

Basic information	
<b>2022/0162(COD)</b>  COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Amendments to the Financial Regulation. Recast	
<b>Subject</b>  8.70 Budget of the Union 8.70.02 Financial regulations 8.70.03 Budgetary control and discharge, implementation of the budget	
<b>Legislative priorities</b>  Joint Declaration 2023-24	

Key players			
European Parliament	Joint committee responsible	Rapporteur	Appointed
	<b>BUDG</b> Budgets	UŠAKOVSKÝ Nils (S&D)	23/09/2022
	<b>CONT</b> Budgetary Control	HOHLMEIER Monika (EPP)	23/09/2022
		Shadow rapporteur  WINZIG Angelika (EPP)  GARCÍA MUÑOZ Isabel (S&D)  CSEH Katalin (Renew)  KÖRNER Moritz (Renew)  GEESE Alexandra (Greens /EFA)  FREUND Daniel (Greens /EFA)  RZOŃCA Bogdan (ECR)  CZARNECKI Ryszard (ECR)  KUHS Joachim (ID)  OMARJEE Younous (The Left)	
Committee for opinion		Rapporteur for opinion	Appointed
<b>AFET</b> Foreign Affairs		The committee decided not to give an opinion.	

	<b>DEVE</b> Development	The committee decided not to give an opinion.	
	<b>ENVI</b> Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	<b>ITRE</b> Industry, Research and Energy	Chair on behalf of committee <a href="#">BUŞOI Cristian-Silviu (EPP)</a>	14/07/2022
	<b>TRAN</b> Transport and Tourism	The committee decided not to give an opinion.	
	<b>REGI</b> Regional Development	<a href="#">BUDA Daniel (EPP)</a>	15/06/2022
	<b>AGRI</b> Agriculture and Rural Development	The committee decided not to give an opinion.	
	<b>PECH</b> Fisheries	The committee decided not to give an opinion.	
	<b>JURI</b> Legal Affairs	The committee decided not to give an opinion.	
	<b>LIBE</b> Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
<b>Committee for opinion on the recast technique</b>		<b>Rapporteur for opinion</b>	<b>Appointed</b>
<b>JURI</b> Legal Affairs		<a href="#">ADAMOWICZ Magdalena (EPP)</a>	03/01/2023
Council of the European Union			
European Commission	<b>Commission DG</b>	<b>Commissioner</b>	
	Budget	<a href="#">HAHN Johannes</a>	
European Court of Auditors			

Key events			
Date	Event	Reference	Summary

16/05/2022	Legislative proposal published	COM(2022)0223 	Summary
12/09/2022	Committee referral announced in Parliament, 1st reading		
06/10/2022	Referral to joint committee announced in Parliament		
27/04/2023	Vote in committee, 1st reading		
27/04/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
04/05/2023	Committee report tabled for plenary, 1st reading	A9-0180/2023	Summary
08/05/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
10/05/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
24/01/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	GEDA/A/(2024)000138 PE757.999	
13/03/2024	Debate in Parliament		
14/03/2024	Decision by Parliament, 1st reading	T9-0163/2024	Summary
14/03/2024	Results of vote in Parliament		
19/09/2024	Act adopted by Council after Parliament's 1st reading		
23/09/2024	Final act signed		
26/09/2024	Final act published in Official Journal		

Technical information	
Procedure reference	2022/0162(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Recast
Legislative instrument	Regulation
Legal basis	Euratom Treaty A 106a-pa Rules of Procedure EP 59 Rules of Procedure EP 113 Treaty on the Functioning of the EU TFEU 322-p1
Mandatory consultation of other institutions	European Court of Auditors
Stage reached in procedure	Procedure completed
Committee dossier	CJ13/9/10134

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee opinion	REGI	PE738.750	06/12/2022	
Committee draft report		PE740.802	23/01/2023	

Specific opinion	ITRE	PE736.720	09/03/2023	
Specific opinion	JURI	PE746.884	25/04/2023	
Committee report tabled for plenary, 1st reading/single reading		A9-0180/2023	04/05/2023	Summary
Text agreed during interinstitutional negotiations		PE757.999	20/12/2023	
Text adopted by Parliament, 1st reading/single reading		T9-0163/2024	14/03/2024	Summary

#### Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2024)000138	20/12/2023	
Draft final act	00099/2023/LEX	23/09/2024	

#### European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2022)0223 	16/05/2022	Summary
Commission response to text adopted in plenary	SP(2024)350	22/07/2024	
Follow-up document	COM(2024)0507 	28/10/2024	
Follow-up document	COM(2025)0781 	11/12/2025	

#### National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	CZ_SENATE	COM(2022)0223	20/12/2022	

#### Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EDPS	Document attached to the procedure	N9-0042/2022 OJ C 288 29.07.2022, p. 0035	07/07/2022	
CofA	Court of Auditors: opinion, report	N9-0083/2022 OJ C 446 24.11.2022, p. 0026	31/10/2022	

## Meetings with interest representatives published in line with the Rules of Procedure

### Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency				
Name	Role	Committee	Date	Interest representatives

HOHLMEIER Monika	Rapporteur	CONT	25/01/2024	SAP
FREUND Daniel	Shadow rapporteur	CONT	04/10/2023	Transparency International Liaison Office to the European Union
FREUND Daniel	Shadow rapporteur	CONT	22/02/2023	Transparency International Liaison Office to the European Union
KÖRNER Moritz	Shadow rapporteur	BUDG	31/01/2023	Representatives of NRW Bank
FREUND Daniel	Shadow rapporteur	CONT	09/11/2022	Transparency International Liaison Office to the European Union
FREUND Daniel	Shadow rapporteur	CONT	24/10/2022	Open Spending EU Coalition
FREUND Daniel	Shadow rapporteur	CONT	24/10/2022	European Association of Long-Term Investors
FREUND Daniel	Shadow rapporteur	CONT	12/10/2022	European Association of Public Banks and Funding agencies AISBL

#### Final act

Regulation 2024/2509  
OJ OJ L 26.09.2024

## Amendments to the Financial Regulation. Recast

2022/0162(COD) - 04/05/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Budgets and the Committee on Budgetary Control jointly adopted the report by Nils UŠAKOVS (S&D, LV) and Monika HOHLMEIER (EPP, DE) on the proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (recast).

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

#### **Respect for fundamental rights**

The Commission and the Member States should ensure, in the implementation of the Union's budget, respect for the values on which the Union is founded and for fundamental rights, including non-discrimination, as well as respect for the Charter of Fundamental Rights of the European Union.

#### **Decommitments**

Where budgetary commitments are decommitted in any financial year after the year in which they were made as a result of the total or partial non-implementation of the actions for which they were earmarked, Members proposed that the appropriations corresponding to such decommitments should be made available again to the benefit of the budget line of origin, without prejudice to pre-agreed national envelopes, where applicable.

#### **Internal control of budget implementation**

The Commission should report annually, no later than 30 September, to the European Parliament and to the Council on the aggregated information and figures on the recipients of funds, contractors, sub-contractors and the beneficial owners, across different Union funded projects and programmes implemented in the preceding financial year. That information should, having due regard to the protection of personal data, be made available to any persons or organisations that can demonstrate a legitimate interest.

#### **Visibility of the budget**

All new communication efforts should make the citizens' connection to the budget more visible by using the statements 'Funded by the people of the European Union' or 'Co-funded by the people of the European Union' next to the emblem of the Union.

#### **Interinstitutional procurement, joint procurement and procurement on behalf of Member States**

Where appropriate, two or more Member States may mandate a Union institution, Union body or executive agency ('mandated contracting authority') to act as a **central purchasing body** to procure on behalf of the Member States or in their own name, under certain conditions.

#### **Diversified funding strategy**

Where the Commission is empowered, in relevant basic acts, to borrow funds on behalf of the Union on the capital markets or from financial institutions, the Commission should implement a diversified funding strategy comprising borrowing and debt management operations. The diversified

funding strategy should be implemented through all necessary transactions aiming at a regular capital market presence, should be based on pooling of funding instruments and should make use of a common liquidity pool.

#### **Union trust funds for external actions**

A Union trust fund for emergency and post-emergency action should be deemed to be approved by the European Parliament and the Council unless the European Parliament or the Council decide not to approve it within two months of the date of publication of the draft decision.

#### **Non-financial donations**

Members proposed that in the case of non-perishable supplies financed from administrative appropriations and in compliance with the relevant accounting rules and standards, Union institutions and bodies may not provide non-financial donations before the value of the depreciated supply represents 80 % of the purchase price.

#### **Rules and procedure on the audit**

The report stated that the examination by the Court of Auditors of whether all revenue has been received and all expenditure incurred in a lawful and proper manner, including in relation to assigned revenue and the related items of expenditure, should have regard to the Treaties, the budget, this Regulation, the delegated acts adopted pursuant to this Regulation and all other relevant acts adopted pursuant to the Treaties. That examination may take account of the multiannual character of programmes and related supervisory and control systems.

#### **Transitional provisions**

Waiting for the adoption of the programmes under the post-2027 MFF in order to start using the new single integrated and interoperable information and monitoring system is disproportionately long. Therefore, Members proposed that the date of application of 1 January 2026 should provide sufficient time for the development of the system and the adaptation of the various involved systems.

## **Amendments to the Financial Regulation. Recast**

2022/0162(COD) - 14/03/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 437 votes to 45, with 72 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (recast).

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

- in the implementation of the budget, Member States and the Commission should ensure compliance with the **Charter of Fundamental Rights** of the European Union, and respect the Union values enshrined in Article 2 TEU;

The Regulation should enable authorising officers, where relevant in accordance with sector-specific rules, to adopt **appropriate measures** and take action to protect the budget, for example through suspension of payments, in cases where the implementation by a Member State of an action financed from Union funds is affected by that Member State's non-respect of relevant Union values and fundamental rights;

- in order to **increase transparency and visibility in the presentation of assigned revenue** while maintaining the substance of the information previously provided, detailed information on the estimated amount of the internal and external assigned revenue to be received, and the foreseen allocation to the relevant budget lines should be provided in an annex, which forms an integral part of the budget;

- the **reporting requirements** on the implementation of the internal and external assigned revenue in the preceding year should be clarified. This will ensure that all information on the implementation of assigned revenue and forecast of assigned revenue to be received is presented in a clear and accessible manner;

- the Commission should only accept such **donations** where acceptance is in accordance with the principles of sound financial management and transparency, does not give rise to conflicts of interest, does not harm the image of the Union and does not harm or risk harming the security or public order of the Union or Member States;

- **specific performance indicators** for the budget should be introduced to track the spending on gender equality, as well as on climate change mitigation and adaptation and the protection of biodiversity;

- where feasible and appropriate, the Commission and Member States should respect relevant applicable national law, Union law, conventions of the International Labour Organization (ILO) and collective agreements when implementing programmes and activities funded by the budget;

- the **single integrated IT system** should be developed with a view to avoiding double reporting and reducing administrative burden for Member States and other implementing entities. The Commission should act as the controller and be responsible for the development, management and supervision of the single integrated IT system. Data available through the single integrated IT system should be made available to the European Parliament and the Council on a case-by-case basis to the extent necessary and proportionate to the exercise of their respective competences, in the context of the discharge procedure for the Commission;

- when the Union contribution takes the form of **financing not linked to costs** and where reimbursement is based on results, the achievement of those results should be measured by either pre-defined milestones or targets, and the achievement of such milestones or targets should be verified before the contribution is paid;

- where **irregularities or fraud** are subsequently discovered to have taken place during an award procedure, the authorising officer responsible should take certain corrective measures unless it is justified not to do so, for example where implementation of the legal commitment is in the interests of the institution or body concerned, or where there is a need to guarantee continuity of service;
- the persons and entities involved in budget implementation to get access to the **early detection and exclusion database** and verify the exclusions decided upon by the authorising officers at Union level. The early detection and exclusion database should be consulted prior to awarding or selecting a person or entity for implementing and receiving Union funds;
- the financial rules laid down in this Regulation should be kept **simple and clear** in order to avoid gold-plating and additional administrative burdens for the recipients of Union funds, Member States, Union institutions or other persons and entities implementing the budget;
- in a **crisis situation**, it should be possible, exceptionally, to add new contracting authorities after the launch of a procurement procedure and before the contract signature or following a modification of a contract without restricting competition;
- the assessment of **conflicts of interest** and the obligation to put in place systems to detect and prevent such conflicts should respect the principle of proportionality. Guidelines on the assessment of conflicts of interest should provide greater clarity for those responsible for assessing such situations at national and EU level, in order to improve legal certainty;
- to ensure consistency between the rules applicable to Member States and the procurement procedures under this Regulation, Union institutions, Union bodies and executive agencies should apply mutatis mutandis the same rules and procedures on **foreign subsidies** laid down in Regulation (EU) 2022/2560;
- it is necessary to introduce a new category of a **very low value grant** of an amount of up to EUR 15 000 with a view to simplifying administrative requirements for applicants for Union funding;
- in view of the expected complexity of operations needed to satisfy the urgent financing needs of Ukraine, and to anticipate possible future borrowing and lending operations, it is appropriate to establish a **diversified funding strategy** as the single funding method for implementation of borrowing operations. The diversified funding strategy should be implemented through all necessary transactions aiming at a regular capital market presence, should be based on pooling of funding instruments and shall make use of a common liquidity pool. The Commission should establish the necessary arrangements for the implementation of the diversified funding strategy. The Commission should regularly and comprehensively inform the European Parliament and the Council about all aspects of its borrowing and debt management strategy;
- the Union may make contributions in the form of financing not linked to costs to multi-donor, pooled funded **global initiatives** when these support the achievement of Union policy objectives. Prior to any decision to contribute to a global initiative and as early as possible, the Commission should inform the European Parliament and the Council about the amount of the contribution to the global initiative, explaining the reasons and appropriateness of the contribution.

## Amendments to the Financial Regulation. Recast

2022/0162(COD) - 16/05/2022 - Legislative proposal

**PURPOSE:** to revise the Financial Regulation to align it with the MFF package (recast).

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** the Financial Regulation lays down the principles and general financial rules for establishing and implementing the EU budget and controlling EU finances. The 2018 Financial Regulation is the result of a major revision, incorporating the previous Rules of Application into a single rulebook. The revision increased flexibility, simplified financial rules considerably and paved the way for the proposals under the 2021-2027 multiannual financial framework (MFF).

These simpler rules need time to harness their full potential for the implementation of the 2021-2027 programmes and instruments, for example on the single audit approach, cross-reliance on audits and assessments, simplified cost options, reduced administrative burden, and the focus on results. Changing financial rules too often creates uncertainty for recipients of EU funds.

**CONTENT:** with this proposal, the Commission is proposing a **targeted amendment**, aiming to strike the right balance by focusing on changes that are really necessary. The main reason for this revision is the need to align the Financial Regulation with the MFF package, to maintain a

single rulebook governing the expenditure of the Union, meaning that all general financial rules are included in the Financial Regulation. This will provide greater legal certainty for Union institutions and recipients of Union funds. The proposal also reflects declarations made by the EU institutions in the context of the MFF.

The specific provisions of the proposal concern the following areas:

### ***Alignment with the MFF***

To ensure smooth implementation of the MFF Regulation, certain derogations from the budgetary principles set out in the sectoral basic acts are proposed to be reflected in the Financial Regulation in line with the single rulebook approach.

## ***Borrowing and lending***

The proposed amendment streamlines the reporting obligations for borrowing and lending operations. It codifies the current practice by including in the document annexed to the section of the budget relating to the Commission a comprehensive overview of the Commission's borrowing and lending operations.

## ***Assigned revenue***

The proposal aims to increase the transparency and visibility of external assigned revenue in the documents accompanying the budget. It also aims to facilitate the management of additional contributions (including voluntary ones) from Member States, thus avoiding the need to request payments from Member States before actual payment needs arise.

## ***Financial instruments and budgetary guarantees***

The proposal aims to enhance legal clarity by: (i) addressing inconsistencies and redundancies in the current Financial Regulation; (ii) better reflecting the functioning of provisioning and of budgetary guarantees; and (iii) updating relevant rules.

## ***Non-financial donations by EU institutions***

The proposal will provide a framework for the EU institutions to donate goods, services, supplies or works. It will also provide a stable legal basis in particular for future emergency situations, more transparency, accountability and legal certainty for recipients.

Similar to the introduction of non-financial donations, the EU institutions should also be able to award prizes which are not financial, such as vouchers, tickets and trips.

## ***Procurement and experts***

The proposal adapts the procurement rules that apply in crisis management situations to enable EU institutions or bodies to procure on behalf of Member States or to act as a central purchasing body. This **central purchasing body** would be able to donate or resell supplies and services to Member States, and launch joint procurement procedures, although the EU institutions would not be acquiring services and supplies for themselves. The proposal also updates the definition of crisis to include public and animal health, food safety emergency situations and global health threats such as pandemics.

Other simplification measures and technical corrections and updates enable multisourcing contracts, correct inconsistencies and omissions, and clarify digitisation of procurement procedures.

## ***Grants***

The proposal includes technical updates, simplification, clarifications and corrections. It clarifies rules on simplified forms of grants and lays down that the 50% limit for volunteers' costs applies to the total financing of an action. To increase transparency, a definition of NGOs is added, while grant applicants would need to declare their legal status and confirm whether they are NGOs.

## ***Digitalisation***

The proposal supports the Commission's commitment to be digital by default. It increases the efficiency and quality of controls and audits with the help of digitalisation and emerging technologies such as data-mining, machine learning, robotic process automation and artificial intelligence.

## ***Green transition***

Importantly, this proposal also aims to adjust the Financial Regulation to ensure that budget implementation effectively helps achieve the **European Green Deal**. Furthermore, to facilitate the greening of EU buildings, the possibility to use loans to finance building renovation is inserted in the proposed Regulation. When relevant, calls for tenders in public procurement procedures should include green award or selection criteria to incentivise economic operators to offer more sustainable options.

## ***Early-detection and exclusion system***

The proposal seeks to strengthen the system by better targeting its application to funds under both shared management and direct management where funds are disbursed as financial contributions to Member States, for instance under the Recovery and Resilience Facility. The aim is to prevent Member State authorities from selecting **fraudulent economic operators** to carry out projects, and to **better protect the Union budget against serious misconduct** without waiting for the final outcome of national procedures.

## ***Single integrated IT system for data-mining and risk-scoring***

The proposal aims to improve the quality and interoperability of data on recipients of Union funding and on those ultimately benefitting, directly or indirectly, from Union funding. To effectively prevent, detect, investigate and correct frauds or remedy irregularities, it is necessary to be able to identify the natural persons who are the beneficial owners of the recipients and who ultimately profit from the misuse of Union funding. This is achieved by standardising the electronic recording and storage of data on the recipients of Union funding and their beneficial owners for control and audit purposes. Moreover, there would be an obligation to use a single integrated IT system for data-mining and risk-scoring (provided by the Commission) to access and analyse those data on the recipients of Union funding. This system would considerably facilitate the identification of risks of fraud, corruption, double funding, conflict of interest and other irregularities.

## ***Transparency***

The proposal aims to improve the information provided to the public on the use of the Union budget and on recipients of Union funding. This is achieved by requiring Member States implementing the Union budget under shared management, entities implementing the Union budget under indirect management, and other Union institutions and bodies to send information to the Commission on their recipients of Union funding at least once a year. The Commission would add to the above information the data it has on direct management and would be responsible for consolidating, centralising and publishing the information in a database on a **single website**, covering all methods of Union budget implementation, including by other Union institutions and bodies.