Procedure file

Basic information

DEC - Discharge procedure	2014/2075(DEC)	Procedure completed
2013 discharge: EU general budget, European Commission and executive agencies Subject 8.70.03.03 2013 discharge		

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control		26/09/2014
		GRÄSSLE Ingeborg	
		Shadow rapporteur	
		LIBERADZKI Bogusław	
		LIBERADZKI Bogusław	
		KÖLMEL Bernd	
		VISTISEN Anders Primdahl	
		THEURER Michael	
		THEURER Michael	
		DE JONG Dennis	
		DE JONG Dennis	
		STAES Bart	
		STAES Bart	
		VALLI Marco	
		VALLI Marco	
		NI ALIOT Louis	
	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs		20/10/2014
		JÄÄTTEENMÄKI Anneli	
	DEVE Development		18/11/2014

		MCAVAN Linda	
INTA	International Trade	BÖGE Reimer	07/10/2014
BUDG	Budgets	The committee decided not to give an opinion.	
ECON	Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL	Employment and Social Affairs	HARKIN Marian	03/11/2014
ENVI	Environment, Public Health and Food Safety	LA VIA Giovanni	13/10/2014
ITRE	Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO	Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN	Transport and Tourism	PIRINSKI Georgi	18/11/2014
REGI	Regional Development	MIHAYLOVA Iskra	04/11/2014
AGRI	Agriculture and Rural Development	JAHR Peter	06/10/2014
PECH	Fisheries	CADEC Alain	16/10/2014
CULT	Culture and Education	MAURA BARANDIARÁN Fernando	06/10/2014
JURI	Legal Affairs	The committee decided not to give an opinion.	
LIBE	Civil Liberties, Justice and Home Affairs	GUILLAUME Sylvie	10/11/2014
AFCO	Constitutional Affairs	The committee decided not to give an opinion.	
FEMM	Women?s Rights and Gender Equality	GARCÍA PÉREZ Iratxe	03/09/2014
PETI	Petitions	The committee decided not to give an opinion.	

Council of the European Union	Council configuration	Meeting	Date

European Commission	Economic and Financial Affairs ECOFIN	3370	17/02/2015
	Commission DG	Commissioner	
	Budget	GEORGIEVA Kristalina	

Key events

30/07/2014	Non-legislative basic document published	COM(2014)0510	Summary
20/10/2014	Committee referral announced in Parliament, 1st reading/single reading		
17/02/2015	Debate in Council	3370	Summary
24/03/2015	Vote in committee, 1st reading/single reading		
31/03/2015	Committee report tabled for plenary, single reading	A8-0101/2015	Summary
28/04/2015	Debate in Parliament		
28/04/2015	Debate in Parliament		
29/04/2015	Results of vote in Parliament		
29/04/2015	Decision by Parliament, 1st reading/single reading	T8-0118/2015	Summary
29/04/2015	End of procedure in Parliament		
30/09/2015	Final act published in Official Journal		

Technical information

Procedure reference	2014/2075(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/01216

Documentation gateway

Supplementary non-legislative basic document		COM(2014)0486	17/07/2014	EC	Summary
Non-legislative basic document		COM(2014)0510	30/07/2014	EC	Summary
Document attached to the procedure		COM(2014)0607	26/09/2014	EC	Summary
Document attached to the procedure		SWD(2014)0285	26/09/2014	EC	Summary
Document attached to the procedure		SWD(2014)0286	26/09/2014	EC	Summary
Document attached to the procedure		COM(2014)0615	03/10/2014	EC	
Document attached to the procedure		SWD(2014)0293	03/10/2014	EC	
Committee opinion	REGI	PE541.658	20/01/2015	EP	
Committee opinion	DEVE	PE541.411	21/01/2015	EP	
Committee opinion	FEMM	PE541.590	21/01/2015	EP	

Committee opinion	AGRI	PE539.853	23/01/2015	EP	
Committee opinion	INTA	PE541.644	23/01/2015	EP	
Committee opinion	CULT	PE541.300	26/01/2015	EP	
Supplementary non-legislative basic document		05305/2015	30/01/2015	CSL	Summary
Document attached to the procedure		05303/2015	30/01/2015	CSL	Summary
Committee opinion	EMPL	PE541.520	30/01/2015	EP	
Committee opinion	ENVI	PE541.527	02/02/2015	EP	
Committee opinion	LIBE	PE541.395	06/02/2015	EP	
Committee opinion	AFET	PE541.332	10/02/2015	EP	
Committee draft report		PE539.748	12/02/2015	EP	
Committee opinion	PECH	PE541.680	25/02/2015	EP	
Committee opinion	TRAN	PE544.386	25/02/2015	EP	
Document attached to the procedure		COM(2015)0089	26/02/2015	EC	Summary
Document attached to the procedure		SWD(2015)0018	26/02/2015	EC	
Amendments tabled in committee		PE539.819	09/03/2015	EP	
Committee report tabled for plenary, single reading		A8-0101/2015	31/03/2015	EP	Summary
Text adopted by Parliament, single reading		T8-0118/2015	29/04/2015	EP	Summary

Final act

Budget 2015/1616
OJ L 255 30.09.2015, p. 0025 Summary

2014/2075(DEC) - 17/07/2014 Supplementary non-legislative basic document

Pursuant to Title VII of the Financial Regulation, the Commission presented a paper on the certification of the accounts of the European Union for the financial year 2013.

The paper proposes a consolidated overview of the financial statements of the EU budget with indicative tables outlining heading by heading expenditure as well as indicative and explanatory notes to the consolidated accounts.

The document presents in particular:

- the budget sheet (assets - liabilities);
- a statement of financial performance;
- cashflow statement;
- the statement of changes in net assets of the budget.

The second part of the paper focuses on the implementation of the budget, in particular a detailed overview of the implementation of EU expenditure by policy, highlighting the link between the budget resources and the actual expenditure.

Financial Framework 2007-2013: the document states that 2013 was the seventh and last year of the 2007-2013 financial framework.

The total level of commitments for 2013 was EUR 152.502 billion, representing 1.15% of Member States' GNI.

The total level of payments for 2013 was EUR 144.285 billion, ie 1.08% of Member States' GNI.

Recalling the objectives of each of the budget headings identified in the financial framework, the Commission document stresses the importance of the use of Activity Based Management (ABM).

ABB involves a budget structure where budget titles correspond to policy areas and budget chapters to activities. ABB aims to provide a clear framework for translating the Commission's policy objectives into action, either through legislative, financial or any other public policy means. By structuring the Commission's work in terms of activities, a clear picture is obtained of the Commission's undertakings and simultaneously a common framework is established for priority setting. Resources are allocated to priorities during the budget procedure, using the activities as the building blocks for budgeting purposes.

In conclusion, by establishing such a link between activities and the resources allocated to them, ABB aims to increase efficiency and effectiveness in the use of resources in the Commission.

2014/2075(DEC) - 30/07/2014 Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2013, as part of the 2013 discharge procedure.

Analysis of the accounts of the EU Institutions: Section III - European Commission.

Legal reminder: the consolidated annual accounts of the European Union for the year 2013 have been prepared on the basis of the information presented by the institutions and bodies under Article 148(2) of the Financial Regulation applicable to the general budget of the European Union as well as in accordance with Title IX of this Financial Regulation.

(1) Purpose: the document helps to bring insight into the EU budget mechanism and the way in which the budget has been managed and spent in 2013. In this regard, the document recalls the EU's operational expenditure covers the various headings of the financial framework and takes different forms, depending on how the money is paid out and managed.

For the 2013 accounts, the Commission classifies its expenditure as follows:

- direct centralised management: this is where the budget is implemented directly by the Commission services;
- indirect centralised management: this refers to cases where the Commission confers tasks of implementation of the budget to bodies of EU law or national law, such as the EU agencies;
- decentralised management: these are the cases where the Commission delegates certain tasks for implementation of the budget to third countries;
- shared management: under this method of management budget implementation tasks are delegated to Member States. The majority of the expenditure falls under this mode covering such areas as agricultural spending and structural actions;
- joint management: under this method, the Commission entrusts certain implementation tasks to an international organisation.

The document also presents the different financial actors involved in the budget process (accounting officers, internal officers and authorising officers) and recalls their respective roles in the context of the tasks of sound financial management.

Amongst the other legal elements relating to the implementation of the EU budget presented in this document, the paper focuses on the following issues:

- accounting principles applicable to the management of EU spending (business continuity, consistency of accounting methods, comparability of information ...);
- consolidation methods of figures for all major controlled entities (the consolidated financial statements of the EU comprise all significant controlled entities institutions, organisations and agencies);
- the recognition of financial assets in the EU (tangible and intangible assets, financial assets and other miscellaneous investments);
- the way in which EU public expenditure is committed and spent, including pre-financing (cash advances intended for the benefit of an EU organ);
- the means of recovery following irregularities detected;
- the modus operandi of the accounting system;
- the audit process followed by the European Parliament's granting of the discharge.

To recap, the final control is the discharge of the budget for a given financial year. The discharge represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission from its responsibility for management of a given budget by marking the end of that budget's existence. When granting discharge, Parliament may make observations which it considers important and often recommend that the Commission take action concerning these matters.

The document also details specific expenditure of the institutions, in particular: (i) pensions of former Members and officials of institutions; (ii) joint sickness insurance scheme and (iii) buildings.

The document also presents a series of tables and detailed technical indicators on (i) the balance sheet; (ii) the economic outturn account; (iii) cashflow tables; (iv) technical annexes concerning the financial statements.

(2) Balance sheet of financial implementation: achievements and difficulties in implementation: in addition to legal aspects regarding the way in which the Unions expenditures are implemented, the document highlights the difficulties relating to the management and execution of certain of the Unions expenditures:

(a) Amounts to be called from Member States: the total amounts to be called from Members States at 31.12.2013 are approximately EUR 50 billion. This amount represents that part of the expenses already incurred by the Commission up to 31 December 2013 that must be funded by future budgets. The inclusion in the accounts of these liabilities coupled with the fact that the corresponding amounts are financed from future budgets, results in liabilities greatly exceeding assets at the year-end. The most significant amounts to be highlighted are the EAGF activities.

The document states that the above has no effect on the budget result budget revenue should always equal or exceed budget expenditure and any excess of revenue is returned to Member States.

(b) Financial correction and recoveries: the document provides an overview of the correction of errors and irregularities discovered, in particular in the part of the EUs budget that is implemented by means of shared management (i.e. some 80% of the total budget). In the context of shared management, the Commission relies on Member States for the implementation of EU programmes i.e. the EU contribution is paid to the Member States, generally to a specific paying agency, which is then responsible for the payments made to beneficiaries. As a result, Member States are the primary party responsible for the prevention, detection and correction of errors and irregularities committed by the beneficiaries, while the European Commission ensures an overall supervisory role (i.e. verifying the effective functioning of Member States management and control systems).

The total amount of financial corrections and recoveries implemented in 2013 decreased by 25% compared to 2012. The increase of recoveries implemented in 2013 by 27% was offset by the decrease of financial corrections implemented in 2013 by 34%. This reduction is due to a significant case related to the implementation, and therefore recognition, in 2012 of a financial correction of EUR 1.8 billion concerning Cohesion programmes 2000-2006 in Spain (representing 49% of the total amount of financial corrections implemented in 2012). Out of the amount of EUR 1 759 million that concerned Cohesion policy, EUR 693 million related to the 2007-2013 programming period, EUR 889 million related to the 2000-2006 programming period, and the remaining amount of EUR 177 million related to the 1994-1999 programming period.

(c) Pre-financing: pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. If the beneficiary does not incur eligible expenditures, he has the obligation to return the pre-financing advance to the European Union. At 31.12.2013, total long-term pre-financings amounted to EUR 38.072 billion compared with EUR 44.505 million at the end of 2012. Pre-financing represents a large portion of the EUs total assets, and thus receives proper and regular attention. It should be noted that the level of pre-financing amounts in the various programmes must be sufficient to ensure the necessary float for the beneficiary to start the project, while also safeguarding the financial interests of the EU. The most significant non-current pre-financing amounts relate to Structural Actions for the 2007-2013 programming period: the regional development fund (ERDF) and the cohesion fund (CF) EUR 19.6 billion, the social fund (ESF) EUR 5.6 billion, the agricultural fund for rural development (EAFRD) EUR 5.2 billion and the fisheries fund (EFF) EUR 600 million.

(d) RAL (budgetary commitments made, payments still pending): the budgetary RAL ("Reste à Liquider")) is an amount representing the open commitments for which payments and/or de-commitments have not yet been made. At 31 December 2013, the budgetary RAL amounted to EUR 222.41 billion (2012: EUR 217.81 billion).

(e) Borrowing and lending activities of the EU: the document provides information on the EUs borrowing and lending activities - the European Financial Stability Facility (EFSF - not guaranteed by the EU budget and the amounts of which are not consolidated in the EU accounts) and the European stability Mechanism (ESM which entered into force on 1 July 2013 and is the only permanent mechanism that responds to requests for financial assistance from the Member States of the euro area. It must also be noted that the EU budget will not guarantee ESM borrowings. As this mechanism has its own legal personality and is funded directly by the Eurozone Member States, it is not an EU body and it has no impact on either the EU accounts or the EU budget. The document also highlights the level of risk that macro-financial assistance granted to third countries has for the EU.

(3) Implementation of the budget for the 2013 financial year: the document also comprises a series of annexes containing figures, the most important of which relates to budgetary implementation:

(a) table on the implementation of commitment appropriations by heading and rate of implementation:

- Sustainable growth: EUR 72.69 billion; rate of implementation: 96.84%;
- Preservation and management of natural resources: EUR 61.46 billion; 98.28%;
- Citizenship, freedom, security and justice: EUR 2.78 billion; 97.59%;
- EU as a global player: EUR 9.79 billion; 97.78%;
- Administration: EUR 8.87 billion; 95.57%;
- Compensations: EUR 75 million; 100%.

Total commitments: EUR 155.66 billion; 97.4%.

(b) table on the execution of payment appropriations by heading and rate of implementation:

- Sustainable growth: EUR 71.24 billion; rate of implementation: 96.89%;
- Preservation and management of natural resources: EUR 59.52 billion; 98.54%;
- Citizenship, freedom, security and justice: EUR 1.88 billion; 85.71%;
- EU as a global player: EUR 7.05 billion; 97.99%;
- Administration: EUR 8.69 billion; 86.44%;
- Compensations: EUR 75 million; 100%.

Total payments: EUR 148.47 billion; 96.75%.

(c) budget implementation conclusions: lastly, the document provides details on the implementation of the budget in more political terms. The year 2013 was the last year of the programming period 2007-2013. The initial budget for all institutions set commitment appropriations at EUR 150 898 million, representing an increase of 1.7% compared to the final 2012 budget. Payment appropriations were finally set at EUR 132 837 million, after a cut of EUR 4.96 billion to the Draft Budget 2013. This meant a decrease of 2.2% compared to the final budget for 2012. The initial level of payment appropriations in 2013 corresponded to 0.99% of the Union's GNI and left a margin of EUR 11.24 billion below the financial framework ceiling.

For commitments, the final budget appropriations, and hence the political targets set, were fully implemented (99.7% excluding the un-mobilised reserves). The most notable adjustments by means of amending budgets during the year concerned the amounts necessary to accommodate the accession of Croatia (EUR 655 million), the mobilisation of the European Union Solidarity Fund (EUR 415 million), unforeseeable expenditure by its very nature, and additional commitments under heading 1b for France, Italy and Spain (EUR 150 million), arising from an agreement by the European Council to increase their allocation under the structural funds. The total implementation of EUR 151 080 million left EUR 1 011 million unused.

Payment claims and outstanding claims: the total increases to the initial budgeted payment appropriations, introduced via amending budgets amounted to EUR 11.6 billion. Confronted with the heavy pressure of payment claims and the backlog of outstanding claims from 2012, the Budget Authority adopted increases of EUR 11.2 billion in payment appropriations. This brought the level of payment appropriations up to that of the ceiling of the financial framework, helping to reduce the growth of outstanding commitments (RAL).

The total implementation of final budget payment appropriations was EUR 142 883 million, being 98.9%. This is EUR 8 billion more than in 2012 but also EUR 7 billion more than the financial framework ceiling for 2014. Nevertheless the backlog of unpaid payment claims at year-end increased further to EUR 26.2 billion. Once account is taken of the carryover of payment appropriations to 2014, a total of EUR 238 million lapses. More than half of lapsing Commissions appropriations arise from the rejection by the Councils refusal to transfer appropriations related to the salary adjustment. From payment appropriations carried forward from 2012, an amount of EUR 97 million was cancelled.

2014/2075(DEC) - 26/09/2014 Document attached to the procedure

FOLLOW-UP TO 2012 COMMISSION DISCHARGE - REPLIES TO REQUESTS FROM THE COUNCIL

This Commission Staff Working Paper completes the Report from the Commission to the European Parliament and the Council on the Follow-up to the 2012 Discharge.

An overview of these replies may be found in the summary of COM(2014)0607 (please refer to the summary of the document in question).

This working document presents in detail the answers to 79 specific requests made by the Council in the comments accompanying its Recommendation on the 2012 Discharge.

Many of these requests have been classed under the following headings:

- Chapter 1 - The Statement of Assurance and Supporting Information
- Chapter 2 - Revenue
- Chapter 3 - Agriculture: Market and Direct Support
- Chapter 4 - Rural Development, Environment, Fisheries and Health
- Chapter 5 - Regional Policy, Energy and Transport
- Chapter 6 - Employment and Social Affairs
- Chapter 7 - External Relations, Aid and Enlargement
- Chapter 8 - Research and Other Internal Policies
- Chapter 9 - Administrative and Other Expenditure

For each of these chapters, the Commission replies point by point to the Councils requests and proposes a framework of appropriate measures where necessary.

Financial framework 2014-2020 and consistency with the Councils requests: the Council calls on all actors in the Commission, the Court and Member States to take advantage of the new legal framework and to pursue efforts towards developing a performance framework as to ensure that expected results and impacts laid down in the sector-specific regulations are achieved. This includes, among others, a consistent application of SMART objectives, using milestones and suitable indicators to evaluate on an annual basis the performance of multiannual programmes and to ensure that the financial resources have been spent correctly.

The Commission has been working for several years to strengthen its performance framework through a step-by-step approach. It has:

1. ensured that the legal bases of the 2014-2020 spending programmes include a more coherent framework for monitoring, evaluation and reporting on their performance;
2. incorporated the performance framework into the Directorates-General (DGs) 2014 management plans.

This approach is clearly laid down in the New Financial Regulation.

Lastly, the Commission recalls that the co-legislators were closely involved in the setting of the programme objectives and performance indicators.

2014/2075(DEC) - 26/09/2014 Document attached to the procedure

FOLLOW-UP TO THE COMMISSION DISCHARGE DETAILED REPLIES TO REQUESTS BY THE EUROPEAN PARLIAMENT

This Commission Staff Working Paper completes the Report from the Commission to the European Parliament and the Council on the Follow-up to the 2012 Discharge.

An overview of these replies may be found in the summary of COM(2014)0607 (please refer to the summary of the document in question).

This working document presents in detail the answers to 353 specific requests made by the European Parliament in its Resolutions forming an integral part of its Decision on the 2012 Discharge.

Many of these requests have been classed under the following headings:

- Agriculture and Regional Policy: deficiencies in the Commissions and the Member States management
- Commission reserves
- Binding commitments
- The Court of Auditors Statement of Assurance
- Revenue
- Agriculture
- Regional policy, energy and transport
- Commission Task Force for Greece
- Employment and Social Affairs
- External Relations
- Research and other internal policies
- OLAF
- Tobacco smuggling
- Lack of progress in Bulgaria
- Roma issue

- Information and Telecommunication Policy
- Studies and advice/consultation from external providers.

For each of these chapters, the Commission replies point by point to the Parliaments requests and proposes a framework of appropriate measures where necessary.

Improve the implementation of the Community budget: Members asked the Commission to ensure that the budget meets the main objectives of the Union.

The Commission states that in general the reporting policy is already heading towards strengthening fiscal performance. Thus, each of the budget heading gives a detailed view, through its relevant programmes, the following:

1. the results of financial programmes in line with the Europe 2020 strategy;

2. an overview of the performance results where they are available;

3. a detailed view of the operational aspects of this performance.

These aspects were further strengthened in the context of the 2014-2020 financial framework and the related financial programmes, as adopted by the co-legislators.

2014/2075(DEC) - 26/09/2014 Document attached to the procedure

FOLLOW-UP TO THE 2012 COMMISSION DISCHARGE: FOLLOW-UP ON THE EUROPEAN PARLIAMENT AND COUNCIL RECOMMENDATIONS

Preliminary comment: this document is the Commission's report to the European Parliament (EP) and the Council on the follow-up to the discharge for the 2012 financial year, pursuant to Article 319(3) of the Treaty on the Functioning of the European Union. The Commissions replies to the key requests from the EP and the Council are available in two Commission Staff Working Documents (SEC(2014)285 and SEC(2014)286 attached to this procedure file). These documents contain replies to 353 EP and 77 (79 in total, but 2 are addressed to the Court of Auditors) Council specific discharge observations (8 from EP) and requests.

This report summarise the Commissions responses to the main requests of the European Parliament and the Council.

CONTENT: the report focuses on the binding commitments highlighted by the European Parliament in its general discharge resolutions.

The Commission agrees to start new actions on 142 requests (108 from the EP and 34 from the Council). It considers that for 240 requests (199 from the EP and 41 from the Council), the required action has already been taken or is on-going, though in some cases the results of the actions will need to be assessed.

Finally, for reasons related to the existing legal and budgetary framework or its institutional role or prerogatives, the Commission cannot accept 40 requests (38 from the EP and 2 from the Council).

The Commissions replies to requests from the Parliament and the Council may be summarised as follows:

Binding commitments: Parliament specifically highlights a large number of binding commitment of legal, audit, institutional, accountability and financial nature. The Commission showed its formal commitment to implement fully and timely a series of actions and measures related to the issues identified by these commitments.

Amongst these actions, on notes the following salient measures:

Reservations expressed in the annual activity reports (AARs) of several DGs: Parliament considers a priority that the Commission proves that it has taken the necessary measures to overcome the concerns relating to reservations. The Commission has already taken a series of fundamental measures. The Commission reports the serious weaknesses identified in the execution of the EU budget through reservations in the AARs of the Commission's Directors-General and discloses the resulting risk for the EU budget. A reservation always goes hand in hand with a clear action plan to tackle the problem identified in the management of EU funds and, if the regulatory conditions are met, the Commission may interrupt or suspend the respective payments. The Commission follows up these reservations and the corresponding action plans by monitoring the progress of the underlying work to implement them. A reservation will be lifted only once the Commission has obtained reliable evidence that the weaknesses have been addressed through the implementation of appropriate actions by the Member State, the adequate correction procedures have been launched, and the new system has proved its reliability in practice. AARs show in a transparent way how the Commission fulfils its responsibility in this area in particular as regards DG AGRI and REGIO.

Better definition and application of rules by Member States: the Commission has adopted delegated acts governing areas under shared management under the new Multiannual Financial Framework (MFF) 2014-2020. The delegated act based on the Common Provisions Regulation (CPR) provides detailed rules to enable the mechanism of financial corrections (FC) to work effectively by defining clearly the criteria for determining "serious deficiencies" which trigger the procedure for net financial corrections (NFC).

The European Parliament asked for the application of progressively increasing payment reductions and administrative sanctions where eligibility criteria have not been respected by the final beneficiary receiving direct payments or rural development support and recurrent Land Parcel Identification System LPIS shortcomings. This type of system of progressively increasing reductions and exclusions of payments is now provided under the European legislation. Member States should apply these provisions without prejudice to financial corrections that the Commission may impose at the level of the Member States. In the area of Agriculture, payments will be suspended in all cases where national remedial actions to address identified serious deficiencies are not carried out in a proper and timely manner.

Step up Member Statess first-level checks and render them more stringent: this request is addressed to Member States. The Commission constantly encourages the Member States to strengthen their controls. The set of regulations adopted for the programming period 2014-2020 contains some provisions which should lead to improving the effectiveness of control checks at national level, including the introduction of net financial corrections that aims at creating an incentive for Member States to implement effective management and control systems, and the strengthened use of simplification, in particular concerning simplified cost options, which should result in a reduction of errors. Specific measures are also provided as regards agriculture in terms of clawing back amounts made to France and Portugal in 2006 and 2008.

To resolve the problems occurring in paying agencies whose residual risk of error lies above the materiality threshold of 2% with special focus on France, Bulgaria, Romania, Portugal and Latvia. Under shared management, it is the MS that has to assume the primary responsibility for ensuring that actions financed by the budget are implemented correctly in accordance with the rules. The role of the Commission consists rather in an overall supervision by verifying the effective functioning of Member States's management and control systems through conformity clearance procedures and applying NFC to protect the EU budget. In its 2013 AAR, for PAs with an adjusted residual error rate between 2% and 5%, DG AGRI assessed paying agencies with an adjusted residual error rate between 2% and 5%.

Paying agencies with an adjusted residual error rate above 5% were automatically subject to a reservation. DG AGRI made 62 reservations. In addition, DG AGRI audit activities are driven by a central risk analysis covering all CAP expenditure in all Member States. Member States, measures and programmes affected by higher risks will be audited as a matter of priority.

Lastly, the report stressed the need to continue to improve the Annual Activity Reports (AAR) of the different DGs and to strengthen the budgets protection measures. In this respect, the report states that the use of interruptions, suspensions, financial corrections, and recoveries will be detailed in the next annual report on the protection of the Union budget, as well as the results of the Member States corrective work.

It should be noted that the report mentions the state of play of the procedure against OLAF and the former European Commissioner Mr Dalli.

2014/2075(DEC) - 30/01/2015 Supplementary non-legislative basic document

Having regard to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes and in particular Article 14(3) thereof, and to Commission Regulation (EC) No 1653/2004 on a standard financial regulation for the executive agencies, the Council addressed the following recommendations to the European Parliament as regards the discharge to the given to the executive agencies.

At its meeting on 30 January 2015, the Budget Committee examined the six specific annual reports of the European Court of Auditors related to executive agencies.

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 as well as the report by the Court of Auditors on the annual accounts of the Executive Agencies, accompanied by the Executive Agency's replies, the Council hereby recommended the European Parliament to give a discharge to each of the Directors of the Executive Agencies in respect of the implementation of the budget for the financial year 2013.

The Council considered that a certain number of observations should be taken into account when granting discharge.

The Council Recommendations may be summarised as follows:

- **Education, Audiovisual and Culture Executive Agency**: the Council noted that a high level of commitment appropriations was still carried over to 2014. It invited the Executive Agency to continue improving its financial management by systematically scrutinising carry-overs of appropriations to the following budgetary year and by limiting them to the minimum necessary.
- **Executive Agency for Competitiveness and Innovation**: the Council urged the Executive Agency to take actions to improve its budget planning and monitoring of the budget implementation, in order to reduce the level of commitments carried over and the amounts cancelled at the end of the following year to the strict minimum.
- **Executive Agency for Health and Consumers**: the Council regretted the weaknesses detected by the Court in relation to budget planning. It called to improve its financial programming and monitoring of the budget implementation, in order to reduce the level of appropriations cancelled at the end of the following year to the minimum necessary.
- **Trans-European Transport Network Executive Agency**: the Council invited the Executive Agency to gather supporting documents and strengthen the ex-ante verification on the charges for its premises. Moreover, the Council regretted the shortcomings detected by the Court in field of exemption from indirect taxes. The Council urged the Executive Agency to continue to improve its financial programming and monitoring of the budget implementation, in order to reduce the level of commitments carried over to the next financial year to the strict minimum.

As regards the **Research Executive Agency and the European Research Council Executive Agency**, no particular comments were made by the Council.

2014/2075(DEC) - 17/02/2015 Debate in Council

At the Economic and Financial Affairs Committee on 17 February 2015, the Council recommended the European Parliament to give a discharge to the Commission for implementation of the 2013 EU budget. This recommendation was prepared on the basis of the Court of Auditors' annual report.

Main findings: the Council noted that the error rate for payments in 2013 remained relatively stable compared to the previous year. However, it regretted that the EU budget continues to be affected by an error rate above the materiality threshold of 2%. At the same time, the Council recalled that the error rate is not a measure of fraud, inefficiency or waste of funds.

The Council recognised the efforts made by the Commission and member states to implement the Court of Auditors' recommendations of previous years to improve the management and control of EU funds.

It noted that policies for which management is shared by the Commission and the Member States remain more affected by error than policies directly managed by the Commission. The Council regretted that for an important part of the transactions under shared management affected by error, national authorities had enough information to detect and correct the errors concerned. It called on the Commission to continue exercising its supervisory role and to provide guidance to Member States in order to ensure that spending is in line with the rules.

Funds directly managed by the Commission: the Council regretted the recurrent increase in the error rate for most policies. It urged the Commission to continue improving its control system.

Lastly, some delegations emphasised the importance of Member States taking full responsibility for maintaining - and where necessary improving - effective and efficient control mechanisms to manage EU funds at national level.

2014/2075(DEC) - 26/02/2015 Document attached to the procedure

This report contains the Member States replies to the European Court of Auditors 2013 Annual Report.

Follow-up to the Courts audit: this report is an analysis of the Member States' replies to the European Court of Auditors' annual report for budgetary year 2013. It fulfils the obligations defined in Article 162 (5) of the Financial Regulation.

The Court's annual report for 2013 stated that the consolidated accounts were free of material misstatements and that revenue and commitments taken as a whole were legal and regular. The Court's audit also concluded that overall, payments were materially affected by error and that the supervisory and control systems were in general, partially effective.

The audit results showed that overall the estimated error rate was 4.7%, down by 0.1 percentage points on last year's rate, but still above the materiality level. The Court also pointed out that a significant positive factor in 2013 was the increased impact of corrective measures applied by the Member States and the Commission. In addition, the Court's audit also revealed that for a large proportion of transactions affected by error in the shared management areas, authorities in Member States had sufficient information available to have detected and corrected the errors before claiming reimbursement from the Commission.

Policy areas rural development, environment, fisheries and health as well as regional policy, energy and transport had the highest estimated error rate - 6.7% and 6.9% respectively.

During its 2013 audit the Court identified specific categories of quantifiable errors in shared management which contributed significantly to the most likely error rate for the policy areas concerned:

- in the policy area "Agriculture: market and direct support": overstated number of eligible hectares or animals and ineligible beneficiary/ activity/expenditure together contributed 80% to the most likely error rate ;
- in Regional Policy, transport and energy: serious errors in public procurement accounted for 45% of all quantifiable errors and made up approximately 39% of the estimated error rate for the policy domain;
- in the policy area Employment and Social affairs: errors related to public procurement breaches accounted for 7% of all errors, which shows that the risk of non-compliance with public procurement is still relevant.

Control systems: the Court reported on the systematic weaknesses in the Land Parcel Identification System (LPIS) stemming from incorrect assessment of the eligible land in LPIS databases. Member States were asked whether they were in a position to state that their control system had addressed the recurrent deficiencies identified by the Court in relation to specific sectors. The Member States concerned stated that they had addressed all or nearly all the identified recurrent deficiencies.

Regarding the question on public procurement breaches, nearly half of all Member States responded that they had identified systemic issues related to public procurement and that they have taken preventive measures in this context.

Accountability: the report examined replies to questions on Member State accountability with the focus on management and national declarations, management verifications and the role and importance of the Court's assessments.

76 % of Member States stated that mandatory management declarations could have a positive impact on the prevention, detection and correction of errors by Member States. A sizable proportion of Member States (86 %) regarded the results of the Court's assessments as useful and contributing to their own assurance of the legal and regular use of EU funds. On the subject of the usefulness of national declarations, just over half of all Member States responded favourably.

Performance: the Court found that for the 2007-2013 programming generally the focus was more on the need to spend EU funds in compliance with rules and that the focus on performance was limited. In the 2013 questionnaire, Member States were asked how they ensured that performance was a key element in the use of EU funds and what measures had been put in place to monitor programme and project performance. A significant majority of Member States stated that the use of criteria, indicators and evaluations are the means by which many countries ensure performance is a key element. In terms of monitoring of performance, progress reports, control measures, evaluations and tracking of indicators are among some of the more common measures used by Member States.

2014/2075(DEC) - 31/03/2015 Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ingeborg GRÄßLE (EPP, DE) and recommended that Parliament grant the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, and also grant discharge to the Directors of the Education, Audiovisual and Culture Executive Agency, the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation), the Consumers, Health, Agriculture and Food

Executive Agency, and European Research Council Executive Agency in respect of the implementation of their respective Agencies budgets for the financial year 2013.

The committee recommended that Parliament close the accounts of the general budget of the Union for 2013.

Strengthening the Commissions monitoring role: recalling that for the twentieth year in a row, the Court of Auditors was not in a position to give a Statement of Assurance, Members believed it was unacceptable that payments remained materially affected by error.

1. The Court of Auditors' Statement of Assurance:

- Accounts and legality and regularity of revenue clean opinions: Members noted that the annual accounts of the Union for the financial year 2013 presented fairly, and in all material respects, the position of the Union as of 31 December 2013 and revenue underlying the accounts for the year ended 31 December 2013 was legal and regular in all material respects.
- Legality and regularity of payments adverse opinion: Members regretted, however, the fact that the most likely error rate for payments was estimated at 4.8 %, being above the materiality threshold of 2%. They drew attention to the need for the continuous improvement of the management and control systems in Member States in order to guarantee the better financial management of Union funds and a decrease in the error rate in the respective policy sectors in the course of the programming period 2014-2020.

Reservations in agriculture and rural development, regional policy and employment and social affairs: in the general context, Members put a series of reservations on some major EU expenditure, in the areas of agriculture, regional policy and employment and social affairs.

Financial corrections and recoveries: Members noted that the financial corrections reported as implemented dropped to EUR 2.5 billion in 2013, compensated by an increase of 27 % of recoveries implemented in 2013 (from EUR 0.7 billion to EUR 0.9 billion). They reminded the Commission and the Member States that they have a duty to take corrective measures to protect the Union budget in cases of ineffective control systems or irregular expenditures. They stressed that the Court of Auditors found that in a number of transactions affected by error, especially in the shared management areas, authorities had sufficient information available to detect and correct the errors. Members demanded that the Court of Auditors therefore estimated in its future annual reports the level of error in the event that all corrective measures had been taken. They regretted, furthermore, the fact that those measures had still a limited financial impact on the Union budget since more than 40 % of the financial corrections implemented in 2013 were not considered as assigned revenue, but might be used by the same Member States having caused these corrections in cohesion policy, thus undermining the preventive effect of financial corrections.

Unacceptable pressure on the EU budget: the committee was concerned by the fact that due to the unacceptable position of the Council during the negotiations of the annual Union budget and despite the high level of payments, the accounts showed that outstanding financial commitments stood at EUR 322 billion and the figure is likely to rise in 2014, which was at odds with Treaty provisions. It stressed that in times of economic crisis, financial resources were scarce and that the way funds were absorbed by Member States often became the main policy objective (use it or lose it). It called on the Commission and Member States to promote a shift from spending to a performance culture focussing on the results achieved.

On the matter of certain EU financial instruments, Members regretted their complexity and the lack of democratic accountability involved in their use. They called on the Commission to be more transparent and to give a full overview of the number of projects financed under each of the financial engineering instruments.

Shared management: again, Members recalled the fact that in accordance with Article 317 TFEU, the Commission was ultimately responsible for the implementation of the Union budget, but that where the Commission implemented the budget under shared management, implementation tasks were delegated to Member States, thereby engaging their political and financial responsibility. Therefore Member States should act strictly in accordance with the principle of sound financial management and should not undermine their own responsibility in managing Union funds. Members called therefore on the Commission and the Council to take concrete and meaningful steps to enable the necessary progress in sound financial management, including the increased use of the instrument of national declarations, which in practice did not require much extra effort. They called on the Commission and the Member States to publish not only the national declarations but also the annual summaries and management declarations in order to give more insight in and achieve a real improvement of the financial management.

The committee also pointed out the figures provided by the Court of Auditors as regards the amounts and percentage of funds at risk as to the European Regional Development Funds, the European Social Funds and the Cohesion Funds, Slovakia, the United Kingdom and Spain had the highest error rates. The figures provided by the Court of Auditors as regards the amounts and percentage of funds at risk as to the European Agricultural Guarantee Funds and the European Agricultural Funds for Regional Development show that Romania, Bulgaria an Portugal had the highest error rates.

II. Budgetary implementation by policy area measures to be taken: Members discussed budgetary implementation and made the following observations:

Revenue: the committee noted that the Court of Auditors audit did not find any substantial error in the Commissions calculation of Member States contributions and their payment, most of which are based on forecast Gross National Income (GNI) data for 2013. They regretted that the Council had not been able to make any progress so far on the reform of the own resources system on the basis of those legislative proposals, despite a proposed global reform of the own resources system that was welcomed by Parliament. Measures in this matter were needed.

Agriculture: the committee regretted that the most likely error rate at the European Agricultural Guarantee Fund (EAGF) payments were estimated at 3.6 % (3.8% in 2012). It was worried about the fact that the error rate with regards to agricultural market measures stood at 7.44%, with reservations on the restructuring of vineyards in Spain. Members wanted to see recovery and corrective action.

Rural development, environment, fisheries and health: Members noted that the payments in rural development, environment, fisheries and health were not free from material error in 2013, with a reduction in the most likely error rate to 6.7 % from 7.9 % in 2012. They noted that the errors found by the Court of Auditors occurred mainly because beneficiaries did not respect the eligibility requirements, the procurement rules were not properly applied and agri-environmental commitments were not respected.

Members asked for:

- a calculation of separate error rates for market measures and direct payments in the CAP first pillar;

- remedial actions with regard to the deficiencies in the control system applicable to Union aid for producer groups for fruits and vegetables in Poland, Austria, the Netherlands and the United Kingdom;
- demonstration of the Union added value of the agricultural market measures bearing in mind the risk of potential losses affecting the budget of the Union: Members asked the Commission to consider their suppression if this risk was too high (e.g. poultry export refunds in France);
- draft proposals with a view to sanctioning false or incorrect reporting by paying agencies including the three following dimensions, namely (i) inspection statistics, (ii) statements by the paying agencies, and (iii) the work carried out by the certification bodies.

Regional policy, energy and transport: Members stressed that from the total amount of payments in 2013 under this policy group (EUR 45 311 million), 96 % were for regional policy, mostly implemented through the ERDF and the Cohesion Fund, EUR 1 059 million were for mobility and transport and EUR 758 million were for energy. They pointed out that for ERDF and CF expenditure the main compliance risks relate to: errors in public procurement (39 %), ineligible projects/activities or beneficiaries (22 %), ineligible costs included in expenditure declarations (21 %) and the non-compliance with state aid rules. They wanted to see new guidelines to assist Member States implement procedures. They requested that the Commission and Member States paid particular attention to simplifying procedures, including those for beneficiaries, which could have benefits for both auditing and decreasing error rates, while in parallel increasing the effectiveness of the management and control systems. The committee wanted to see specific measures for the Czech Republic, Italy and Greece, which were affected by high levels of ineligible expenditure.

In more horizontal terms, Members wanted to see Member States move to a performance culture in order to strengthen the efficiency, efficacy and impact of cohesion policy as well as strengthening first level checks. Employment and social affairs: Members emphasised that the reduction of youth unemployment was particularly urgent (more than EUR 12,4 billion from the ESF and the Youth Employment Initiative have been earmarked). They noted the Court estimated the most likely error rate to be 3.1 % (slightly less than 2012) and he errors in this policy area concerned, as in previous years, ineligible expenditure (93 % concerning overcharging of overhead costs, over-declaration of personnel costs, and costs calculated incorrectly) and failures to comply with public procurement rules). They encouraged DG EMPL to pursue its aim with regard to ESF to move further from the need to correct errors to a situation where errors are avoided. The committee also recommended measures for setting up projects for Roma in Member States.

External relations: Members were gravely concerned that in the 2013 budget, payment appropriations managed by the Commission's Directorate-General for Development and Cooperation (DG DEVCO) were short by EUR 293 million, and that the late approval of necessary reinforcements caused a roll-over to the following year, thus putting more pressure on the already tight payment appropriations for 2014. This situation entailed not only a high political and reputational risk for the Union's credibility as the world's first donor but might also endanger the fiscal stability of partner countries by leaving financial gaps in their budgets. Members emphasised that 2013 was the second consecutive year that humanitarian aid through the Union budget exceeded EUR 1.3 billion in commitments due to the occurrence of a high number of humanitarian crises. They deplored the impact that the lack of payment appropriations had in this crisis year on DG ECHO's activities, which could only be maintained through rearranging payment schedules, resulting in a carry-over of EUR 160 million in payment arrears at year end. Members called on the Council to comply with the payment plan agreed with Parliament.

They also noted that the most likely error rate of the Court of Auditors was 2.6 % and that the residual error rate as determined by the second study carried out by EuropeAid was estimated at 3.35 %. The committee observed that the nature of the instruments and payment conditions in budget support and Union contributions to multi-donor projects carried out by international organisations limited the extent to which transactions were prone to errors. It asked the Commission to submit a report on the added value of budget support and, in particular, on the way it had helped developing countries in achieving the Millennium Development Goals.

At the same time, Members took note that OLAF had drafted a report on the humanitarian aid granted to the Saharawi refugee camp of Tindouf in Algeria and called on the Commission to clarify the measures taken in response to the findings of that report. They urged the Commission to ensure that the Algerian or Sahrawi individuals incriminated by the OLAF report no longer had access to aid funded by Union taxpayers.

Research and other internal policies: Members observed that the spending in this policy group covered a wide range of policy objectives, such as research and innovation, education, security, migration and measures to combat the effects of the financial crisis; the principal risk to regularity remained that beneficiaries included ineligible or unsubstantiated costs in their cost statements, which were neither detected nor corrected by the Commission or Member States' control systems. They called on the Commission to report comprehensively on the increasing "policy-orientation" of the Directorate-General for Research and Innovation which was triggered by outsourcing the management of two-thirds of the FP7's operational costs to non-Commission bodies. They also asked the Commission to provide an overview listing the policy progress between FP7 and HORIZON 2020 for researchers and SMEs.

Administration: Members noted that the differences in pay levels for civil servants working for Union institutions and for those working for national administrations, remained very high, leading, inter alia, to a lack of mobility between staff at a Union level and at national levels. They called on the Commission to carry out an in-depth study on the reasons for these differences and to develop a long-term strategy to reduce these differences.

They considered that in times of crisis and general budget cuts, expenditure on away days for Union staff should be reduced and that such activities should, as far as possible, be confined to the places of work of the institutions, since the resulting added value does not justify such high costs.

Getting results from the Union budget: lastly, the committee observed that in its 2013 report, the Court of Auditors concluded that Member States, when selecting projects under shared management, had focused first on the need to spend the Union money available, rather than on their expected performance. It requested that in order to reverse this incentive and to change towards a culture of good performance, an independent high-level working group on the performance of the Union budget be convened in order to make recommendations to structurally shift the incentive from spending to good performance, based on an assessment of Union added value. It also demanded that the Commission included in the next evaluation reports provided for in Article 318 TFEU an analysis of the efficiency, the effectiveness and the results achieved in terms of growth and jobs by the investment plan of EUR 315 billion.

Lastly, Members called on the Commission to manage its budget in such a way that there are no thematic policy overlaps and duplications amongst its various DGs with similar or nearly identical competences.

2014/2075(DEC) - 29/04/2015 Text adopted by Parliament, single reading

The European Parliament decided by 513 votes to 184, with 4 abstentions, to grant discharge to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2013, and also grant discharge to the Directors of the Education, Audiovisual and Culture Executive Agency, the Executive Agency for Small and Medium-sized Enterprises (formerly the Executive Agency for Competitiveness and Innovation), the Consumers, Health, Agriculture and Food Executive Agency, and European Research Council Executive Agency in respect of the implementation of their respective Agencies budgets for the financial year 2013.

Parliament closed the accounts of the general budget of the Union for 2013.

It confirmed its position in a resolution adopted by 565 votes to 121, with 12 abstentions, which contains observations which form an integral part of the discharge decisions.

Strengthening the Commissions monitoring role: recalling that for the twentieth year in a row, the Court of Auditors was not in a position to give a Statement of Assurance, Parliament believed it was unacceptable that payments remained materially affected by error.

II.The Court of Auditors Statement of Assurance:

- Accounts and legality and regularity of revenue clean opinions: Parliament noted that the annual accounts of the Union for the financial year 2013 presented fairly, and in all material respects, the position of the Union as of 31 December 2013 and revenue underlying the accounts for the year ended 31 December 2013 was legal and regular in all material respects.
- Legality and regularity of payments adverse opinion: Parliament regretted, however, the fact that the most likely error rate for payments was estimated at 4.8%, being above the materiality threshold of 2%. It drew attention to the need for the continuous improvement of the management and control systems in Member States in order to guarantee the better financial management of Union funds and a decrease in the error rate in the respective policy sectors in the course of the programming period 2014-2020.

Reservations in agriculture and rural development, regional policy and employment and social affairs: in the general context, Members put a series of reservations on some major EU expenditure, in the areas of agriculture, regional policy and employment and social affairs.

Financial corrections and recoveries: Parliament noted that the financial corrections reported as implemented dropped to EUR 2.5 billion in 2013, compensated by an increase of 27% of recoveries implemented in 2013 (from EUR 0.7 billion to EUR 0.9 billion). It reminded the Commission and the Member States that they have a duty to take corrective measures to protect the Union budget in cases of ineffective control systems or irregular expenditures. It stressed that the Court of Auditors found that in a number of transactions affected by error, especially in the shared management areas, authorities had sufficient information available to detect and correct the errors. Members demanded that the Court of Auditors therefore estimated in its future annual reports the level of error in the event that all corrective measures had been taken. They regretted, furthermore, the fact that those measures had still a limited financial impact on the Union budget since more than 40 % of the financial corrections implemented in 2013 were not considered as assigned revenue, but might be used by the same Member States having caused these corrections in cohesion policy, thus undermining the preventive effect of financial corrections.

Unacceptable pressure on the EU budget: Parliament was concerned by the fact that due to the unacceptable position of the Council during the negotiations of the annual Union budget and despite the high level of payments, the accounts showed that outstanding financial commitments stood at EUR 322 billion and the figure is likely to rise in 2014, which was at odds with Treaty provisions. It stressed that in times of economic crisis, financial resources were scarce and that the way funds were absorbed by Member States often became the main policy objective (use it or lose it). It called on the Commission and Member States to promote a shift from spending to a performance culture focussing on the results achieved.

On the matter of certain EU financial instruments, Parliament regretted their complexity and the lack of democratic accountability involved in their use. It called on the Commission to be more transparent and to give a full overview of the number of projects financed under each of the financial engineering instruments.

Shared management: again, Parliament recalled the fact that in accordance with Article 317 TFEU, the Commission was ultimately responsible for the implementation of the Union budget, but that where the Commission implemented the budget under shared management, implementation tasks were delegated to Member States, thereby engaging their political and financial responsibility. Therefore Member States should act strictly in accordance with the principle of sound financial management and should not undermine their own responsibility in managing Union funds. Parliament called therefore on the Commission and the Council to take concrete and meaningful steps to enable the necessary progress in sound financial management, including the increased use of the instrument of national declarations, which in practice did not require much extra effort. It called on the Commission and the Member States to publish not only the national declarations but also the annual summaries and management declarations in order to give more insight in and achieve a real improvement of the financial management. Plenary called for the publication. It considered it essential to promote full transparency in the use of structural funds through the publication of the accounting documentation of assigned projects.

Parliament also pointed out the figures provided by the Court of Auditors as regards the amounts and percentage of funds at risk as to the European Regional Development Funds, the European Social Funds and the Cohesion Funds, Slovakia, the United Kingdom and Spain had the highest error rates. The figures provided by the Court of Auditors as regards the amounts and percentage of funds at risk as to the European Agricultural Guarantee Funds and the European Agricultural Funds for Regional Development show that Romania, Bulgaria an Portugal had the highest error rates.

II. Budgetary implementation by policy area measures to be taken: Parliament discussed budgetary implementation and made the following observations:

Revenue: Parliament noted that the Court of Auditors audit did not find any substantial error in the Commissions calculation of Member States contributions and their payment, most of which are based on forecast Gross National Income (GNI) data for 2013. It regretted that the Council had not been able to make any progress so far on the reform of the own resources system on the basis of those legislative proposals, despite a proposed global reform of the own resources system that was welcomed by Parliament. Measures in this matter were needed.

Agriculture: Parliament regretted that the most likely error rate at the European Agricultural Guarantee Fund (EAGF) payments were estimated at 3.6% (3.8% in 2012). It was worried about the fact that the error rate with regards to agricultural market measures stood at 7.44%, with reservations on the restructuring of vineyards in Spain. Members wanted to see recovery and corrective action.

Rural development, environment, fisheries and health: Parliament also noted that the payments in rural development, environment, fisheries and health were not free from material error in 2013, with a reduction in the most likely error rate to 6.7% from 7.9% in 2012. It noted that the errors found by the Court of Auditors occurred mainly because beneficiaries did not respect the eligibility requirements, the procurement rules were not properly applied and agri-environmental commitments were not respected.

Parliament asked for:

- a calculation of separate error rates for market measures and direct payments in the CAP first pillar;
- remedial actions with regard to the deficiencies in the control system applicable to Union aid for producer groups for fruits and vegetables in Poland, Austria, the Netherlands and the United Kingdom;
- demonstration of the Union added value of the agricultural market measures bearing in mind the risk of potential losses affecting the budget of the Union: Members asked the Commission to consider their suppression if this risk was too high (e.g. poultry export refunds in France);
- draft proposals with a view to sanctioning false or incorrect reporting by paying agencies including the three following dimensions, namely (i) inspection statistics, (ii) statements by the paying agencies, and (iii) the work carried out by the certification bodies.

Regional policy, energy and transport: Parliament stressed that from the total amount of payments in 2013 under this policy group (EUR 45 311 million), 96% were for regional policy, mostly implemented through the ERDF and the Cohesion Fund, EUR 1 059 million were for mobility and transport and EUR 758 million were for energy. It pointed out that for ERDF and CF expenditure the main compliance risks relate to: errors in public procurement (39%), ineligible projects/activities or beneficiaries (22%), ineligible costs included in expenditure declarations (21%) and the non-compliance with state aid rules. It welcomed the Commissions actions undertaken to mitigate those risks and encouraged it to continue to give guidance and training to managing authorities on the risks identified. It expected that the new regulations and rules for the 2014 to 2020 programming period will contribute towards decreasing the risk of errors and better performance through greater simplification and clarification of the procedures.

It also called on the Commission to provide further guidance and technical assistance to the Member States. It requested that the Commission and Member States pay particular attention to simplifying procedures, including those for beneficiaries, which can have benefits for both auditing and decreasing error rates, while in parallel increasing the effectiveness of the management and control systems.

Parliament wanted to see specific measures for the Czech Republic, Italy and Greece, which were affected by high levels of ineligible expenditure. Parliament also covered the issue of the earthquake in

the Abruzzi region and that the European Union Solidarity Fund took charge of the establishment of up-to-date national disaster management plans, the establishment of emergency procurement arrangements, the setting up of temporary accommodation in disaster-struck areas.

In more horizontal terms, it wanted to see Member States move to a performance culture in order to strengthen the efficiency, efficacy and impact of cohesion policy as well as strengthening first level checks. Employment and social affairs: Members emphasised that the reduction of youth unemployment was particularly urgent (more than EUR 12.4 billion from the ESF and the Youth Employment Initiative have been earmarked).

Parliament noted that the Court estimated the most likely error rate to be 3.1% (slightly less than 2012) and the errors in this policy area concerned, as in previous years, ineligible expenditure (93% concerning overcharging of overhead costs, over-declaration of personnel costs, and costs calculated incorrectly) and failures to comply with public procurement rules). It encouraged DG EMPL to pursue its aim with regard to ESF to move further from the need to correct errors to a situation where errors are avoided. Parliament also recommended measures for setting up projects for Roma in Member States.

External relations: Parliament was gravely concerned that in the 2013 budget, payment appropriations managed by the Commissions Directorate-General for Development and Cooperation (DG DEVCO) were short by EUR 293 million, and that the late approval of necessary reinforcements caused a roll-over to the following year, thus putting more pressure on the already tight payment appropriations for 2014. This situation entailed not only a high political and reputational risk for the Unions credibility as the worlds first donor but might also endanger the fiscal stability of partner countries by leaving financial gaps in their budgets. It emphasised that 2013 was the second consecutive year that humanitarian aid through the Union budget exceeded EUR 1.3 billion in commitments due to the occurrence of a high number of humanitarian crises. It deplored the impact that the lack of payment appropriations had in this crisis year on DG ECHO's activities, which could only be maintained through rearranging payment schedules, resulting in a carry-over of EUR 160 million in payment arrears at year end. Parliament called on the Council to comply with the payment plan agreed with Parliament.

Members also noted that the most likely error rate of the Court of Auditors was 2.6% and that the residual error rate as determined by the second study carried out by EuropeAid was estimated at 3.35%. Parliament observed that the nature of the instruments and payment conditions in budget support and Union contributions to multi-donor projects carried out by international organisations limited the extent to which transactions were prone to errors. It asked the Commission to submit a report on the added value of budget support and, in particular, on the way it had helped developing countries in achieving the Millennium Development Goals.

At the same time, Parliament took note that OLAF had drafted a report on the humanitarian aid granted to the Saharawi refugee camp of Tindouf in Algeria and called on the Commission to clarify the measures taken in response to the findings of that report. It urged the Commission to ensure that the Algerian or Sahrawi individuals incriminated by the OLAF report no longer had access to aid funded by Union taxpayers.

Research and other internal policies: Members observed that the spending in this policy group covered a wide range of policy objectives, such as research and innovation, education, security, migration and measures to combat the effects of the financial crisis; the principal risk to regularity remained that beneficiaries included ineligible or unsubstantiated costs in their cost statements, which were neither detected nor corrected by the Commission or Member States' control systems. They called on the Commission to report comprehensively on the increasing "policy-orientation" of the Directorate-General for Research and Innovation which was triggered by outsourcing the management of two-thirds of the FP7's operational costs to non-Commission bodies. They also asked the Commission to provide an overview listing the policy progress between FP7 and HORIZON 2020 for researchers and SMEs.

Administration: Parliament noted that the differences in pay levels for civil servants working for Union institutions and for those working for national administrations, remained very high, leading, inter alia, to a lack of mobility between staff at a Union level and at national levels. It called on the Commission to carry out an in-depth study on the reasons for these differences and to develop a long-term strategy to reduce these differences.

It considered that in times of crisis and general budget cuts, expenditure on away days for Union staff should be reduced and that such activities should, as far as possible, be confined to the places of work of the institutions, since the resulting added value does not justify such high costs.

Getting results from the Union budget: Parliament observed that in its 2013 report, the Court of Auditors concluded that Member States, when selecting projects under shared management, had focused first on the need to spend the Union money available, rather than on their expected performance. It requested that in order to reverse this incentive and to change towards a culture of good performance, an independent high-level working group on the performance of the Union budget be convened in order to make recommendations to structurally shift the incentive from spending to good performance, based on an assessment of Union added value. It also demanded that the Commission included in the next evaluation reports provided for in Article 318 TFEU an analysis of the efficiency, the effectiveness and the results achieved in terms of growth and jobs by the investment plan of EUR 315 billion.

Lastly, the Commission was called upon to manage its budget in such a way that there are no thematic policy overlaps and duplications amongst its various DGs with similar or nearly identical competences.

2014/2075(DEC) - 29/04/2015 Final act

PURPOSE: to grant discharge to the European Commission for the financial year 2013.

NON LEGISLATIVE ACT: Decision (EU, Euratom) 2015/1616 of the European Parliament on discharge in respect of the implementation of the general budget of the European Union for the financial year 2013, Section III Commission and executive agencies.

CONTENT: with the present decision, the European Parliament grants discharge to the Commission for the implementation of its budget for the financial year 2013.

The Decision runs in parallel to Decision (EU, Euratom) 2015/1623 on the closure of the accounts of the general budget of the European Union for the financial year 2013.

In its resolution attached to the Decision on discharge, the European Parliament Welcomes the fact that the annual accounts of the Union for the financial year 2013 present fairly, and in all material respects, the position of the Union as of 31 December 2013 and notes with satisfaction that revenue underlying the accounts for the year ended 31 December 2013 is legal and regular in all material respects.

However, Parliament regretted the fact that payments are affected by a most likely error rate of 4.7%, being significantly above the 2% threshold for certain payments.

At the same time, Parliament underlined that the Commission has ultimate responsibility for the implementation of the Union budget while Member States, especially under shared management of funds, have a special political and financial responsibility in implementing the Union budget. Accordingly, Member States should act strictly in accordance with the principle of sound financial management and should not undermine their own responsibility in managing Union funds.

Pressure on the budget: Parliament was concerned by the fact that due to the unacceptable position of the Council during the negotiations of the annual Union budget and despite the high level of payments, the accounts show that outstanding financial commitments and other liabilities continued to grow in 2013 and that at the year end, they stood at EUR 322 billion, a figure placing a question mark over the legality of the budget.

Parliament stressed that in times of economic crisis, financial resources are scarce and required a shift from spending to a performance culture.

Members made a series of other observations in the resolution attached to the Decision on discharge (please see the summary of 29 April 2015).

NB. Parliament also granted discharge to the directors of the following executive agencies on their budget implementation for 2013: Education, Audiovisual and Culture, Competiveness and Innovation, Health and Consumers, European Research Council, Research and Innovation and Networks.