

Digitalisation of the European reporting, monitoring and audit

2021/2054(INL) - 23/11/2021 - Text adopted by Parliament, single reading

The European Parliament adopted by 659 votes to 28, with 1 abstention, a resolution with recommendations to the Commission on digitalisation of the European reporting, monitoring and audit.

Ensuring confidence in the financial management of EU funds

Public knowledge and full transparency about the spending of Union funds is essential for the acceptance of this spending. However, the number of off-budget instruments continues to grow, with instruments such as Next Generation EU being managed directly by the Commission. Members therefore called for the financial regulation to be updated to allow Parliament to fulfil its oversight role over these new mechanisms. This is particularly important in the context of the digitalisation of European reporting, monitoring and auditing procedures.

Clear, comprehensible and fair rules on eligibility for support or participation in spending programmes is a first precondition for support in the financial management of EU funds.

With this in mind, Parliament believes that the most effective way to strengthen the protection of the EU budget against fraud and irregularities is to establish a **digitalised programme creating an integrated, interoperable and harmonised system for collecting, monitoring and analysing information on the final recipients of EU funds** in all Member States.

This system would allow national and regional authorities as well as EU institutions, including the Parliament, the Commission, the Court of Auditors, OLAF and the European Public Prosecutor's Office, to ensure effective controls on conflicts of interest, irregularities, double-funding issues and misuse of funds, as well as the use of modern IT tools such as ARACHNE.

Proposals to revise the Financial Regulation

Parliament called on 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 datasets and the possibility to identify the final beneficiaries of EU funds.

Under the proposal requested by Members, the Commission should make available to financial actors and entities responsible for budget implementation, 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 resolution 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.
- be designed in such a way that it automatically links to databases containing updated information about company ownership.

This system should allow for very quick identification of recurrent and possible overrepresented beneficiaries of Union funds, including tender winners. Information about recipients of Union funds is made publicly available for a minimum period of **five years**.

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.