

Possibilities to increase the reliability of audits and controls by national authorities in shared management

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The European Parliament adopted by 616 votes to 5, with 6 abstentions, a resolution on possibilities to increase the reliability of audits and controls by national authorities in shared management.

Root causes affecting the management, control and audit of EU expenditure under shared management

The resolution pointed out that the **complexity of the rules** governing EU funds, combined with frequent changes to regulations between programming periods, can lead to problems of legal ambiguity or compliance, as well as misinterpretation and gaps in implementation, resulting in a higher risk of error.

Members deplored the fact that **gold-plating practices**, increased bureaucracy and continued changes in implementation standards by Member States create unnecessary administrative burdens, which can have a negative impact on the attractiveness of EU funds for potential beneficiaries. Translation in the legal field is a complex and demanding procedure which adds a further level of difficulty to interpretation.

Members stressed that it is advantageous for Member States to opt for **preventive rather than punitive measures** for management and control purposes, to ensure that the system is managed as efficiently as possible in the interests of the right recipients, while preventing fraud and misallocation of public funds.

The resolution stressed that **effective management control** is essential to guarantee both the performance of operations and their compliance with the legal framework. In addition to protecting the Union's financial interests, the detection of errors must be used to implement the necessary corrective measures and to make improvements to legislation in order to prevent such errors in the future.

Members insisted that Member States' audit bodies must comply with the **international standards** of supreme audit institutions. Non-compliance with these standards creates a risk of undermining the reliability and quality of audit work, and also poses a threat to the single audit approach.

The resolution also deplored the fact that the **lack of sufficient resources**, including the lack of training of the workforce dedicated to control functions, is a factor affecting the ability of managing authorities (under cohesion policy) and paying agencies (under the CAP) to carry out effective checks and verifications of expenditure.

Members reiterate their concern about the difference between the **error calculation method** applied by the Court of Auditors and that applied by the Commission, which creates confusion and makes it difficult to address the root causes of errors. These discrepancies are present in cohesion expenditure, one of the largest parts of the Union's budget, for the fourth year running.

Recommendations on possible ways to increase the reliability of audits and controls under shared management

The Commission is invited, *inter alia*, to:

- contribute to improving the **common understanding of the single audit approach** in order to achieve a more uniform interpretation and implementation of this model across Member States;
- continue to **simplify the rules** and requirements applicable to EU funds and programmes, while ensuring a balance with the necessary audits and controls and continuity between programming periods, as well as providing the competent authorities in the Member States with further clarification on their implementation;
- continue to identify ways of helping Member States to transpose directives, issue guidelines and implement EU funds;
- reduce over-regulation, and closely monitor delayed, fragmented or incomplete implementation or transposition of EU legislation;
- strengthen cooperation with Member States, in particular to avoid problems of incorrect translation which could hinder the uniform interpretation of Union law, and to avoid imposing an additional administrative burden on national authorities when interpreting and applying the relevant provisions;
- encourage and facilitate the exchange of best practice between Member States and their audit and control authorities in terms of implementation and audit methods;
- develop support mechanisms for local authorities in need;
- proactively promote good communication and the exchange of good audit practice between Member State audit authorities at European, national and regional levels;
- reduce the CAP administrative burden on farmers, which is often at the root of unintentional errors, which should be clearly distinguished from cases of intentional fraud, thus ensuring more efficient use of CAP funds;
- promote the use of satellite images and new imaging technologies to monitor the CAP.

Members considered that digitalisation and the adoption of more sophisticated IT tools at national and EU levels would improve the management, control and auditing of EU funds, and could contribute to preventing irregularities, increasing the quality of checks and audits, and substantially reducing bureaucracy, assuming interoperability of IT tools between Member States and the Commission.

Lastly, Parliament deplored the fact that more and more legislative proposals lack an impact assessment accompanied by a **clear financial and budgetary analysis**. It called on the Commission to attach greater importance to the quality of legislative work and to adopt a realistic approach to the administrative, financial and budgetary consequences.