



# The EU Financial Regulation – Lessons of reform

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# Agenda

## 1. The Reforms' **Objectives**:

- **Flexibility** to enhance effectiveness
- **Transparency**

## 2. **Results** achieved

## 3. **Ideas for the future**

# The Reforms' objectives

Flexibility to enhance effectiveness – 3 focus areas

## 1. Procurement :

- Higher thresholds for low value procurement
- Streamlined process for assessing exclusion & selection criteria
- Increased competition for contracts  $\geq$  €137k, through division into lots
- Framework contracts to be opened Commission-wide and sometimes inter-institutional
- Fewer bank guarantees to be required

## The Reforms' objectives (2)

Flexibility to enhance effectiveness – 3 focus areas

### 2. Grants :

- Possibility to replace formal grant agreement by a simple decision (notification to beneficiary)
- Higher thresholds for lump sum reimbursement model
- Greater use of flat rates
- Longer application periods (and calls published well in advance)

3. More flexibility on transfers of appropriations, automatic pre-financing and smoother process for interest

# The Reforms' objectives

## Transparency

### 1. Information & Publication

- Successful applicants and amounts to be published
- Information to be provided to unsuccessful bidders after decision on exclusion/selection criteria
  
- Grants :
  - More precise definitions
  - Additional content of grant agreements (intermediate reports and targets)
  - Publication of awarded grants on a dedicated & easily accessible site
  - Help for applicants : standard application forms for similar grants, guidelines, helpdesks, seminars, ...

# The Reforms' objectives

## Transparency

2. Early Warning System on contractors / beneficiaries :  
Inter-institutional central database available to officials
3. Data protection obligations extended and publicised

# Results achieved

## 1. Positive:

- Acceleration of payment process
- More and better financial information (Recovery context, Financial Transparency System, ...)
- Partial improvement in procurement process (selection and exclusion criteria)
- Reduction of administrative burden in the grants area (two-step procedure, lump sums and flat rates)
- Pre-registration processes and (some) electronic submission of offers / proposals

# Results achieved

## 2. Negative :

- Administration of grants continues to be complex (e.g. in research policy)
- Inconsistent interpretation and application of financial rules
- Continuous issue of “fear of error” on the part of officials, whereby administrative burden is increased

## Ideas for the future - procedural

1. Introduce acceptable/tolerable error rate
2. Better communication of rules
3. Promote culture whereby the number of “financial actors” is reduced to the legal minimum
4. Ensure consistent interpretation of the rules (+ guidelines)
5. Define an audit strategy that focuses on preventing errors

## Ideas for the future – systemic

6. Broaden the ambition and implement the stipulations of Art.27.3 of the FR (objectives, KPIs, measurement & reporting):

- *Specific*
  - Clearer and detailed objectives and actions across the Commission
  - Clearer link between resources and priorities
- *Measurable*
  - More systematic and consistent use of relevant performance indicators
- *Achievable*
  - Define negative priorities to facilitate real redeployment of resources
- *Relevant*
  - Implement the SPP/ABM cycle (from the Annual Policy Strategy to the Annual Activity/Synthesis Reports) in a consistent structure
- *Timed*
  - Strategic planning should not be restricted to the coming year only