients and direct and final beneficiaries of EU funds for control, audit and discharge purposes;

- be developed with a view to ensuring full compliance with the principles of **transparency** set out in the Financial Regulation;

- be **accessible to journalists, civil society representatives and the general public** in order to facilitate research into the use of public funds and possibly uncover fraud, while respecting the rules of the General Data Protection Regulation.

Members called for this system to be developed **within two years** and to be made available, free of charge, and mandatory for Member States' reporting authorities.

The financial implications of the proposal should be covered by the EU budget.