



2015/2154(DEC)

26.1.2016

OPINION

of the Committee on Employment and Social Affairs

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2014, Section III – Commission and executive agencies
(2015/2154(DEC))

Rapporteur: David Casa

PA_NonLeg

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Notes with concern that the estimated level of error in the policy area of employment and social affairs is 3,7 % in 2014, which is slightly higher than in the previous year (3,1 %); highlights that this represents a step backwards in achieving an error rate that is below the target of 2%;
2. Welcomes that the Court of Auditors' report analyses the implementation of the Union budget in the light of the Europe 2020 strategy; notes the observation that the EU budget contribution is not identified separately in the context of the achievement of the headline targets, such as the ones on employment and fighting poverty and social exclusion;
3. Welcomes furthermore the Court's recommendations that the Europe2020 strategy and the MFF need to be better aligned, the high-level political aims need to be translated into useful operational targets, and stresses the importance of focussing on performance and results as well as on added value, particularly in the cases of the employment and social headline targets, where the Commission does not have the competence to create a legally binding framework; calls on the Commission to further develop result indicators and monitoring systems in order to compare results with the agreed objectives, and be better informed when establishing future goals and increase the efficiency of EU spending;
4. Notes the Court's observations about the increased risk of irregularities in cases of small and medium-sized enterprises (SMEs) participating in Horizon 2020; supports the Commission's reply that SMEs' involvement in the programme is crucial for the creation of growth and jobs and notes that the administrative rules for SMEs have been simplified and stresses that further simplification would lead to a higher involvement of SMEs; stresses the importance of creation of sustainable jobs through SMEs;
5. Notes that SMEs are Europe's biggest job creators and considers that more can be done to increase their participation across EU funding programmes; calls on the Commission to introduce further measures that encourage the active participation of SMEs including the application of the think-small-first principle;
6. Notes that the intangible nature of investments in human capital, the diversity of the activities and the involvement of multiple, often small-scale partners in the implementation of projects continue to be the main risks to regularity of spending of European Social Fund (ESF) expenditure; calls on the Commission to continue with specific mitigating actions, including both preventative and corrective measures;
7. Notes the findings of the Court of Auditors' Special Report 17/2015 regarding the redirection of ESF funding during the period 2012-2014; notes with concern the shortcomings in the Commission's reporting on the impact of these funds, considers that further moves towards results-based policy making are vital to ensuring sound financial accountability and an efficient use of EU funds;

8. Is concerned that higher error rates followed by suspensions and interruptions may affect the successful closure of the 2007-2013 programmes;
9. Considers that the promotion of broader use of simplified cost options (SCOs) can lead to the reduction of the administrative burden, to fewer errors and more orientation on performance and results; points out, however, that SCOs should be applied in an environment of legal certainty and trust, accompanied by an assessment of benefits and with the full involvement of stakeholders at all levels; stresses that SCOs should remain an option at the disposal of Member States;
10. Insists that the Member States avoid further complications of the rules and requirements related to the implementation of the European Social Fund which impose additional burdens for beneficiaries and increase the risk of errors;
11. Expresses its concerns about the fact that out of 178 transactions examined by the Court in the employment and social affairs policy area 62 (34.8 %) were affected by error, out of which 12 were quantifiable errors exceeding 20% (6.7%); urges the Commission to implement corrective measures and apply strict procedures to reduce the risk of irregularities in this policy area as well as to follow up the cases of ineligible expenditure identified by the Court;
12. Regrets that the number of European Social Fund (ESF) programmes with an error rate of over than 5 % has risen from 18,8 % in 2013 to 22,9 % in 2014 and that the volume of payments affected by these rates has increased dramatically from 11,2 % to 25,2 %;
13. Draws attention to the repeated observation of the Court of Auditors that the percentage of error would be lower if national authorities had made better use of available information before sending payment applications to the Commission; in this regard, insists that Member States and national authorities perform better control and avoid asking for reimbursement of incorrect expenditures;
14. Encourages Member States to use the risk assessment tool Arachne and encourages the Commission to continue providing Member States with relevant guidelines and technical assistance for the correct implementation of the management and control requirements in the 2014-2020 period; Insists that the Commission enhance the exchange of good practices between Member States;
15. Calls on the Commission to follow the Court's recommendations in order to ensure that the implementation of the Union budget better contributes to the achievement of the employment and social headline targets of the Europe 2020 strategy; in this regard expects that the Commission and Member States make use of better performance indicators and improve reporting of the results achieved in 2014-2020 period;16. Shares the Court of Auditors' recommendation asking Member States to ensure prompt reimbursement of beneficiaries in strict compliance with time limits, envisaged in the regulations.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	25.1.2016
Result of final vote	+: 32 -: 7 0: 3
Members present for the final vote	Laura Agea, Guillaume Balas, Enrique Calvet Chambon, David Casa, Ole Christensen, Jane Collins, Lampros Fountoulis, Arne Gericke, Thomas Händel, Marian Harkin, Czesław Hoc, Rina Ronja Kari, Agnieszka Kozłowska-Rajewicz, Kostadinka Kuneva, Jean Lambert, Jérôme Lavrilleux, Jeroen Lenaers, Dominique Martin, Anthea McIntyre, Joëlle Mélin, Elisabeth Morin-Chartier, Emilian Pavel, Georgi Pirinski, Terry Reintke, Sofia Ribeiro, Claude Rolin, Sven Schulze, Jutta Steinruck, Romana Tomc, Renate Weber, Tatjana Ždanoka, Jana Žitánská
Substitutes present for the final vote	Maria Arena, Amjad Bashir, Lynn Boylan, Miapetra Kumpula-Natri, Paloma López Bermejo, Edouard Martin, Evelyn Regner, Michaela Šojdrová
Substitutes under Rule 200(2) present for the final vote	Eleonora Evi, Anneli Jäätteenmäki