

## **P7\_TA(2011)0194**

### **2009 discharge: Section III - Commission**

#### **1. European Parliament decision of 10 May 2011 on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2009<sup>1</sup>,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)<sup>2</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2008 financial year (COM(2010)0650), and to the Commission staff working documents accompanying that report ((SEC(2010)1437 and SEC(2010)1438)),
- having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission's management achievements in 2009' (COM(2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994)),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2009 annual report (COM(2011)0104),
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2009, together with the institutions' replies<sup>3</sup>, and to the Court of Auditors' special reports,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union<sup>4</sup>,
- having regard to the Commission communication of 26 May 2010 entitled "More or less controls? Striking the right balance between the administrative costs of control and the risk of error" (COM (2010)0261), and to the Commission staff working documents accompanying that communication (SEC(2010)0640 and (SEC(2010)0641),
- having regard to the report of the Court of Auditors on the annual accounts of the European Schools for the financial year 2009 together with the Schools' replies,
- having regard to the Council's recommendation of 15 February 2011 on discharge to be

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<sup>1</sup> OJ L 69, 13.3.2009.

<sup>2</sup> OJ C 308, 12.11.2010, p. 1.

<sup>3</sup> OJ C 303, 9.11.2010, p. 1.

<sup>4</sup> OJ C 308, 12.11.2010, p. 129.

given to the Commission in respect of the implementation of the budget for the financial year 2009 (05891/2011 – C7-0053/2011),

- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,
  - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup> as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006<sup>2</sup> and Council Regulation (EC) No 1525/2007 of 17 December 2007<sup>3</sup>, and in particular Articles 55, 145, 146 and 147 thereof,
  - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0134/2011),
- A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,
1. Grants the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2009;
  2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies, and in its resolution of 10 May 2011 on the Court of Auditors' special reports in the context of the 2009 Commission discharge<sup>4</sup>;
  3. Instructs its President to forward this Decision, and the resolutions that form an integral part of it, to the Council, the Commission, the Court of Justice of the European Union, and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 248, 16.9.2002, p. 1.

<sup>2</sup> OJ L 390, 30.12.2006, p. 1.

<sup>3</sup> OJ L 343, 27.12.2007, p. 9.

<sup>4</sup> Texts adopted, P7\_TA(2011)0195.

## **2. European Parliament decision of 10 May 2011 on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2009 (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2009<sup>1</sup>,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC (2010)0963 – C7-0211/2010)<sup>2</sup>,
- having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2009,
- having regard to the Commission's report on the follow-up to the discharge for the 2008 financial year (COM (2010)0650), and to the Commission staff working documents accompanying that report ((SEC (2010)1437 and SEC (2010)1438),
- having regard to the Commission communication of 2 June 2010 entitled "Synthesis of the Commission's management achievements in 2009" (COM (2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM (2010)0447), and to the Commission staff working document accompanying that report (SEC (2010)0994),
- having regard to the Court of Auditors' report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2009, together with the Agency's replies<sup>3</sup>,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union<sup>4</sup>,
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2009 (05893/2011 – C7-0054/2011),
- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup> as

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<sup>1</sup> OJ L 69, 13.3.2009.

<sup>2</sup> OJ C 308, 12.11.2010, p. 1.

<sup>3</sup> OJ C 338, 14.12.2010, p. 65.

<sup>4</sup> OJ C 308, 12.11.2010, p. 129.

<sup>5</sup> OJ L 248, 16.9.2002, p. 1.

amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006<sup>1</sup> and Council Regulation (EC) No 1525/2007 of 17 December 2007<sup>2</sup>, and in particular Articles 55, 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>3</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004<sup>4</sup> of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Decision 2005/56/EC of 14 January 2005 setting up the Education, Audiovisual and Culture Executive Agency for the management of Community action in the fields of education, audiovisual and culture in application of Council Regulation (EC) No 58/2003<sup>5</sup>,
  - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0134/2011),
- A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,
1. Grants the Director of the Education, Audiovisual and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2009;
  2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;
  3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Education, Audiovisual and Culture Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 390, 30.12.2006, p. 1.

<sup>2</sup> OJ L 343, 27.12.2007, p. 9.

<sup>3</sup> OJ L 11, 16.1.2003, p. 1.

<sup>4</sup> OJ L 297, 22.9.2004, p. 6.

<sup>5</sup> OJ L 24, 27.1.2005, p. 35.

### **3. European Parliament decision of 10 May 2011 on discharge in respect of the implementation of the budget of the Executive Agency for Competitiveness and Innovation for the financial year 2009 (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2009<sup>1</sup>,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)<sup>2</sup>,
- having regard to the final annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2009,
- having regard to the Commission's report on the follow-up to the discharge for the 2008 financial year (COM(2010)0650), and to the Commission staff working documents accompanying that report ((SEC(2010)1437 and SEC(2010)1438),
- having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission's management achievements in 2009' (COM(2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),
- having regard to the Court of Auditors' report on the annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2009, together with the Agency's replies<sup>3</sup>,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union<sup>4</sup>,
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2009 (05893/2011 – C7-0054/2011),
- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup> as

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<sup>1</sup> OJ L 69, 13.3.2009.

<sup>2</sup> OJ C 308, 12.11.2010, p. 1.

<sup>3</sup> OJ C 338, 14.12.2010, p. 83.

<sup>4</sup> OJ C 308, 12.11.2010, p. 129.

<sup>5</sup> OJ L 248, 16.9.2002, p. 1.

amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006<sup>1</sup> and Council Regulation (EC) No 1525/2007 of 17 December 2007<sup>2</sup>, and in particular Articles 55, 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>3</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004<sup>4</sup> of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Decision 2004/20/EC of 23 December 2003 setting up an executive agency, the 'Intelligent Energy Executive Agency', to manage Community action in the field of energy in application of Council Regulation (EC) No 58/2003<sup>5</sup>,
  - having regard to Commission Decision 2007/372/EC of 31 May 2007 amending Decision 2004/20/EC in order to transform the Intelligent Energy Executive Agency into the Executive Agency for Competitiveness and Innovation<sup>6</sup>,
  - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0134/2011),
- A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,
1. Grants the Director of the Executive Agency for Competitiveness and Innovation discharge in respect of the implementation of the Agency's budget for the financial year 2009;
  2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;
  3. Instructs its President to forward this decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Executive Agency for Competitiveness and Innovation, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 390, 30.12.2006, p. 1.

<sup>2</sup> OJ L 343, 27.12.2007, p. 9.

<sup>3</sup> OJ L 11, 16.1.2003, p. 1.

<sup>4</sup> OJ L 297, 22.9.2004, p. 6.

<sup>5</sup> OJ L 5, 9.1.2004, p. 85.

<sup>6</sup> OJ L 140, 1.6.2007, p. 52.

#### **4. European Parliament decision of 10 May 2011 on discharge in respect of the implementation of the budget of the Executive Agency for Health and Consumers for the financial year 2009 (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2009<sup>1</sup>,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)<sup>2</sup>,
- having regard to the final annual accounts of the Executive Agency for Health and Consumers for the financial year 2009,
- having regard to the Commission's report on the follow-up to the discharge for the 2008 financial year (COM(2010)0650), and to the Commission staff working documents accompanying that report ((SEC(2010)1437 and SEC(2010)1438),
- having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission's management achievements in 2009' (COM(2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),
- having regard to the Court of Auditors' report on the annual accounts of the Executive Agency for Health and Consumers for the financial year 2009, together with the Agency's replies<sup>3</sup>,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union<sup>4</sup>,
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2009 (05893/2011 – C7-0054/2011),
- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup> as

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<sup>1</sup> OJ L 69, 13.3.2009.

<sup>2</sup> OJ C 308, 12.11.2010, p. 1.

<sup>3</sup> OJ C 338, 14.12.2010, p. 96.

<sup>4</sup> OJ C 308, 12.11.2010, p. 129.

<sup>5</sup> OJ L 248, 16.9.2002, p. 1.

amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006<sup>1</sup> and Council Regulation (EC) No 1525/2007 of 17 December 2007<sup>2</sup>, and in particular Articles 55, 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>3</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004<sup>4</sup> of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Decision 2004/858/EC of 15 December 2004 setting up an executive agency, the 'Executive Agency for the Public Health Programme', for the management of Community action in the field of public health — pursuant to Council Regulation (EC) No 58/2003<sup>5</sup>,
  - having regard to Commission Decision 2008/544/EC of 20 June 2008 amending Decision 2004/858/EC in order to transform the Executive Agency for the Public Health Programme into the Executive Agency for Health and Consumers<sup>6</sup>
  - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0134/2011),
- A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,
1. Grants the Director of the Executive Agency for Health and Consumers discharge in respect of the implementation of the Agency's budget for the financial year 2009;
  2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;
  3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Executive Agency for Health and Consumers, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 390, 30.12.2006, p. 1.

<sup>2</sup> OJ L 343, 27.12.2007, p. 9.

<sup>3</sup> OJ L 11, 16.1.2003, p. 1.

<sup>4</sup> OJ L 297, 22.9.2004, p. 6.

<sup>5</sup> OJ L 369, 16.12.2004, p. 73.

<sup>6</sup> OJ L 173, 3.7.2008, p. 27.



**5. European Parliament decision of 10 May 2011 on discharge in respect of the implementation of the budget of the Trans-European Transport Network Executive Agency for the financial year 2009 (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2009<sup>1</sup>,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)<sup>2</sup>,
- having regard to the final annual accounts of the Trans-European Transport Network Executive Agency for the financial year 2009,
- having regard to the Commission's report on the follow-up to the discharge for the 2008 financial year (COM(2010)0650), and to the Commission staff working documents accompanying that report ((SEC(2010)1437 and SEC(2010)1438),
- having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission's management achievements in 2009' (COM(2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),
- having regard to the Court of Auditors' report on the annual accounts of the Trans-European Transport Network Executive Agency for the financial year 2009, together with the Agency's replies<sup>3</sup>,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union<sup>4</sup>,
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2009 (05893/2011 – C7-0054/2011),
- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup> as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006<sup>6</sup> and

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<sup>1</sup> OJ L 69, 13.3.2009.

<sup>2</sup> OJ C 308, 12.11.2010, p. 1.

<sup>3</sup> OJ C 338, 14.12.2010, p. 77.

<sup>4</sup> OJ C 308, 12.11.2010, p. 129.

<sup>5</sup> OJ L 248, 16.9.2002, p. 1.

<sup>6</sup> OJ L 390, 30.12.2006, p. 1.

Council Regulation (EC) No 1525/2007 of 17 December 2007<sup>1</sup>, and in particular Articles 55, 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>2</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004<sup>3</sup> of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Decision 2007/60/EC of 26 October 2006 establishing the Trans-European Transport Network Executive Agency pursuant to Council Regulation (EC) No 58/2003<sup>4</sup>,
  - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0134/2011),
- A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,
1. Grants the Director of the Trans-European Transport Network Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2009;
  2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;
  3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Trans-European Transport Network Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 343, 27.12.2007, p. 9.

<sup>2</sup> OJ L 11, 16.1.2003, p. 1.

<sup>3</sup> OJ L 297, 22.9.2004, p. 6.

<sup>4</sup> OJ L 32, 6.2.2007, p. 88.

## **6. European Parliament decision of 10 May 2011 on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2009 (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2009<sup>1</sup>,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)<sup>2</sup>,
- having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2009,
- having regard to the Commission's report on the follow-up to the discharge for the financial year (COM(2010)0650), and to the Commission staff working documents accompanying that report ((SEC(2010)1437 and SEC(2010)1438),
- having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission's management achievements in 2009' (COM(2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),
- having regard to the Court of Auditors' report on the annual accounts of the European Research Council Executive Agency for the financial year 2009, together with the Agency's replies<sup>3</sup>,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union<sup>4</sup>,
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2009 (05893/2011 – C7-0054/2011),,
- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup> as

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<sup>1</sup> OJ L 69, 13.3.2009.

<sup>2</sup> OJ C 308, 12.11.2010, p. 1.

<sup>3</sup> OJ C 338, 14.12.2010, p. 71.

<sup>4</sup> OJ C 308, 12.11.2010, p. 129.

<sup>5</sup> OJ L 248, 16.9.2002, p. 1.

amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006<sup>1</sup> and Council Regulation (EC) No 1525/2007 of 17 December 2007<sup>2</sup>, and in particular Articles 55, 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>3</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004<sup>4</sup> of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Decision 2008/37/EC of 14 December 2007 setting up the European Research Council Executive Agency for the management of the specific Community programme Ideas in the field of frontier research in application of Council Regulation (EC) No 58/2003<sup>5</sup>,
  - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0134/2011),
- A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,
1. Grants the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2009;
  2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;
  3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 390, 30.12.2006, p. 1.

<sup>2</sup> OJ L 343, 27.12.2007, p. 9.

<sup>3</sup> OJ L 11, 16.1.2003, p. 1.

<sup>4</sup> OJ L 297, 22.9.2004, p. 6.

<sup>5</sup> OJ L 9, 12.1.2008, p. 15

## **7. European Parliament decision of 10 May 2011 on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2009 (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2009<sup>1</sup>,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)<sup>2</sup>,
- having regard to the final annual accounts of the Research Executive Agency for the financial year 2009,
- having regard to the Commission's report on the follow-up to the discharge for the 2008 financial year (COM(2010)0650), and to the Commission staff working documents accompanying that report ((SEC(2010)1437 and SEC(2010)1438),
- having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission's management achievements in 2009' (COM(2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),
- having regard to the Court of Auditors' report on the annual accounts of the Research Executive Agency for the financial year 2009, together with the Agency's replies<sup>3</sup>,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union<sup>4</sup>,
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2009 (05893/2011 – C7-0054/2011),
- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on the European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup> as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006<sup>6</sup> and

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<sup>1</sup> OJ L 69, 13.3.2009.

<sup>2</sup> OJ C 308, 12.11.2010, p. 1.

<sup>3</sup> OJ C 338, 14.12.2010, p. 90.

<sup>4</sup> OJ C 308, 12.11.2010, p. 129.

<sup>5</sup> OJ L 248, 16.9.2002, p. 1.

<sup>6</sup> OJ L 390, 30.12.2006, p. 1.

Council Regulation (EC) No 1525/2007 of 17 December 2007<sup>1</sup>, and in particular Articles 55, 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>2</sup>, and in particular Article 14(3) thereof,
  - having regard to Commission Regulation (EC) No 1653/2004<sup>3</sup> of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003, and in particular the first and second paragraphs of Article 66 thereof,
  - having regard to Commission Decision 2008/46/EC of 14 December 2007 setting up the Research Executive Agency for the management of certain areas of the specific Community programmes People, Capacities and Cooperation in the field of research in application of Council Regulation (EC) No 58/2003<sup>4</sup>,
  - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0134/2011),
- A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,
1. Grants the Director of the Research Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2009;
  2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;
  3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Research Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 343, 27.12.2007, p. 9.

<sup>2</sup> OJ L 11, 16.1.2003, p. 1.

<sup>3</sup> OJ L 297, 22.9.2004, p. 6.

<sup>4</sup> OJ L 11, 15.1.2008, p. 9.

**8. European Parliament decision of 10 May 2011 on the closure of the accounts of the general budget of the European Union for the financial year 2009, Section III – Commission (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2009<sup>1</sup>,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)<sup>2</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2008 financial year (COM(2010)0650), and to the Commission staff working documents accompanying that report ((SEC(2010)1437 and SEC(2010)1438),
- having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission's management achievements in 2009' (COM(2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2009 annual report (COM(2011)0104),
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2009, together with the institutions' replies<sup>3</sup>, and to the Court of Auditors' special reports,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union<sup>4</sup>,
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2009 (05891/2011 – C7-0053/2011),
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2009 (05893/2011 – C7-0054/2011),
- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,

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<sup>1</sup> OJ L 69, 13.3.2009.

<sup>2</sup> OJ C 308, 12.11.2010, p. 1.

<sup>3</sup> OJ C 303, 9.11.2010, p. 1.

<sup>4</sup> OJ C 308, 12.11.2010, p. 129.

- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup> as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006<sup>2</sup> and Council Regulation (EC) No 1525/2007 of 17 December 2007<sup>3</sup>, and in particular Articles 55, 145, 146 and 147 thereof,
  - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>4</sup>, and in particular Article 14 (2) and (3) thereof,
  - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0134/2011),
- A. whereas under Article 318 of the Treaty on the Functioning of the European Union the Commission shall submit the accounts relating to the implementation of the budget and establish a financial statement of the assets and liabilities of the Union,
1. Approves the closure of the accounts of the general budget of the European Union for the financial year 2009;
  2. Sets out its observations in the resolution that forms an integral part of the decisions on discharge in respect of the implementation of the European Union general budget for the 2009 financial year, Section III – Commission and executive agencies;
  3. Instructs its President to forward this Decision, and the resolution that forms an integral part of it, to the Council, the Commission, the Court of Justice of the European Union, and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 248, 16.9.2002, p. 1.

<sup>2</sup> OJ L 390, 30.12.2006, p. 1.

<sup>3</sup> OJ L 343, 27.12.2007, p. 9.

<sup>4</sup> OJ L 11, 16.1.2003, p. 1.



**9. European Parliament resolution of 10 May 2011 with observations forming an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))**

*The European Parliament,*

- having regard to the general budget of the European Union for the financial year 2009<sup>1</sup>,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)<sup>2</sup>,
- having regard to the Commission's report on the follow-up to the discharge for the 2008 financial year (COM(2010)0650), and to the Commission staff working documents accompanying that report ((SEC(2010)1437 and SEC(2010)1438),
- having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission's management achievements in 2009' (COM(2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),
- having regard to the Commission's report on Member States' replies to the Court of Auditors' 2009 annual report (COM(2011)0104),
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2009, together with the institutions' replies<sup>3</sup>, and to the Court of Auditors' special reports,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union<sup>4</sup>,
- having regard to the Commission communication of 26 May 2010 entitled "More or less controls? Striking the right balance between the administrative costs of control and the risk of error" (COM(2010)0261), and to the Commission staff working documents accompanying that communication (SEC(2010)0640 and (SEC(2010)0641),
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the Commission in respect of the implementation of the budget for the financial year 2009 (05891/2011 – C7-0053/2011),
- having regard to the Council's recommendation of 15 February 2011 on discharge to be given to the executive agencies in respect of the implementation of the budget for the

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<sup>1</sup> OJ L 69, 13.3.2009.

<sup>2</sup> OJ C 308, 12.11.2010, p. 1.

<sup>3</sup> OJ C 303, 9.11.2010, p. 1.

<sup>4</sup> OJ C 308, 12.11.2010, p. 129.

financial year 2009 (05893/2011 – C7-0054/2011),

- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,
  - having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup> ("Financial Regulation") as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006<sup>2</sup> and Council Regulation (EC) No 1525/2007 of 17 December 2007<sup>3</sup>, and in particular Articles 55, 145, 146 and 147 thereof,
  - having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes<sup>4</sup>, and in particular Article 14 (2) and (3) thereof,
  - having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0134/2011),
- A. whereas the Barroso I Commission had a strategic objective to obtain a positive statement of assurance from the Court of Auditors by 2009 and whereas this objective was not achieved,
- B. whereas the Treaty of Lisbon has enhanced the Commission's role by providing that it shall execute the budget and manage programmes (Article 17 of the Treaty on European Union) and it shall do so on its own responsibility (Article 317 of the Treaty on the Functioning of the European Union) - regardless of the method of implementation applied - and that the Member States shall cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management,
- C. whereas the Treaty of Lisbon has also provided that the Commission shall submit an evaluation report on the Union's finances based on the results achieved (Article 318 of the Treaty on the Functioning of the European Union),
- D. whereas European citizens expect taxpayers' money to be used correctly, efficiently and usefully and whereas the question of the 'size' of the Union budget has to be discussed on the basis of the objectives to be achieved, as well as on the basis of the competences and responsibilities given by the Treaty on the Functioning of the European Union,
- E. whereas the second subparagraph of Article 287(1) of the Treaty on the Functioning of the European Union requires the Court of Auditors to provide Parliament and the Council with a statement of assurance as to the legality and regularity of the underlying transactions, adding that the statement may be supplemented by specific assessments for each major area of Union activity,

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<sup>1</sup> OJ L 248, 16.9.2002, p. 1.

<sup>2</sup> OJ L 390, 30.12.2006, p. 1.

<sup>3</sup> OJ L 343, 27.12.2007, p. 9.

<sup>4</sup> OJ L 11, 16.1.2003, p. 1.

- F. whereas not only the Commission but also the Member States have to be held accountable for the fact that the Court of Auditors has, thus far, not been able to issue an unqualified statement of assurance,
- G. whereas mandatory national management declarations issued and signed at ministerial level and duly audited by an independent auditor are a necessary and indispensable step to counter the current lack of ownership and the widespread perception of financial mismanagement at Union level,
- H. whereas the current multi-level assurance system does not yet guarantee the compliance of Union spending with the requirements of legality, regularity and sound financial management provided for by the Treaty on the Functioning of the European Union and the Financial Regulation,
- I. whereas independent states - not regions - are members of the Union and whereas Member States, even if their structure is federal, bear a responsibility to the outside world and the Union,
- J. whereas the "accountability" process is instrumental to good management, improving delivery and analysis, allowing for changes to be made to management and strategy and for better use being made of scarce resources and whereas, as observed by the Council, an accurate and accountable use of the EU resources is one of the essential means to reinforce the trust of European citizens<sup>1</sup>,
- K. whereas there is a need to move away from the current 'culture of entitlements' and to take decisive measures towards implementing a culture of accountability at both national and Union level and to address both compliance and performance issues in order to reinforce the legitimacy of the Union,
- L. whereas the Commission and the Court of Auditors must be provided with assurance evidence in the form of a statement of assurance from international organisations implementing Union assistance,
- M. whereas improving the financial management of the Union, the quality of spending and the arrangements for holding the Commission to account for its management of funds is a high priority and a key objective for Parliament to be achieved during the revision of the Financial Regulation, the new multi-annual financial framework and the budget reform,
- N. whereas concrete proposals for an efficient implementation of regular, tripartite meetings between the Presidents of Parliament, the Council and the Commission - as provided for in Article 324 of the Treaty on the Functioning of the European Union - shall be drawn up so as to ensure good cooperation between those institutions,
- O. whereas simplification and better regulation must be reinforced by more efficient management in the Commission and the Member States,
- P. whereas, in its resolution of 11 November 2010 on simplifying the implementation of the

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<sup>1</sup> Ecofin Council conclusions on the budget guidelines for 2011 adopted on 16 March 2010, doc 6794/10, 24 February 2010, page 9.

Research Framework Programmes<sup>1</sup>, Parliament expressed its views concerning certain difficulties relating to monitoring and certification of research,

- Q. whereas the role of the Court of Auditors is to check information, and whereas the Court of Auditors' ability to carry out its responsibilities effectively under the Treaty on the Functioning of the European Union should in no way be constrained,
- R. whereas the Court of Auditors' mandate to audit the use of Union funds includes the audit of public-private partnership bodies,
- S. whereas the Court of Auditors could provide the coordination required for the introduction of mechanisms such as the stability mechanism, the rules governing which should ensure that there are appropriate audit arrangements, together with arrangements for accountability and full transparency,
- T. whereas the Member States should consider the efficiency of the Union's present external audit arrangements,
- U. whereas simplification of sectoral legislation - for instance through standardisation and the establishment of one set of procurement rules - and streamlining with the Financial Regulation are necessary to achieve a significant improvement in performance and reduction of cumbersome bureaucracy,
- V. whereas the Commission's role is also to provide guidance to the Member States and spread good practice among national bodies continuously,
- W. whereas various measures decided in 2008, such as the EUR 1 000 000 000 Food Facility, the speeding-up of payments of the Structural Funds through the European Economic Recovery Plan and the extension of the eligibility period for various programmes into 2009 presented a challenge for budgetary control in 2009 and beyond,

### ***Overall findings***

#### *Accounts*

1. Notes that the annual accounts of the Union present fairly, in all material respects, the financial position of the Union as of 31 December 2009 and the results of operations and cash flows;
2. Deplores the fact that the Council delivered its opinion belatedly;
3. Considers it abnormal for the annual accounts to be presented with negative own capital of EUR 44 700 000 000 and wonders whether the amounts to be requested from Member States should not be entered as assets, given that the estimated EUR 37 000 000 000 in staff pensions is clearly a commitment; notes the explanations provided by the Commission's Accounting Officer to the effect that international accounting standards applicable to the public sector have been complied with; proposes that consideration be given to creating a Union pension fund to externalise financial commitments of this kind concerning staff;

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<sup>1</sup> Texts adopted, P7\_TA(2010)0401.

4. Urges the Commission to eliminate the risk of misstatements in the accounts in the future by dealing with the weaknesses identified by the Court of Auditors without delay;
5. Calls on the Court of Auditors to provide it, in future, with a single statement of assurance as to the legality and regularity of the underlying transactions, pursuant to the second subparagraph of Article 287(1) of the Treaty on the Functioning of the European Union, in the same way as it does for the reliability of the accounts;

#### *Legality and regularity*

6. Notes that while Article 317 of the Treaty on the Functioning of the European Union states that the Commission implements the Union budget on its own responsibility, in the present understanding of 'shared management' most of the management functions are carried out by national bodies not directly accountable at Union level and over which the Commission has limited powers of enforcement; takes the view therefore that these bodies are meant to be directly accountable at Union level to the Commission; insists that this does not absolve the Commission of its responsibility for the implementation of the Union budget but on the contrary requires it to take a hard line with any Member States not fulfilling their responsibilities under 'shared management';
7. Calls, therefore, pursuant to Article 287(3) of the Treaty on the Functioning of the European Union, as regards shared-management controls, for cooperation to be stepped up between national audit bodies and the Court of Auditors; proposes examination of the possibility of national audit bodies, in their capacity as accredited and independent external auditors, and with due regard for international audit standards, issuing national audit certificates for the management of Union funds, which would be submitted to Member State governments with a view to being produced during the discharge process in accordance with an appropriate inter-institutional procedure to be introduced;
8. Recalls that the Member States have primary responsibility for day-to-day management and control of Union expenditure under shared management and that national bodies initiate and process files for Union financial support and validate the reimbursement claims presented to the Commission;
9. Notes the Court of Auditors' opinion on the legality and regularity of the transactions underlying the accounts according to which payments for the policy groups 'Agriculture and natural resources', 'Cohesion', 'Research, energy and transport', 'External Aid, development and enlargement' and 'Education and citizenship' are materially affected by error and that the supervisory and control systems are only 'partially effective' in preventing or detecting and correcting the reimbursement of overstated or ineligible costs (Statement of Assurance, paragraph X);
10. Notes that the most likely error rate in payments estimated by the Court of Auditors for the policy groups 'Agriculture and natural resources' (EUR 56 318 000 000), 'Research, energy and transport' (EUR 7 966 000 000), 'External Aid, development and enlargement' (EUR 6 596 000 000) and 'Education and Citizenship' (EUR 2 153 000 000) is between 2 % and 5 %;
11. Notes that the most likely error rate in payments estimated by the Court of Auditors for the policy group 'Cohesion' (EUR 23 081 000 000 reimbursed certified expenditure) is above 5 % although Parliament does not know the exact error rate;

12. Notes further that the Court of Auditors' audit results show a very marginal increase in its estimate of the most likely error rate concerning the payments for the policy group 'Agriculture and natural resources' and a significant decrease in its estimate of the most likely error rate concerning the payments for the policy group 'Cohesion';
13. Notes that the reduction in the most likely error rate could be due to the composition of the Court of Auditors' sample which contained smaller Member States with centralised political systems, such as Denmark, Estonia, Luxembourg and Hungary; warns against premature conclusions as long as the Member States' supervisory and control systems are only 'partially effective'; regrets that this fundamental problem continues to exist;
14. Calls on the Commission and the Member States to make annual improvements in the most likely error rates in implementing the Union budget; considers that the aim should be to bring the rate below the materiality threshold, thus securing a positive statement of assurance from the Court of Auditors;
15. Recalls its repeated invitations to the Commission to present a proposal for the introduction of mandatory national management declarations (NMDs) issued and signed at ministerial level, made public and duly audited by an independent auditor so far as such declarations are a necessary and indispensable first step to improve the efficiency of national systems and to enhance national accountability for the use of Union money; reiterates<sup>1</sup> that for Member States with federal systems or substantial decentralisation such NMDs could take the form, in whole or in part, of a collation of regional declarations, provided that each component declaration has been audited and signed by an elected political office-holder; insists that the Commission will present such a proposal by September 2011 irrespective of the fact that some Member States might not yet agree with such an initiative;
16. Notes that NMDs should contain full information about the use of Union funds, and that after the signing of NMDs at ministerial level they should be made public;
17. Regrets that in respect of the shared management programmes, the Member States do not yet acknowledge fully their enhanced responsibility which is enshrined in Article 317 of the Treaty on the Functioning of the European Union;

#### *Recovery and correction mechanisms*

18. Recalls that in implementing the Union budget the Commission has final responsibility for ensuring that amounts incorrectly paid are recovered and that weaknesses in the Member States' management and control systems are corrected as quickly as possible;
19. Recalls that since the 2005 discharge procedure Parliament has encouraged the Commission and the Member States to take the necessary steps to ensure completeness and accuracy of the information available with the aim of providing reliable evidence to allow the Court of Auditors to assess the effectiveness of multi-annual correction mechanisms;

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<sup>1</sup> For example paragraphs 23 and 24 of the European Parliament resolution of 24 April 2007 with comments forming an integral part of the Decision on the discharge for implementation of the European Union general budget for the financial year 2005, Section III – Commission (OJ L 187, 15.7.2008, p. 25).

20. Welcomes that the Commission in Note 6 to the Annual Accounts of the European Union, financial year 2009 has responded to Parliament's requests by including more detailed information about recoveries and financial corrections than it has done in the past;
21. Further notes the important difference between 'recovery' (sums incorrectly received are repaid by the recipient) and 'financial correction' (addressing weaknesses in the system the financial consequences of which are borne by the national taxpayer); emphasises that the 'financial correction' mechanism should not be used as an easy way of avoiding the use of a 'recovery' procedure and that whenever possible a 'recovery' procedure should be pursued to ensure that those who have benefitted from sums paid 'incorrectly' do not retain such funds; recalls its request that all data concerning recoveries should be an integral part of, and included in, the database of final beneficiaries;
22. Regrets that for the policy group 'Cohesion' merely 20 % of the amounts confirmed in 2009 have been implemented and a total amount of EUR 2 332 000 000 of corrections still remain to be implemented at year-end 2009 (Annual Report, point 1.44);
23. Welcomes the Court of Auditors' finding that the Commission presents complete information on its recoveries and financial corrections; deplores, on the other hand, the fact that the Commission does not always receive complete and reliable information from the Member States;
24. Invites the Member States to improve their systems for control, detecting and reporting corrections to the Commission, and the Commission to refine the financial reporting guidelines to ensure that all relevant information about the operation of the multi-annual correction mechanisms is appropriately disclosed in the accounts; further asks the Commission to keep Parliament informed on its efforts to verify the work of the national audit authorities;
25. Notes that the vast majority of the corrections by value involve financial corrections on the Member States or third countries, rather than recoveries from individual beneficiaries who received Union funds incorrectly (Annual Report, point 1.50);
26. Believes that future rules applicable to the Union budget and programmes should provide that unspent Union funds are not returned to the Member States if a Member State has not paid back to the Union amounts incorrectly received and invites the Commission to take into account any financial correction not yet paid by the Member States before returning unspent annual budget appropriations to the Member States;
27. Suspects, with some concern, that under the present system, which does not include fines and makes it possible to substitute most of the expenditure found to be ineligible by the Commission or the Court of Auditors, the Member States seem to have limited interest in developing efficient control systems that could result in a reduction of their share of Union spending; therefore repeats its opinion from the 2008 discharge resolution, that reallocation of ineligible expenditure should only be allowed if it was discovered by the Member States themselves; further welcomes that the Commission has made use of the new possibility to immediately suspend payments and demands that suspension of payments continue to be used resolutely and consistently, making the decisions taken and the reasons for them clear to Parliament; calls on the Commission to develop a system which will punish underperformers, and reward those who perform well, by reducing their administrative burden;

28. Calls on the Commission to provide Parliament with an analysis of the paying agencies' capacity to deliver reliable data based, in addition, on ex-ante declarations and on-the-spot checks, comparing those declarations and those checks with the information given by the Court of Auditors, and to check the veracity of the information provided by these bodies in the last four years;
29. Is aware of the fact that suspension of payments can sometimes create a trade-off with quick implementation, but is convinced that in cases where high risk is already established, reliability should take precedence over speed;
30. Accordingly, does not agree with the Commission's statement that financial corrections represent 'a strong incentive for Member States to improve their management and control systems and thus to prevent or detect and recover irregular payments to final beneficiaries' (Annual Accounts of the European Union, financial year 2009, Note 6, page 100);
31. Notes that financial corrections could be an indicator of whether a policy has been implemented according to established rules and that the regular and increasing number of financial corrections could indicate not only that the Commission is fulfilling its supervisory role in a more stringent way but also that financial corrections have only had a limited effect as a preventive and structural measure; further notes that the Member States' efforts to create efficient systems are influenced by the efficiency of the Commission's supervision;
32. Welcomes the Commission's guidance note on reporting on recoveries; asks the Commission to carefully analyse the Member States' reports on recoveries and, if necessary, carry out further training;

*Member State responsibility and transparency*

33. Notes with concern the slow pace of improvements to the financial management of Union funds; at the same time takes note of the repeated opinions of both the Court of Auditors and the Commission that the quality of management and control systems differs widely between the Member States and between the different programmes; calls on the Commission to systematically account for these differences in control systems and to make available clear evaluations of efforts by the Member States to detect irregularities so as to make sure that those Member States detecting higher irregularities due to more onerous control systems are not discredited at any point;
34. Agrees with the recommendation of the Council that information on recoveries, financial corrections and suspensions should be easily accessible to the public;
35. Invites the Commission to publish in the Synthesis Report an assessment of the strengths and weaknesses of individual Member States' management and control systems on the basis of the audit work it already performs as well as other relevant available information; further invites the Commission to include a progress report on the improvements in the discharge information; calls on the Commission to establish a 'scoreboard' on the quality of controls per Member State and policy area according to the following matrix model:



	Policy area A	Policy area B	Policy area C	Etc.
Member State A				
Member State B				
Member State C				
Etc.				

36. Underlines that low levels of fraud and error rates could signify weaknesses in the control systems and vice versa; urges the Commission on the basis of concrete data per Member State and per policy area, to report to Parliament on the effectiveness of management and control mechanisms and to implement, together with the European Anti-Fraud Office (OLAF), stricter control on the spending of Union money;
37. Calls on the Court of Auditors, pursuant to the second subparagraph of Article 287(4) of the Treaty on the Functioning of the European Union, to deliver an opinion on the quality of the national audit authorities as regards shared management, with particular reference to technical expertise and independence;
38. Notes that the present statement of assurance is an expression of the regularity and legality of the financial management in the Union overall, and that it does not contain information on error rates in individual Member States;
39. Believes that it is of utmost importance to analyse if certain errors occur in all the Member States with more or less the same frequency; notes, if so, that the solution would be Union-wide action; however, further notes that if certain errors are mainly located in specific Member States or regions, other solutions should be envisaged;
40. Believes that a 'scoreboard' on the quality of controls per Member State and policy area as requested would be an important element in such an analysis and invites the Commission to follow-up on this request starting with its Synthesis Report on 2011 and in time for the 2010 discharge procedure;
41. Suggests that the Court of Auditors should carry out occasional audits based on the same matrix model so that all 27 Member States would be audited for a specific policy area which would allow the quality of controls to be evaluated comparatively;

42. In addition, invites the Commission to publish in the Synthesis Report clear and unequivocal information on the value of recovery orders made against individual Member States as well as a systematic presentation of the results of recovery and correction mechanisms;
43. Notes that many Member States are undertaking difficult fiscal adjustments to their domestic budgets, and that value for money, efficiency and transparency have become increasingly important in domestic public spending;
44. Considers that such fiscal adjustments and savings are important tools in restoring public confidence in national as well as Union institutions;
45. Considers that ensuring sound financial management and a well balanced and appropriate size of budget, should help to deliver value for money as regards both domestic budgets as well as the Union's budget; believes, accordingly, that the principles of value for money and transparency should be at the heart of all actions to improve the financial management of Union funds;
46. Requests, accordingly, the Commission make the Member States' annual summaries publicly available as part of next year's discharge procedure and upgrade the information provided in these summaries to present a meaningful picture of the Member States' financial management performance; underlines that making the Member States' annual summaries publicly available should be considered as a step towards NMDs and not as a goal in itself;
47. Considers that a review of the Financial Regulation should be based on an evaluation of the existing Regulation, notes that a review is not an end in itself;

#### *Tolerable risk of errors*

48. Believes that control systems cannot aim at zero risk in all spending areas, not only because it would be extremely expensive, but also because it is unlikely that zero risk in all spending areas will ever be achieved; accepts that a certain risk of error will always exist when implementing any spending programmes; emphasises that tolerating risk is not the same as tolerating error and reaffirms that the Commission must pursue a zero-tolerance approach to all cases of mismanagement and fraud;
49. Notes that this discussion is only taking place at the Union level and recalls that "error rates" for national administrations' implementation of national programmes are not known;
50. Invites the Commission to identify weaknesses in present management and control systems as well as to analyse the cost and benefits of various possible changes; underlines that where it is difficult to obtain a sufficiently high level of compliance with scheme rules, a number of options such as: simplification of the rules, re-designing the programme, tightening controls, or terminating the programme, are possible;
51. Underlines that any comparison between the estimated benefits and costs of controls must be based on a reasonable belief that controls are being applied in an efficient and effective manner; further underlines that this is currently not fully the case as demonstrated by the

Court of Auditors for many years when stating that management and control systems are still only partially effective;

52. Regrets that the Commission uses the notion 'tolerable risk of error' exclusively to manage the risk of error and as a basis to decide what level of irregular use of funds should be considered as acceptable ex-post; takes the view that a forward-looking approach to a possible introduction of a comprehensive concept of 'tolerable risk of error' would include in the Financial Regulation a requirement for the Commission to match spending proposals with an assessment of the irregularity risks;
53. Calls for a study of the distinction between the materiality threshold, which is associated with the holding of an audit and therefore subject to assessment by the Court of Auditors, and the acceptable error rate, which is a concept associated with internal audits for which the Commission is responsible;

#### *Commission's Internal Audit Service (IAS)*

54. Notes that 'internal audit' in the Commission is carried out by the horizontal IAS and the vertical Internal Audit Capabilities (IAC) in each Directorate-General; believes that this model can only be efficient if the work carried out by the IAC is reliable; notes, however, that an IAS audit of the IAC audit results could be perceived as a policing activity and would harm the relationship between the IAS and the IAC;
55. Invites the Commission, accordingly, to carry out an external quality review of all the IAC in the Commission and to inform Parliament of the results;
56. Proposes that the Commission split the hierarchical power between people with accounting responsibility and those responsible for transferring funds in application of the customary rules on security and separation of powers for internal control in treasury management;
57. Notes the Commission annual report to the discharge authority (COM(2010)0447) on internal audits carried out in 2009 and that the Commission's internal auditor is of the opinion that an overview at the level of the institution is necessary if common processes such as risk analysis and business continuity management are to be effective in protecting the institution as a whole and in order to ensure sound financial management;
58. Invites the Commission to make appropriate bodies responsible for obtaining this overview and for making appropriate recommendations whilst taking care not to reduce responsibility for the implementation of each process; recommends that the Commission's governance framework be adapted to allow for enhanced institutional overview; would appreciate being informed in a timely manner about developments in this matter;
59. Invites the IAS to allocate part of its resources to an examination of whether the spending by the main DGs is efficient, economical and effective, thereby completing the current financial and compliance audits;
60. Further invites the IAS to audit the methodology to be used for the production of the Article 318 of the Treaty on the Functioning of the European Union evaluation report and to assess the work done;

### *Single audit*

61. Urges the introduction of a single audit model whereby audits are carried out, recorded and reported to a common standard - as proposed by the Court of Auditors in its Opinion 2/2004 and repeatedly supported by Parliament - where each level of control builds on the proceeding one, with a view to reducing the burden on the auditee and enhancing the quality of audit activities but without undermining the independence of the audit bodies concerned; believes that internal controls should provide reasonable assurance on the legality and regularity of transactions, and compliance with the principles of economy, efficiency and effectiveness and underlines that controls should be coordinated to avoid unnecessary duplication; draws attention to the fact that the Court of Auditors is the external auditor of the Union and therefore not an element of internal control;
62. Invites the Commission to present a report on the feasibility of introducing a single audit model applicable to the Union budget putting to an end the current juxtaposition of national and Union internal control systems; invites the Commission to adopt a risk-based approach for the auditing sampling rather than an approach based on statistical sampling;
63. Recalls the opinion expressed in paragraph 65 of its resolution of 27 April 2006<sup>1</sup> concerning discharge for the financial year 2004 that called for "national audit bodies to assume responsibility for controlling the local use of EU funds, so as to make any consideration of establishing national offices of the Court of Auditors unnecessary"; believes that if national audit bodies are not willing for public bodies within their Member States to take over the control of expenditure from the Union budget, that consideration should be given to reorganising the Court of Auditors so that some of its members have responsibility for defined policy areas whilst others have responsibility for groups of Member States; notes that as the number of members of the Court of Auditors has virtually doubled in recent years, whilst the number of policy areas has not, this should be within the capacity of the Court of Auditors to manage;

### *Transparency*

64. Notes the judgment of the Court of Justice in Joined Cases Volker and Markus Schecke GbR C-92/09 and Hartmut Eifert C-93/09<sup>2</sup> and the subsequent need to balance "the European Union's interest in guaranteeing the transparency of its acts and ensuring the best use of public funds against the interference with the right of the beneficiaries concerned to respect for their private life in general and to the protection of their personal data in particular" (Volker and Markus Schecke GbR, paragraph 77 of the judgment); stresses however that the Court of Justice has recalled the validity of the principle of transparency (Volker and Markus Schecke GbR, paragraph 68) as stated in Articles 1 and 10 of the Treaty on European Union and in Article 15 of the Treaty on the Functioning of the European Union and has also underlined that "publication on the Internet of data by name relating to the beneficiaries concerned [...] reinforces public control of the use to which that money is put and contributes to the best use of public funds" (Volker and Markus Schecke GbR, paragraph 75);
65. Calls on the Commission to follow up on the request of the Court of Justice and to swiftly

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<sup>1</sup> OJ L 340, 6.12.2006, p. 5.

<sup>2</sup> Judgment of 9 November 2010 in Joined Cases C-92/09 and C-93/09, Volker and Markus Schecke GbR and Hartmut Eifert v Land Hessen, not yet published in the ECR.

propose criteria where the public interest in transparency should override the protection of personal data of Union funds' beneficiaries; recalls that the Court of Justice has proposed criteria such as the periods during which natural persons have received Union funds, the frequency of such aid or the nature and amount of aid (Volker and Markus Schecke GbR, paragraph 89);

66. Asks the Commission to define the criteria mentioned by the Court of Justice in the Financial Regulation, sectoral legislation or any other act in a way that allows a high level of transparency, ensuring that data on beneficiaries falling under these criteria can be published again; urges the Commission to monitor the Member States' obligation to publish the data correctly and in a timely manner and requests the Commission to present the results of its monitoring in the next Synthesis Report;
67. Recalls its request from its resolution on discharge for the financial year 2008 to standardise the structure and presentation of beneficiaries' data on national, regional and international sites, including details of recipients and their projects;
68. Reiterates its belief that transparency is one of the main instruments in achieving legal and regular expenditure and believes that the objective should be the creation of a single and comprehensive online system (a central database) which can be accessed easily by any individual and would therefore allow the public to have easy access to full and complete information about the expenditure of the Union by budget line and by beneficiary; insists that the Commission collect data regarding the beneficiaries of funds in that central database and make the data collected easily accessible and user-friendly; further requests that the data be published in a comparable, machine-readable, searchable and open data format in one of the official languages of the Union;
69. Proposes, in order to increase transparency, that the central database regarding the beneficiaries of funds shall make it possible to visualise not only money flows in figures but also the connections between the different actors in a project at different levels, whilst always taking into account the protection of privacy;
70. Invites the Commission, when establishing that central database, to seek inspiration from the American Recovery Accountability and Transparency Board and its website ([www.recovery.gov](http://www.recovery.gov));

### *Evaluations*

71. Emphasises that for the public to have confidence in the Union budget, three objectives must be pursued:
  - that the accounts give a 'true and fair view' of the financial position of the Union,
  - that all expenditure is 'legal and regular' and receives a positive statement of assurance from the Court of Auditors,
  - that all expenditure delivers the outcomes for which it was intended,and notes that even if the first two objectives are secured, considerable resources could still in fact be wasted unless sufficient attention is also given to the third;

72. Calls on the Commission to review its systems for evaluating the effectiveness of expenditure programmes to assess whether they are adding value, delivering value for money, and achieving the objectives for which they were established; insists that such evaluations should be both conducted and then assessed independently; calls therefore for independent evaluations to be submitted to Parliament and its relevant committees for scrutiny;

#### *Permanent crisis mechanism*

73. Notes the conclusions of the European Council of 28 - 29 October 2010 (EUCO 25/1/10) and that the "Heads of State or Government agree on the need for Member States to establish a permanent crisis mechanism to safeguard the financial stability of the euro area";
74. Invites the Council and the Member States to give due consideration to the following issues when devising a permanent crisis mechanism:
- appropriate arrangements for public external audit and accountability and full transparency for the permanent crisis mechanism shall be established,
  - the reliability of data and statistics shall be ensured,
  - responsibility and reporting arrangements shall be clear and all actors whose liabilities will be involved shall also be involved in the establishment of the mechanism,
  - Parliament's political scrutiny of any euro-bond issue, in general, and of the permanent crisis mechanism in particular shall be defined;

#### *Whistleblowers*

75. Calls on the Commission to review the briefing and training given to staff regarding 'Title II: Rights and Obligations of officials' of the Staff Regulations so as to ensure that all staff are fully conversant with its terms and particularly with the obligations under Article 22a(96); asks that the Commission provide details to Parliament's competent committee of the work undertaken in this area;

#### *The European Schools*

76. Welcomes the fact that the Court of Auditors did not find errors that might call into question the reliability of the accounts that it audited and the legality and regularity of the transactions underlying those accounts;
77. Invites the Office of the Secretary-General of the European Schools to ensure without delay a thorough follow-up of the Court of Auditors' 2008 and 2009 recommendations;
78. Points to an increase in overall costs where teachers appointed by the Member States were absent for long periods and had to be replaced by part-time teachers; expects schools to be able to provide figures for these extra costs;

#### *Reform of the Staff Regulations of Officials of the European Union*

79. Notes that the reputation of the Union is strongly influenced by the public perception of

its civil service; notes that the last reform of the Staff Regulations did not adapt its provisions to a changed working environment nor lead to a remuneration policy that provides for equal pay for equal work; notes that it contains out-dated perks and benefits; calls on the Commission to present proposals for a comprehensive modernisation of the Staff Regulations, including the end of out-dated perks and benefits;

### *Specific findings*

80. Welcomes the concrete measures and corresponding timelines presented by the Commission as a result of the constructive discussions within the discharge procedure;

#### *Agriculture and natural resources - EUR 56 300 000 000*

81. Welcomes the fact that the Commission has succeeded in bringing the error rate down to around 2 % in recent years; however, notes that the error rate increased slightly in 2009;
82. Calls upon the Commission to take steps to ensure that the reduction in the error rate becomes a trend that is maintained year-on-year so as to ensure that the irregularities cease;
83. Recalls that for agriculture and rural development practically all expenditure is carried out under shared management;
84. Notes that on the basis of its audit results the Court of Auditors estimates that the most likely error rate for 'Agriculture and natural resources', which accounts for nearly half of the budget, is between 2 % and 5 %;
85. Also notes that in 2009, out of 241 transactions examined, 66 (27 %) were affected by error and that 42 (64 %) of these transactions were affected by quantifiable errors notably concerning eligibility and accuracy errors, resulting from over-declaration of eligible land;
86. Considers that the effectiveness of the spending areas as a whole, not just individual projects, must be evaluated on its overall trend of errors;
87. Notes the improvements of the Integrated Administration and Control System (IACS) in Greece following Parliament's continuous attention;
88. Recalls, however, that the Court of Auditors in recent years has found the effectiveness of the IACS adversely affected by inaccurate data in the databases, incomplete cross checks or incorrect or incomplete follow-up of anomalies;
89. Notes that for its 2009 audit of eight paying agencies, the Court of Auditors found the systems to be effective in ensuring the regularity of payments in only one agency, partially effective in four agencies, and ineffective in the remaining three agencies;
90. Notes the Court of Auditors' conclusion that the supervisory and control systems for Agriculture and natural resources were, at best, partially effective in ensuring the regularity of payments;

91. Further notes that the Court of Auditors concludes that the IACS needs significant improvements in three out of eight paying agencies audited;
92. Also notes that the Court of Auditors found that the Annual Activity Report and the declaration given by the Director General for Agriculture provided only partially fair assessment of financial management in relation to the regularity of payments;
93. Deplores the fact that the Member States' practice of defining used farmland independently results in substantial misallocation of area payments; expects the Commission's evaluation report to consider this practice and illustrate it with examples;
94. Invites the Commission:
  - to improve the reliability and completeness of the data recorded in the Land Parcel Identification System,
  - to take proactive measures to ensure that all the IACS databases provide a reliable and full audit trail for all modifications made, paying particular attention to those countries known to have a poor record,
  - to clarify and further enforce the rules so that Union direct aid is not paid to claimants who have neither used the land for farming nor maintained it in Good Agricultural and Environmental Conditions,
  - to review and improve the guidelines as regards the work to be performed by certification bodies, in particular the work related to the validation of the Member States' control and inspection statistics, and to provide Parliament with the number and an assessment of the soundness of the existing paying agencies,
  - to further reduce bureaucracy, to simplify procedures and to avoid adverse effects on farmers arising from the plethora of rules, which in some cases conflict;
  - to keep Parliament regularly updated about the progress of the work;
95. Is of the opinion that the tripartite meetings of the Court of Auditors, the Commission and national authorities, which proved important for the mutual understanding and judgment of problems in relation to the annual DAS exercises in the Cohesion policy area, should be extended to the policy area of agriculture and natural resources in order to facilitate a harmonised interpretation and application of the rules regarding the management and control of expenditure, as well as a coordinated approach between the Commission and the Court of Auditors;
96. Agrees with the Court of Auditors that the conformity clearance puts too much emphasis on flat-rate corrections and conformity adjustments that do not concern the final beneficiary;

*Cohesion - EUR 35 500 000 000*

97. Recalls that management of Cohesion spending is shared with the Member States, that expenditure takes place through a large number of multi-annual operational programmes (OPs), that the Commission approves OPs on the basis of proposals from the Member



States and that the Member States choose the individual projects to be included in the OPs;

98. Recalls that the Member States co-finance the projects under Cohesion spending; notes that effective management and control systems are of interest to the Member States, who participate with national co-financing; asks the Commission to work decisively to improve and overcome temporary flaws in the management and control systems;
99. Notes that the Court of Auditors estimates that the most likely error rate for the Cohesion policy area is above 5 %; notes that the frequency of errors continues to decrease for the third consecutive year;
100. Also notes that 36 % of payments to projects were affected by errors, and that this still is the area with the highest error rate;
101. Considers that the spending areas themselves, not just individual projects, must be evaluated on the overall trend of errors;
102. Notes the complexity of the regulatory framework of Cohesion, requiring conformity with both national requirements, including regional and local powers, and a variety of Union policies and rules, such as those relating to public procurement and State aid, the large number of authorities responsible for the implementation of Cohesion policy in the Member States and the even larger number of beneficiaries and recipients of Union support;
103. Considers that such complexity is an important issue to take into account when deciding improvements and simplifications;
104. Notes that a major proportion of the estimated error rate is attributable to eligibility errors and serious failures to respect public procurement rules; further notes that the non-respect of public procurement rules alone accounts for 43 % of all quantifiable errors and forms approximately three-quarters of the estimated error rate;
105. Notes that infringements of procurement procedures reveal a failure to complete the Union internal market; asks the Commission and the Court of Auditors to set up a platform for the consultation process on methodology used with regard to the seriousness of the infringements detected in public procurement domain;
106. Further notes that diversity of interests will, without doubt, have an influence on the effective implementation of the Member States' control obligations in so far as Union expenditure within the respective Member State and national contributions to the Union budget from the respective Member State are concerned;
107. Asks the Commission to analyse the reasons for those infringements of public procurement rules and to cooperate decisively with the Member States to overcome the difficulties identified;
108. Welcomes, in this regard, the Commission's Green Paper on the modernisation of EU public procurement policy - Towards a more efficient European Procurement Market (COM(2011)0015); calls on Council and the Commission to finalise the adoption of the

reform of the basic Union public procurement rules (Directives 2004/17/EC<sup>1</sup> and 2004/18/EC<sup>2</sup>) by 2012;

109. Is worried that the Court of Auditors also found a significant number of shortcomings in tendering and contracting procedures;
110. Notes that for at least 30 % of the errors found by the Court of Auditors sufficient information was available for the Member State authorities in charge of implementing the OPs to have detected and corrected the error prior to certifying the expenditure to the Commission;
111. Believes that this finding seriously brings into question the efficiency of a system in which the Member States hold the main responsibility for the accuracy of the declared expenditure;
112. Recalls that management verifications are key controls to prevent irregularities, and regrets that for 11 of the 16 OPs audited, the verifications carried out by managing authorities of the Member States were only partially compliant with the regulatory requirements;
113. Notes that, overall, the supervisory and control systems for the 2007-2013 programming period were only partially in compliance with the audited key provisions of the regulatory framework;
114. Notes that final figures can only be established for those financial years that can be deemed to have been closed, and that the most recent financial year that can be deemed closed is 2004;
115. Recalls that the Commission's role includes providing guidance to the Member States and developing good practices among national bodies; calls on all Commission DGs to further improve their performance in this respect;
116. Stresses that the Member States' administrations are, to a high degree, stakeholders of policies they implement in shared management; emphasises, in that respect, that shared management between the Commission and the Member States depends upon an atmosphere of mutual respect and recognition between the administrations concerned; underlines that this atmosphere, to a large degree, can be further strengthened in day-to-day management and resulting contacts between the Commission and the Member States' administrations;
117. Requests that the Commission identify and spread best practices amongst the Member States in order to allow an increased absorption of funds and improved beneficiary cash-flow by amending and simplifying the Structural Funds implementing regulations at national level;
118. Is worried that according to OLAF there is growing evidence that in many cases the frauds in the Structural Funds are organised and planned and have not resulted from simple opportunity; calls on all stakeholders in the Member States and in the Union

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<sup>1</sup> OJ L 134, 30.4.2004, p. 1.

<sup>2</sup> OJ L 134, 30.4.2004, p. 114.

institutions to work together closely to deal with this phenomenon (OLAF Annual Report 2010, p. 41);

119. Deplores the belated issuing of the Member States' annual summaries concerning the Structural Funds, on account of which it is impossible to obtain an adequate assurance of the regularity of the implementation of regional programmes; regards this as sufficient grounds to suspend payments from the Structural Funds to the Member States;
120. Invites the Commission, in connection with the revision of the Financial Regulation, to look into the effectiveness of NMDs as incentives and/or deterrents and the advantages and improvements they could bring in terms of sound financial management; considers that account should also be taken of the fact that for the period 2007-2013 major changes have been made to management and control systems and that the results produced need to be assessed with a view to making further improvements; takes the view that the introduction of this instrument should genuinely make it possible for the Commission to fulfil its duty to supervise the Member States and to ensure an effective functioning of the national management and control systems;
121. Calls upon the Commission to intensify the contacts with the Member States' administrations for the purpose of a mutual exchange of information to tackle pending questions without delay;
122. Is very worried about the continually low standard of some Member States' management and control systems and the slow rate of progress in improving those systems;
123. Invites the Commission to include in the Financial Regulation a request for mandatory NMDs issued and signed at ministerial level and duly audited by an independent auditor as a vital first step towards greater national accountability for Union expenditure; takes the view that without introducing this instrument the Commission will not be able to fulfil its duty to supervise the Member States and to ensure an effective functioning of the national management and control systems;
124. Draws attention to its Rules of Procedure, in particular to Annex VI, Article 6(3) thereof, according to which the President on "the basis of a report by the committee responsible for budgetary control...acting on behalf of Parliament may bring an action before the Court of Justice against...the institution concerned, pursuant to Article 265 of the Treaty on the Functioning of the European Union, for failure to comply with the obligations deriving from the comments accompanying the discharge decision or the other resolutions concerning implementation of expenditure"; recalls, in addition, the need to ensure an efficient implementation of regular, tripartite meetings under the budgetary procedure as mentioned in Article 324 of the Treaty on the Functioning of the European Union;
125. Regrets that the certifying bodies under Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund<sup>1</sup> lack coherent and clear auditing standards; calls on the Commission to set up a working group with the Member States to prepare uniform auditing standards in order to further enhance the audit work of the certifying/auditing bodies;

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<sup>1</sup> OJ L 210, 31.7.2006, p. 25.

126. Calls on the Commission to provide Parliament with the number and an assessment of the soundness of the existing managing authorities;

*Research, energy and transport - EUR 8 000 000 000*

127. Recalls that the majority of expenditure for this policy group is implemented by the Commission under direct centralised management and, increasingly, by indirect centralised management through agencies and Joint Undertakings;
128. Notes that the most likely error rate estimated by the Court of Auditors for this policy area is between 2 % and 5 %;
129. Further notes that the Court of Auditors found that management and control systems were only partially effective in ensuring the regularity of transactions;
130. Notes that the main source of error in this policy group remains the reimbursement of overstated personnel and indirect costs to research projects; further takes note of the increase in reservations concerning direct management (from 4 to 9) mainly as a result of complex eligibility criteria;
131. Also notes that, in view of the particular importance of research and development for the Union economy, errors in this area are especially alarming;
132. Recalls that FP6 beneficiaries' cost statements submitted for reimbursement shall be accompanied by an audit certificate issued by an independent auditor certifying that the independent auditor has reasonable assurance that the declared costs meet the eligibility requirements; draws attention to the fact that, by the Commission's own admission, the acceptability criteria adopted for obtaining certification are too restrictive;
133. Is worried about the fact that the Court of Auditors found errors in 43 % of the audited cost statements - both in 2009 as well as in 2008 - which had received an unqualified opinion from the certifying auditor before submission for reimbursement;
134. Notes that while the Commission substantially increased the amount of ineligible costs recovered during 2009, the outstanding recoverable amounts showed a similar increase and have almost tripled to EUR 31 500 000;
135. Considers that public trust in the area of research, energy and transport is very important, since this area is anticipated to increase its share of the Union budget in the coming years;
136. Invites the Commission to ensure that the independent auditors who have incorrectly certified cost statements are made aware of the eligibility criteria for declared costs and if applicable held accountable, to review the operation of the system for the certification of beneficiaries' costing methodologies, to reduce the backlog in recovering undue amounts paid and to impose sanctions where necessary, to further simplify the research funding rules, to significantly improve access to research funding for SMEs and to ensure full accountability for the proper use of Union money;
137. Reiterates its call on the Commission to provide legal certainty by refraining from applying a stricter definition of the rules for participation retroactively and by refraining from asking recipients to recalculate financial statements already approved by

Commission services, hence reducing the need for ex-post audits and retroactive corrections; asks the Commission rapidly to resolve prior situations arising from inspections in progress, acting with discernment and respect for the principles of sound financial management; recommends that disputes regarding such prior situations be resolved by agreement between all parties, based for example on an independent re-audit and/or with the intervention of an ad-hoc independent mediator;

138. Welcomes the fact that the Commission has started to make use of its sanctions in the area of research (34 actions, EUR 514 330 received); nevertheless, supports the IAS conclusion that a strong fraud detection mechanism is needed;
139. Further invites the Commission to ensure that the IAS exercises the same powers over the bodies set up by the Union having a legal personality and receiving contributions from the budget (Union Joint Undertakings) as those which it exercises over Commission departments, in accordance with Article 185(3) of the Financial Regulation;
140. Believes that the FP8 should be based on a radical change of view including the introduction of a bonus system partially replacing the current upfront payment system and better access to venture capital in order to enhance efficiency;

*External aid, Development and Enlargement - EUR 6 600 000 000*

141. Recalls that the majority of the expenditure in this policy area is subject to direct centralised management by Commission services either from Commission Headquarters or at the Union Delegations level ('European Union Delegations' after the entry into force of the Treaty on the Functioning of the European Union); further takes note of the increasing use of joint management in, for example, the Food Facility;
142. Considers that the effectiveness of the spending areas themselves, not just individual projects, must be evaluated on its overall trend of errors;
143. Notes that the most likely error rate estimated by the Court of Auditors for the audited domain is between 2 % and 5 %;
144. Further notes that the Court of Auditors' overall assessment of supervisory and control systems is that they are only partially effective;
145. Also notes that the Court of Auditors found that the Annual Activity Report and the declaration given by the Director General for EuropeAid only give a partially fair assessment of financial management in relation to regularity;
146. Notes that the assessment of management and control systems in the candidate and potential candidate countries is an ongoing process carried out within the framework set out by the roadmap for the decentralised management process for an Instrument for Pre-accession Assistance (IPA) that leads to the granting of management powers by the Commission to a specified component, programme or measure within the IPA;
147. Asks the Commission to closely cooperate with candidate and potential candidate countries in order to effectively improve management and control systems, to promote best practices for fighting fraud, and to ensure that their practices are in conformity with all Union rules and standards;

148. Deplores the fact that in some potential candidate countries appointments in the public administration in breach of the civil service law continue; regrets that the judiciary in many cases functions poorly; invites the Commission to provide all potential candidate countries with the necessary know-how and institutional knowledge to efficiently fight corruption and continue the reforms needed;
149. Is concerned by the high rejection rates in countries with decentralised implementation, i.e. where Union Delegations control procurement files ex-ante; underlines that national authorities in those countries seem to have difficulties in implementing decisive improvements which are necessary for waiving the Commission's ex-ante controls; invites the Commission and candidate countries to improve dialogue and ensure effective cooperation;
150. Notes the Court of Auditors' Special Report No 12/2009 on the effectiveness of the Commission's projects in the area of Justice and Home Affairs for the Western Balkans;
151. Welcomes the Court of Auditors' positive assessment on the supervisory and control systems applied in the area of humanitarian aid; nevertheless, invites the Commission to give greater attention to and derive full benefit from the follow-up of weaknesses revealed by its audits on implementing partners and monitoring the extent of the use of humanitarian procurement centres;
152. Invites the successor of DG RELEX to complete its ex-post control methodology and promptly address related recommendations made by the internal auditor;
153. Invites DG ELARG to develop and put in place mechanisms to facilitate the analysis and follow-up of the results of the verification missions carried out and to devote sufficient resources to the analysis of the outstanding final declarations submitted by the Member States that have recently joined the Union, but relating to the pre-accession period;
154. Invites DG ECHO to improve the assessments of the proposals' documentation for humanitarian aid actions (such as the introduction of standardised evaluation reports) and to report on its experience with the implementation of the Food Facility in its Annual Activity Report for 2010;
155. Notes that there could also be negative effects in providing foreign aid, such as when corrupt regimes in receiving countries mismanage funds, and that the work to prevent such effects must be given top priority;
156. Welcomes the fact that the Commission spent EUR 396 000 000 between 2007 and 2010 to support accession candidates in their efforts to improve judicial systems and the fight against corruption as well as the progress made in this regard; nevertheless cautions against being too optimistic and asks the Commission to provide evidence that this money was spent efficiently and whether improved control structures actually lead to increased sanctions against corrupt actors, including in high-profile cases, whether laws are fully implemented, and whether reforms are sustained;
157. Notes with concern the weaknesses identified by the Court of Auditors in the decentralised implementation system (DIS) in Croatia and Turkey; asks the Commission to report on all measures taken to address this problem and provide estimates of the amount of expenditure at risk;

158. Asks the Commission, and in particular DG ELARG, to step up its efforts to deal with the final declarations for the PHARE programme, the CARDS programme, and the transition facility and to proceed with the closure of these programmes prudently and in a timely manner;
159. Regrets the fact that a significant share of pre-accession aid is dealt with in chapters 3 (agriculture - EUR 254 000 000) and 4 (cohesion - EUR 65 000 000) of the Court of Auditors' annual report; is surprised that, unlike in previous years, the Court of Auditors' annual report does not contain information on audit visits per country for non-Union countries;
160. Regrets the fact that DG REGIO did not undertake any audit missions to Croatia in 2009 despite there being major problems with the tendering process there;
161. Further invites the Commission to inform international organisations that future Union assistance will be subject to the delivery of assurance evidence in the form of a statement of assurance;
162. Asks the Court of Auditors to provide reasons why its transaction sampling for the external aid chapter delivered a comparably low error rate (13 %), a big share of non-quantifiable errors at the level of the Union Delegations and no evidence of accuracy or occurrence errors in an area that is, by its nature, at high risk of misuse of funds; asks the Commission, and in particular the Union Delegations, to provide a clear audit trail and all other information necessary to facilitate the Court of Auditors' analysis;

*Education and Citizenship - EUR 2 200 000 000*

163. Recalls that the majority of expenditure in this area is managed by indirect centralised management or through shared management;
164. Welcomes the Commission's positive role in this area by providing guidance to the Member States and encourages the Commission to continue to spread good practice amongst national bodies;
165. Notes that the Court of Auditors found the error rate for closures to be between 2 % and 5 % and that the supervisory and control systems for this policy area were only partially effective in ensuring the regularity of closures made in 2009;
166. Is worried that 29 of the 120 closures audited (24 %) contained quantifiable errors;
167. Is worried that the supervisory and control systems at Commission level in 2009 left undetected and uncorrected a significant number of errors in the closures made that year;
168. Invites the Commission to continue to reinforce the checks on closures to ensure that errors are detected and corrected and prevent the reoccurrence of previously identified errors;

*Economic and Financial Affairs - EUR 700 000 000*

169. Recalls that the main programmes in this policy group are parts of the Sixth and Seventh Framework Programmes (FP) for research and technological development (EUR 222 000 000), the linked funding of Union agencies (EUR 116 000 000), the

Guarantee Fund for external actions (EUR 92 000 000) and the Competitiveness and Innovation Framework Programme (CIP) which followed the Multiannual Programme for Enterprise and Entrepreneurship (MAP) (EUR 175 000 000);

170. Recalls further that the majority of the actions under FP6, FP7 and CIP are funded through a grant agreement with the Commission, and that grants are paid out as follows: an advance when the grant agreement is signed, followed by interim and final payments which reimburse eligible expenditure on the basis of cost statements submitted by the beneficiaries;
171. Recalls that the Parliament resolutions on discharge for the financial years 2007 and 2008 both call on the Commission to allow beneficiaries to use average personnel costs per cost centre and to refrain from requesting individual costs of persons actively involved in a specific research project; welcomes, in this regard, the Commission decision C(2011)0174 of 24 January 2011 on the three measures simplifying the implementation of Decision No 1982/2006/EC of the European Parliament and of the Council and Council Decision No 970/2006/Euratom;
172. Notes that the main risk to regularity is that eligible costs in the cost statements are overstated and that this is not detected by the Commission's supervisory and control systems and that the Court of Auditors assesses as "high" the risk to regularity of payments made on the basis of cost statements;
173. Notes the illustrative examples mentioned by the Court of Auditors as regards:
  - the Sixth Framework Programme where serious deficiencies in the cost statements were neither detected by the firm which provided the audit certificate nor during the two ex-post controls carried out by another external audit firm on behalf of the Commission,
  - the Seventh Framework Programme where a beneficiary applied a methodology for the calculation of personnel costs which did not comply with either the FP6 or the FP7 rules, and, accordingly, for one project audited, the costs declared were overcharged by more than 17 % and that the same methodology was applied to another 13 projects,
  - the European Space Agency (ESA) - Joint management - where the Court of Auditors noted the inclusion of costs which should not be funded by the Community, or costs which were insufficiently supported for an amount of close to 10 % of the audited sample, as well as serious weaknesses in the procurement rules and procedures;
174. Notes with concern and is worried that the Court of Auditors continues to detect errors in payments for which an unqualified opinion has been issued by the approved auditor and that the Court of Auditors considers audit certification as only partially effective in identifying errors in the declared costs;
175. Notes that the Court of Auditors concludes that payments in this policy group were free from material errors but also that the Court of Auditors recommends that attention be paid to the type and extent of errors found in research framework expenditure; notes that while two supervisory and control systems out of three for this policy group were assessed as effective, one system was only partially effective in ensuring the regularity of payments;



176. Invites the Commission:

- to look at the existing arrangements for ex-ante verification, with a view to establishing how effective they are,
- to consider, in the light of experience, whether the use of certification by an external auditor appointed by the beneficiary is an effective control, and to look into alternative methods of verification,
- to raise the certifying auditors' awareness of expenditure eligibility rules to improve the reliability of the audit certificates they issue, and, if applicable, holding such auditors accountable,
- to further improve the quality of its ex-ante controls on the procurement procedures and interim/final payments and ensure that ex-post controls functions are covered by work programmes;

### ***Comprehensive Spending Review***

177. Calls on the Commission to undertake urgently during 2011 a comprehensive spending review of all areas of activity to ensure all expenditure is delivering value for money in order to identify possible savings which would reduce the pressure on the budget in this period of austerity;
178. Believes that all demands for increased expenditure in key priority areas can be met by savings from existing programmes and that greater scrutiny should therefore be made of outdated or ineffectual programmes to allow funds to be reallocated;

### ***Priority actions***

179. Calls on the Commission to present to Parliament's competent committee a plan presenting the actions that it intends to take regarding reform of the current discharge procedure, NMDs, the completion of the Commission's governance structure, systematic interruption and suspension of payments as well as lifting of the measure and the improvement of the corrective mechanisms;

### ***Reform of the current discharge procedure***

180. Calls on the Commission to organise an interinstitutional discussion involving at the initial phase, at the highest level, representatives of the Council, of the Commission, of the Court of Auditors and of Parliament, and in the second phase representatives from the Member States, from national parliaments and from supreme audit institutions, with a view to embarking on a comprehensive debate on the current discharge procedure system;
181. Calls on the Commission to put forward proposals for reducing the periods involved in the discharge process, so that the vote in plenary can be held in the year following the financial year under review; encourages the Court of Auditors and all institutions to shorten and strengthen the discharge procedure, making it more transparent and understandable to Union taxpayers;

### ***National management declarations***

182. Stresses that NMDs are to be understood as an instrument facilitating greater national accountability for Union spending by giving both national parliaments and national audit institutions an opportunity to participate in ensuring legality, regularity and performance of Union spending; is of the opinion that NMDs are an instrument which will allow national institutions and Union institutions to work together while fully respecting each others' roles and responsibilities;
183. Recalls that since 2005, Parliament has asked the Commission to present a proposal for the introduction of mandatory NMDs;
184. Underlines that not only the Union manager but also the national manager should be held to account for the spending in as far as about 80 % of the budget is implemented by national authorities;
185. Has repeatedly requested that each national finance minister should issue and sign a national management declaration as to the use of the funds and has also suggested that the national audit institution or another independent auditor should audit the finance minister's national management declaration because to audit a declaration issued by a national ministry would normally fall under the mandate of any independent national audit institution;
186. Welcomes that some Member States (namely Denmark, the Netherlands, the United Kingdom and Sweden) deliver NMDs, but notes that they differ in quality and clarity;
187. Considers that as these Member States deliver NMDs, it shows the remaining Member States that it is feasible to do so;
188. Notes that the Commission's proposal on the financial rules applicable to the annual budget of the Union (COM(2010)0815, Article 56) envisages the introduction of management declarations at managerial level; underlines that Parliament considers this proposal to be a step towards NMDs which is the final objective;
189. Invites the Commission to present a formal proposal for the introduction of mandatory NMDs duly signed by each national finance minister according to the following steps:
  - an analysis of the quality, completeness, objectivity, relevance and usefulness of existing NMDs including an assessment of the added value of the information given as well as possible shortcomings in them,
  - the drawing up of guidelines on the definition of common key aspects of NMDs ensuring that they will be useful for both the Commission and the Court of Auditors,
  - the establishment of a roadmap indicating the date at which the Member States shall have completed the main steps in the process of introducing NMDs, as well as the introduction in the Financial Regulation of mandatory NMDs by 1 January 2014, which marks the start of the new Financial Perspectives;and proposes that the substance of the NMDs should comply with international auditing standards and should assist the audit by the Court of Auditors;

*Completion of the Commission's governance structure*

190. Stresses that both the Director-General's Annual Activity Report as well as the College of Commissioners' Synthesis Report are important elements to allow the Commission to give account to the discharge authority;
191. Invites the Commission by analogy with the call for the establishment of NMDs at political level to complete its governance structure by adding the signature of the responsible Commissioner to the Director-General's Annual Activity Report and by having the Synthesis Report - which also shall include a "scoreboard" on the quality of controls per Member State and policy area - signed by the President of the European Commission;
192. Notes that in order to complete the Commission's governance structure it may have to undertake a strengthening of procedures to allow the College to adopt the Synthesis Report and to allow the individual Commissioners' involvement and participation in the preparation of the Director-General's Annual Activity Report which includes the following measures applicable for the financial year 2010:
- the transmission to Parliament's competent committee and publication of the minutes from the meeting at which the College adopts the Synthesis Report,
  - the transmission to Parliament's competent committee of the declaration from the Director-General about his meeting with the responsible Commissioner explaining clearly and completely the content of their deliberations on the Annual Activity Reports as well as any reservations;
193. Underlines that these measures should in no way dilute the direct responsibility of each Director-General or other authorising officers by delegation;

*Systematic activation of interruption and suspension of payments as well as lifting of the measure*

194. Notes that the total financial corrections confirmed in 2009 for structural actions alone amount to EUR 7 719 000 000 (Annual Accounts of the European Union, financial year 2009, page 112); observes, however, that only EUR 5 387 000 000 (7 719 000 000 - 2 332 000 000) (page 103) was implemented and registered in the accounts; is of the opinion that the gap between the amounts to be corrected and the amounts actually corrected makes it necessary to introduce an automatic suspension, without a decision of the Commission, of payments as soon as evidence suggests a significant deficiency in the functioning of the management and control systems;
195. Invites the Commission to introduce a systematic activation of interruptions and suspensions of payments as soon as evidence suggests a significant deficiency in the functioning of the Member States' management and control systems;
196. Believes that the process leading up to the achievement of systematic interruption and systematic suspension of payments shall include:
- the transmission to Parliament's competent committee of information clearly showing all interruptions and suspensions of payments so far, as well as the reasons for these decisions,

- a description of clear, unequivocal criteria applicable for all Directorates-General and leaving no room for interpretation of future interruptions/suspensions of payments as well as lifting interruptions/suspensions of payments whereby a systematic mechanism without prior decision on political level shall be created,
- the inclusion in the Financial Regulation of the principle of systematic interruption and suspension of payments triggered by evidence of significant deficiencies in the functioning of the Member States' management and control system and the development of comprehensive guidelines for the Member States in order to help national authorities avoid misunderstandings and irregularities,
- the transmission by the Commission of a copy of any recovery letter and any letter announcing financial corrections to the national parliament and the national supreme audit institution of the Member State concerned as well as to Parliament's competent committee;

#### *Improvement of corrective mechanisms*

197. Insists that the Commission improve the corrective mechanisms ensuring that the financial consequences of incorrectly made payments are borne by the beneficiaries and not the taxpayers;
198. Believes that the process leading up to the achievement of this objective shall also include the presentation to Parliament's competent committee of the following:
- a clear, comprehensive and fully correct list of all financial corrections implemented since 2000, as well as information on whether incorrectly received payments have been recovered or replaced by other projects, in which case a qualitative assessment of these replacement projects shall also be presented,
  - the measures to be taken following the Court of Auditors' conclusion that "the Commission does not always receive reliable information from Member States" (Annual Report 2009, point 1.49), with a list of the concerned Member States and the amount of the irregularities as well as with information on the results of the "standardized procedure" (Commission's reply in Annual Report 2009, point 1.34) introduced for the 2007-2013 period,
  - an action plan on how to better integrate and reconcile the Court of Auditors' findings on annual error rates at the beneficiary level and the Commission's work on the follow-up of those findings as well as the financial corrections and recoveries made over the whole life-cycle of the different programmes up to the closure procedure and including the identification of payments that may be subject to further verification and clearance of accounts procedures and a better follow-up of the Member States' recovery efforts;

#### *Performance evaluator*

199. Invites the Commission to appoint a "performance evaluator" with responsibility for the preparation of the evaluation report required in accordance with Article 318 of the Treaty on the Functioning of the European Union to be endorsed by the College of Commissioners in order to establish a clear "ownership" of this report;

200. Believes that the evaluation report shall be drawn up so that the relation between the key performance indicators, their legal/political basis, the amount of expenditure and the results achieved is clear and transparent, that the methodology to be used for the production of this report should be audited by the IAS which should also assess the work done, and that the key performance indicators used by all departments in the Commission shall be publicly available;
201. Is of the opinion that the evaluation report should be presented in Plenary during a debate at which the Court of Auditors will also be invited to present its opinion on the evaluation report;

#### *Introduction of a new spending logic*

202. Invites the Commission to introduce a new spending logic aimed at improving the quality of spending and ensuring that funds provided by Union taxpayers are spent both correctly and wisely, and including the following principles:
- establishing the Union budget on the basis of an examination of the proposed policies, the 'delivery' costs for the bodies involved and the beneficiaries and the objectives which could be achieved with the available funds,
  - ensuring that schemes and programmes are realistic and as simple as possible,
  - ensuring full and agreed accountability for spending,

and proposes that the Commission, in cooperation with the Court of Auditors, study a procedure with a view to obtaining an overall statement of assurance for each Financial Perspective and, pending a legal basis to make such a procedure mandatory, that it apply it voluntarily;

#### ***Observations from opinion giving committees***

##### *Committee on Development*

203. Is concerned that the Court of Auditors found the supervisory and control systems for external aid and development to be merely partially effective in ensuring the regularity of payments and that payments were affected by material error; is concerned that errors in some final payments found by the Court of Auditors were not detected by the Commission and that the Commission does not monitor the extent to which the Humanitarian Procurement Centres are used by partners; welcomes the fact that the number of transactions affected by error (13 %) was less than half the number in previous years, however, underlines that efforts need to be made towards a further reduction of this percentage;
204. Notes that "weaknesses identified during regular audits of the partners' systems are not always addressed ... in a timely manner"<sup>1</sup> by DG ECHO; accordingly, urges DG ECHO to bolster its monitoring and follow-up capacity;
205. Calls on the Commission to integrate environmental aspects more comprehensively into

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<sup>1</sup> Court of Auditors' annual report on the implementation of the 2009 budget, p. 144, paragraph 6.42.

development projects, including budget support programmes, and to evaluate environmental mainstreaming in development cooperation; regrets that these shortcomings may be due to staff shortages and looks forward to progress with the advent of the European External Action Service;

206. Calls once again for greater involvement of parliaments and consultation of local civil society in partner countries when drawing up and reviewing Development Co-operation Instrument (DCI) Country Strategy Papers;
207. Urges the Commission to help partner countries develop parliamentary control and audit capacities and to increase transparency and public access to information, in particular when aid is provided via budget support, in line with the provisions of Article 25(1), point (b), of the DCI Regulation<sup>1</sup>, and invites the Commission to report regularly on progress achieved;
208. Calls once again on the Commission to demonstrate that it has spent at least 20 % of development aid on basic and secondary education and basic health, including safe access to water and sanitation; further suggests that impact assessments accounting for this spending should be thoroughly carried out in order to maximise the effectiveness of the programmes undertaken;
209. Invites the Commission to place greater emphasis on women's health in developing countries in general, and improving maternal health in particular, as this is the area where the Millennium Development Goals targets are furthest from being met;
210. Highlights that development aid mechanisms should be also aimed at promoting wealth creation and supporting small and medium-sized enterprises, since wealth creation remains a crucial tool in alleviating poverty; recalls that an estimated EUR 800 000 000 000 is lost annually from developing countries through illicit capital flows, prevention of which could prove decisive in alleviating poverty and achieving the Millennium Development Goals;
211. Appreciates that United Nations' organisations often possess specific experience and expertise not readily found elsewhere; expresses concern, nonetheless, that the Commission does not convincingly demonstrate beforehand whether the choice of a UN organisation is in fact more efficient and effective than other ways of delivering aid<sup>2</sup>; calls on the Commission to implement a more transparent and objective process for selecting aid implementation channels;
212. Urges the Commission to ensure better visibility for Union-funded activities overseas.

#### *Committee on Employment and Social Affairs*

213. Notes that the utilisation rate for 2009 payment appropriations under the financial framework 2000-2006 for the European Social Fund (ESF) was 97,1 %

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<sup>1</sup> Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation (OJ L 378, 27.12.2006, p. 41).

<sup>2</sup> Court of Auditors' Special Report No 15/2009 on 'EU assistance implemented through United Nations organisations: decision-making and monitoring'.

(EUR 1 540 000 000); notes that interim payments and pre-financing under the financial framework 2007-2013 totalled EUR 11 300 000 000; acknowledges the Commission's efforts to improve financial management; deplores the fact that, despite the financial crisis, the Member States are not using ESF resources;

214. Notes that the error rate has fallen over the last three years, from 54 % in 2007 to 36 % in 2009, acknowledges the Commission's efforts to reduce the error rate; calls for greater efforts to reduce, in particular, instances of the reimbursement of ineligible costs;
215. Calls on the Commission to contribute to improved financial management by continuing the action programme to speed up decision-making procedures in respect of financial corrections;
216. Welcomes the fact that the implementation of the ESF programme in 2009 focused on the European Employment Strategy, particularly on measures aimed at improving employability in the labour market (30,6 %<sup>1</sup>) and on activities to develop educational and vocational training (22,8 %<sup>1</sup>), social inclusion (20,8 %<sup>1</sup>) and equal opportunities (6,5 %<sup>1</sup>);
217. Welcomes the Commission's efforts to hold all the Member States fully to account through annual audit control reports and summary annual reports;

#### *Committee on Internal Market and Consumer Protection*

218. Underlines the importance of budget lines 17 02 02 (activities in favour of consumers) and 17 01 04 03 (related to administrative management) for effective implementation of each annual work programme under the Consumer Programme 2007-2013 and invites the Commission to increase the publicity given to available grants (especially as concerns the joint actions in the framework of the Consumer Protection Cooperation Regulation (Regulation (EC) No 2006/2004<sup>2</sup>), where no applications were received); is pleased with the fruitful use of the additional resources (EUR 2 000 000) provided in 2009 for the pilot project concerning monitoring measures in the field of consumer policy;
219. Welcomes the subsequent editions of the Consumer Markets Scoreboard (CMS) as an important tool for improved monitoring and innovative ranking of markets; considers that the empirical base that has been created should be the basis for new policy insights at the Union and national level and asks the Commission to use the results of the CMS in its policy-making in all relevant areas;
220. Notes with great interest the transformation of Public Health Executive Agency into the Executive Agency for Health and Consumers (EAHC) and its first year of operation under an extended mandate; congratulates the EAHC on reaching the targets set for the management of grants and contracts under the Consumer Programme (Decision No 1926/2006/EC<sup>3</sup>); finds it problematic, nonetheless, that 3 % of the payments were made after the payment deadline;
221. Welcomes the improvements made to reach an execution rate of 92 % for payment credits for the implementation and development of the Internal market (budget line 12 02 01);

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<sup>1</sup> Of certified expenditure.

<sup>2</sup> OJ L 364, 9.12.2004, p. 1.

<sup>3</sup> OJ L 404, 30.12.2006, p. 39.

notes that the execution rate for the SOLVIT programme (budget line 12 02 02) is expected to be close to 92 % taking payments made during 2008, 2009 and 2010 together into account; reiterates the need to maintain a separate budget line for SOLVIT;

222. Underlines the importance of small and medium-sized enterprises (SMEs) and urges the Commission to analyse the effectiveness of current financing programmes for SMEs and facilitate their participation in Union research programmes through the introduction of innovative financial instruments in the Union budget;
223. Notes the Court of Auditors' considerations on goods unlawfully introduced into Union territory (in point 2.22 of its Annual Report) and the Commission's response, indicating the clarification provided by the Modernised Customs Code; asks the Commission to report back as soon as possible on the follow-up given to the relevant judgments of the Court of Justice;
224. Encourages the Member States to use appropriate risk analysis methods in order to focus customs controls on high risk traders or consignments; moreover, invites the Member States to supplement risk-based checks with a number of randomly selected checks; asks the Commission to pay particular attention when drafting the implementing provisions of the Modernised Customs Code to the performance of physical checks on goods, both for fiscal and safety/security purposes; and asks for improvement of pre/post audit controls in respect of simplified procedures and centralised clearance;

#### *Committee on Transport and Tourism*

225. Notes that in the 2009 budget, as finally adopted and amended during the course of the year, specifically for policies within the remit of the Committee on Transport and Tourism, a total of EUR 2 427 000 000 was included in commitment appropriations and EUR 2 103 000 000 was available in payment appropriations; notes further that of these amounts:
  - EUR 934 582 000 in commitment appropriations and EUR 830 594 000 in payment appropriations was available for Trans-European Networks for Transport (TEN-T),
  - EUR 17 600 000 in commitment appropriations and EUR 14 500 000 in payment appropriations was available for transport safety,
  - EUR 64 971 000 in commitment appropriations and EUR 29 054 000 in payment appropriations was available for the Marco Polo Programme,
  - EUR 146 902 000 in commitment appropriations and EUR 109 257 000 in payment appropriations was available for the transport agencies and the European GNSS Supervisory Authority,
  - EUR 427 424 000 in commitment appropriations and EUR 388 859 000 in payment appropriations was available for transport, including a priority area dedicated to sustainable urban mobility, in the Seventh Framework Programme for research and technological development,
  - EUR 2 750 000 in commitment appropriations was available for transport security,



- EUR 3 800 000 in commitment appropriations and EUR 3 600 000 in payment appropriations was available for tourism;
226. Regrets that, in considering the implementation of the budget for the 2009 financial year, the Court of Auditors has again chosen to focus on energy and research policies rather than on transport policy;
  227. Welcomes the continuing high utilisation rates of both commitment and payment appropriations for TEN-T projects, both reaching almost 100 %; calls on the Member States to ensure that adequate funding is made available from national budgets to match this Union commitment; recalls that Parliament supported a higher level of Union funding; welcomes the mid-term review of the 2007-2013 TEN-T Multi-Annual Programme Project Portfolio published on 27 October 2010, which aims at optimising the use of TEN-T funds and underlines the importance of reliable financial planning of projects;
  228. Is concerned that there has, once again, been a low uptake (73 %) of payment appropriations for the safety and optimisation of transport systems and for passengers' rights; regrets that the 100 % take-up rate of payment appropriations for the Marco Polo II Programme was achieved only because half the appropriations originally allocated to it were reallocated in the course of the year 2009;
  229. Welcomes the substantial increase in the take-up rate of payment appropriations for the Galileo Programme compared to 2008 and stresses the considerable importance of that programme for the logistics and sustainable transport sectors;
  230. Notes the fact that sampling checks on transactions reveal a margin of error most probably between 2 and 5 %; calls on the Commission to intensify its efforts to further reduce this figure;
  231. Notes with satisfaction that the Court of Auditors has taken the view that the annual accounts of the Trans-European Transport Network Executive Agency are legal and regular in all significant aspects; welcomes the fact that the Agency succeeded in filling the posts that were still vacant at the end of 2008;
  232. Stresses that there is an urgent need for regional and transport policies to be transparent through the provision of proper information to taxpayers and budget authorities, and to be more closely coordinated, particularly as regards TEN-T funding, as at present only cursory consideration is given to the potential European added value of projects and consequently funds are not used as effectively as possible to eliminate bottlenecks and problems in connection with border crossings or inadequate connections;
  233. Insists that the procedures for selecting and approving transport projects under the Cohesion Policy should be more soundly based;
  234. Welcomes the Court of Auditors' Special Report No 8/2010 on EU rail infrastructure investments and, above all, its finding that the current TEN-T coordinators played an important role, in particular by facilitating contacts between the stakeholders concerned; supports the recommendation that the Commission should consider appointing further coordinators for the other priority projects;

235. Notes the observation by the Court of Auditors that priority projects were not selected on the basis of actual and anticipated traffic flows and that greater use could be made of cost/benefit analysis; points out, however, that priority projects also satisfy Union economic, social and territorial cohesion objectives and the desire to combat climate change through support for more environment-friendly means of transport;

*Committee on Civil liberties, Justice and Home affairs*

236. Welcomes the fact that significant progress has been achieved in the level of implementation of commitments in the budget for the Area of Freedom, Security and Justice (97,7 % in comparison with 87,5 % in 2008), as well as in the level of implementation of payments (89,6 % in comparison with 80,9 % in 2008);

237. Deplores the fact that the level of cancellations of payments was so high (8,5 %) mainly due to cancellations of payments in the budget for the Agencies and for large scale IT systems (SIS II and VIS);

238. Welcomes the high implementation rates of the four "Solidarity and Management of Migration Flows" funds; notes that the high implementation levels also reflect the utility of those funds and calls for that to be taken into consideration for future budgetary planning and in the discussions of the next Multi-annual Financial Framework, in the light of the mid-term evaluation reports prepared by the Commission;

239. Regrets that the level of implementation of payments was lower regarding the "Fundamental rights and justice" and "Security and safeguarding liberties" programmes; takes note of the justifications given by the Commission, namely that the results of the calls for proposals were not satisfactory and that the economic crisis made it more difficult for applicants to secure co-financing;

240. Deplores the fact that the Court of Auditors pointed out that some agencies have omitted to submit declarations concerning their consolidated accounts or have submitted modified declarations and that the information they are required to provide has been outstanding for several years;

241. Calls on the Commission to publish the mid-term evaluation reports on the different funds and programmes as soon as possible;

*Committee on Culture and Education*

242. Calls on the Commission to continue its efforts to constantly reduce the error rate for closures and to closely evaluate the previous generation of programmes; notes that the error rate in the management of the new generation of programmes shows a downward trend compared to the previous generation, reflecting the usefulness of technical changes inserted into the rules of the current programmes;

243. Notes that, in the 'Education and Culture' policy area, the bulk of all transactions are implemented through national agencies; welcomes in this regard the efforts made by the Commission to assist national agencies in improving their accounting systems, and asks the Commission to take the necessary steps in the event of non-compliance with Union auditing requirements;

244. Expresses its satisfaction with the extension of the use of IT tools, as this cuts red tape and can help considerably to facilitate procedures for applicants and reduce the time needed for the processing of applications;
245. Urges the Commission, the Education, Audiovisual and Culture Executive Agency and national agencies to continue their work on flexible procedures and further reducing payment delays, since beneficiaries are entitled to expect that time schedules indicated in programme guides or other official communications are respected;

*Committee on Environment, Public Health and Food Safety*

246. Considers the overall implementation rates of the budgetary headings for environment, public health and food safety satisfactory;
247. Underlines the overall rate of 97,12 % of the budget execution in the field of environment, which represents a better result compared to 95,15 % in the previous year in commitment appropriations; notes, further, that the implementation of payments was at the high level of 99,92 %;
248. Welcomes the generally remarkable level of execution of commitment credits and payment credits in the field of Public Health, which, for commitment appropriations on all budget lines, is close to 100 %;
249. Notes that the high level of execution in the field of Food Safety, Animal health and welfare and plant health remains stable at 98 % in commitments compared to the previous year; is aware of the slightly decreased payment implementation (82 %); calls on the Member States to strengthen their efforts to submit more accurate estimates to the Commission regarding eradication measures;
250. Welcomes the achievement of 99,35 % of the implementation of the LIFE+ operational budget, especially as the budget authority had increased the commitment appropriations by EUR 29 000 000 compared to the Commission's initial proposal; notes that, under the third call for the LIFE+ programme, 210 projects were selected covering actions in the fields of Nature & Biodiversity (84), Environment Policy & Governance (115), and Information & Communication (11);
251. Underlines the fact that the contribution to international environmental activities, are intended to cover obligatory and voluntary contributions to international conventions, protocols and agreements and to reach the overall implementation rate of 84,46 % compared to 76,12 % in 2008; knows that the implementation rate is also subject to exchange rate variations as most contributions are paid in US dollars;
252. Notes that the Civil Prevention Financial Instrument which covers disaster response, preparedness actions and measures to prevent or reduce the effects of an emergency achieved an implementation rate of 72,56 % corresponding to EUR 15 411 000; consequently remarks that the implementation rate in payment appropriations is 44,52 %, as calls for tender were only published in the first semester of 2009 and thus projects have not yet been completed;
253. Remarks that, with regard to emergency funds and funds related to the occurrence of disasters, the final cost claims submitted for payments by the Member States are often

much lower than the initial estimation; calls on the Member States to strengthen their efforts to submit more accurate estimates to the Commission and urges the Commission to develop further assistance to the Member States in the estimation process;

254. Notes that, under the 2009 budget, 3 pilot projects and 2 preparatory actions were implemented in the area of environment and 4 in the area of public health; takes note of the poor quality of proposals submitted to the pilot project "Sulphur dioxide emission trading in the Baltic Sea" where, as a consequence, no contract was signed; is aware that the preparatory action on control posts in relation to transport of animals was cancelled owing to the poor quality of proposals, which did not meet the minimum evaluation criteria;
255. Underlines the importance of better focus in calls for tenders and the provision of further assistance to applicants, especially in public health programmes, in order to avoid the submission of project applications which are clearly not eligible for funding or of poor quality; is nonetheless aware that some projects will always meet with difficulties in implementation;
256. Points out that compliance with administrative and financial provisions of the Financial Regulation should not lead to unnecessary delays in awarding grants or selecting projects to be financed; calls on the Commission to continue its efforts to improve administrative procedures which have an impact on the implementation of commitment and payment appropriations;
257. Notes that at the end of 2009, the Executive Agency for Health and Consumers, an administrative entity of the Commission, was managing a portfolio of 361 cost-shared public health programme projects of which 287 were signed agreements, representing a total of Union contribution of EUR 156 000 000; underlines that the administrative budget necessary to implement Union programmes amounted to EUR 6 400 000 for the Executive Agency for the Public Health Programme (PHEA) in total; takes note of the new structured reporting methods to allow better monitoring of the budget execution to avoid carry-overs and to apply strictly the annuality principle of the budget;
258. Observes that communication between the agencies and the Institutions, and also between the agencies and the Union public, leaves a certain amount to be desired; encourages all parties concerned at the agencies and in the Institutions to improve mutual communication and work harder at public relations;
259. Urges the Commission DG SANCO and DG ENVI to annually report to Parliament's respective committees within the discharge procedure on the efficiency and effectiveness of the projects and programmes implemented;

#### *Committee on Foreign Affairs*

260. Notes that, in the Court of Auditors report on the implementation of the budget for the 2009 financial year, the Court states 'that the payments for the year ended 31 December 2009 for External aid, Development and Enlargement were affected by material error'<sup>1</sup>; is concerned about the fact that the errors are related to eligibility and irregularities in procurement procedures, which are the areas most vulnerable to mismanagement and

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<sup>1</sup> OJ C 303, 9.11.2010, p. 146.

fraud<sup>1</sup>;

261. Welcomes, with regard to the regularity of transactions relating to external relations expenditure, the increased frequency of transactions adjudged by the Court of Auditors to be completely regular as compared with the figures for 2008 and 2007;
262. Also welcomes the introduction, in 2009, of new procedures and checklists that have made it possible to improve ex ante control procedures in DG RELEX;
263. Stresses, with regard to the implementation of the European Security and Defence Policy (ESDP), that Parliament should be swiftly informed of the objectives and mission choices established so that it can better formulate its recommendations to the Council and the High Representative of the Union for Foreign Affairs and Security Policy;
264. Welcomes the fact that the Commission has spent EUR 396 000 000 between 2007 and 2010 to support candidate countries for accession in their efforts to improve their judicial systems and fight corruption, along with the progress made in this regard; nevertheless cautions against being too optimistic, and asks the Commission to provide evidence that this money has been used effectively and to state whether improved control mechanisms have actually led to harsher sanctions against corrupt actors, including in high-profile cases, whether laws are implemented fully and whether reforms are sustained;
265. Takes note of the increasing use of joint management in the context of the Food Facility and invites DG ECHO to report on its experience with the implementation of the Food Facility in its Annual Activity Report for 2010;

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266. Notes that cohesion funds are subject to particularly complex rules and are implemented differently from other Union spending areas, which makes them more vulnerable to errors; draws attention to the fact that the error rate in cohesion spending remains the highest of all Union payments (greater than 5 % in 2009); highlights, nonetheless, the major decrease in the error rate in comparison to 2008, and therefore calls for greater simplification and more technical support to enable the Member States and regions to ensure more effective implementation; points out that regional authorities must be given the technical knowledge and skills by the Commission or by the Member States that will enable them to improve the efficiency and effectiveness of the resources made available to them;
267. Notes that infringement of public procurement rules remains one of the most frequent reasons for irregularities, which is partly due to its complexity; recommends the simplification and reduction of public procurement rules in order to reduce the overall incidence of errors;
268. Is concerned that DG REGIO states in its declaration of assurance of the Annual Activity Report 2009 that for 38 out of the 79 programmes concerned, DG REGIO does not have reasonable assurance on the legality and regularity of the underlying transactions in relation to reimbursements in 2009 of expenditure declared; asks for further details on missing information with regard to reimbursements in 2009; notes that the Member States

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<sup>1</sup> OJ C 303, 9.11.2010, p. 140.

have an obligation to provide sufficient information in their Annual Activity Reports and asks the Commission to propose a penalty system in case information provided does not allow the Commission to establish legality and regularity;

269. Welcomes the Court of Auditors' Opinion No 1/2010 on 'Improving the financial management of the European Union budget: Risks and challenges' and draws attention to the partial effectiveness of supervisory and control systems in a number of high-risk areas with regard to the European Economic Recovery Plan, in particular cohesion and rural development;
270. In the context of the revision of the Financial Regulation, stresses the need to clarify rules and management schemes under shared management, and in respect of cohesion policy that this clarification shall be to the maximum extent possible in order to avoid contradictions to the Financial Regulation; notes that governance problems between the Financial Regulation and the cohesion regulations can be avoided by better alignment of eligibility rules across various policies; takes the view, nonetheless, that simplification, in particular in connection with the revision of the Financial Regulation, needs to ensure stable rules and management schemes in the long term;
271. Calls on the Commission and the Member States to consider the advisability of developing the 'contract of confidence' principle so as to be able to scale down checks on systems that have proved their worth in combating errors and fraud;
272. Notes that control and auditing systems for INTERREG programmes are partly lacking a uniform approach that is recognised by the auditing bodies of all participating Member States; calls for mutual recognition of a common set of rules and standards among Member States' authorities involved in auditing and controlling for cross-border programmes;
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273. Refers, for other observations accompanying its Decision on discharge, which are of a specific nature, to its resolution of 10 May 2011 on the Court of Auditors' special reports in the context of the 2009 Commission discharge<sup>1</sup>.

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<sup>1</sup> Texts adopted, P7\_TA(2011)0195.