REPORT

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies
Committee on Budgetary Control

Rapporteur: Christofer Fjellner
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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission (COM(2011)0473 – C7-0256/2011 – 2011/2201(DEC))

The European Parliament,

– having regard to the general budget of the European Union for the financial year 20101,

– having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011)0473 – C7-0256/2011)2,

– having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011)0736), and to the Commission staff working documents accompanying that report (SEC(2011)1350 and SEC(2011)1351),

– having regard to the Commission communication of 1 June 2011 entitled 'Synthesis of the Commission's management achievements in 2010' (COM(2011)0323),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011)0643), and to the Commission staff working document accompanying that report (SEC(2011)1189),

– having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies3, and to the Court of Auditors' special reports,

– having regard to the statement of assurance4 as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2010 (06081/1/2012 – C7-0053/2012),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a 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 Communities5, and in particular Articles 55, 145, 146 and 147 thereof,

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1 OJ L 64, 12.3.2010
3 OJ C 326, 10.11.2011, p. 1.
– 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 (A7-0098/2012),

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 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies, and in its resolution of 10 May 2012 on the Court of Auditors' special reports in the context of the 2010 Commission discharge¹;

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, the Court of Auditors, and the European Investment Bank, and to arrange for their publication in the Official Journal of the European Union (L series).

¹ Texts adopted of that date, P7_TA-PROV(2012)0000.
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2010

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2010¹,
– having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011)0473 – C7-0256/2011)²,
– having regard to the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2010,
– having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011)0736), and to the Commission staff working documents accompanying that report (SEC(2011)1350 and SEC(2011)1351),
– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011)0643), and to the Commission staff working document accompanying that report (SEC(2011)1189),
– having regard to the Court of Auditors’ report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2010, together with the Agency’s reply³,
– having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
– having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,
– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a of the Euratom Treaty,

¹ OJ L 64, 12.3.2010.
Communities\(^1\), 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\(^2\), and in particular Article 14(3) thereof,

- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^3\), and in particular the first and second paragraphs of Article 66 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 (A7-0098/2012),

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 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, 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).

\(^4\) OJ L 24, 27.1.2005, p. 35.
3. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Executive Agency for Competitiveness and Innovation for the financial year 2010

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2010\(^1\),
– having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011)0473 – C7-0256/2011)\(^2\),
– having regard to the final annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2010,
– having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011)0736), and to the Commission staff working documents accompanying that report (SEC(2011)1350 and SEC(2011)1351),
– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011)0643), and to the Commission staff working document accompanying that report (SEC(2011)1189),
– having regard to the Court of Auditors’ report on the annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2010, together with the Agency’s replies\(^3\),
– having regard to the statement of assurance\(^4\) as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
– having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,
– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a of the Euratom Treaty,

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\(^1\) OJ L 64, 12.3.2010.
\(^3\) OJ C 366, 15.12.2011, p. 81.
Communities\(^1\), 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\(^2\), and in particular Article 14(3) thereof,

- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^3\), 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\(^4\),

- 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\(^5\),

- 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 (A7-0098/2012),

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 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Executive Agency for Competitiveness

\(^5\) OJ L 140, 1.6.2007, p. 52.
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).
4. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Executive Agency for Health and Consumers for the financial year 2010

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2010¹,
– having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011)0473 – C7-0256/2011)²,
– having regard to the annual accounts of the Executive Agency for Health and Consumers for the financial year 2010,
– having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011)0736), and to the Commission staff working documents accompanying that report (SEC(2011)1350 and SEC(2011)1351),
– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011)0643), and to the Commission staff working document accompanying that report (SEC(2011)1189),
– having regard to the Court of Auditors’ report on the annual accounts of the Executive Agency for Health and Consumers for the financial year 2010, together with the Agency’s reply³,
– having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
– having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,
– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a of the Euratom Treaty,

¹ OJ L 64, 12.3.2010.
Communities, 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, and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, and in particular 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,

– 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,

– 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 (A7-0098/2012),

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 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Executive Agency for Health and

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5 OJ L 173, 3.7.2008, p. 27.
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).
5. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2010 (COM(2011)0473 – C7-0256/2011 – 2011/2201(DEC))

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2010¹,

– having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011)0473 – C7-0256/2011)²,

– having regard to the annual accounts of the European Research Council Executive Agency for the financial year 2010,

– having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011)0736), and to the Commission staff working documents accompanying that report (SEC(2011)1350 and SEC(2011)1351),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011)0643), and to the Commission staff working document accompanying that report (SEC(2011)1189),

– having regard to the Court of Auditors’ report on the annual accounts of the European Research Council Executive Agency for the financial year 2010, together with the Agency’s reply³,

– having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a of the Euratom Treaty,


¹ OJ L 64, 12.3.2010.
Communities\(^1\), 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\(^2\), and in particular Article 14(3) thereof,

- having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^3\), 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\(^4\),

- 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 (A7-0098/2012),

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 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, 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).

6. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2010

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2010¹,

– having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011)0473 – C7-0256/2011)²,

– having regard to the annual accounts of the Research Executive Agency for the financial year 2010,

– having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011)0736), and to the Commission staff working documents accompanying that report (SEC(2011)1350 and SEC(2011)1351),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011)0643), and to the Commission staff working document accompanying that report (SEC(2011)1189),

– having regard to the Court of Auditors’ report on the annual accounts of the Research Executive Agency for the financial year 2010, together with the Agency’s reply³,

– having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a of the Euratom Treaty,


¹ OJ L 64, 12.3.2010.
Communities, 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, and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, and in particular 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,

– 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 (A7-0098/2012),

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 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, 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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7. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Trans-European Transport Network Executive Agency for the financial year 2010 (COM(2011)0473 – C7-0256/2011 – 2011/2201(DEC))

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2010¹,
– having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011)0473 – C7-0256/2011)²,
– having regard to the annual accounts of the Trans-European Transport Network Executive Agency for the financial year 2010,
– having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011)0736), and to the Commission staff working documents accompanying that report (SEC(2011)1350 and SEC(2011)1351),
– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011)0643), and to the Commission staff working document accompanying that report (SEC(2011)1189),
– having regard to the Court of Auditors’ report on the annual accounts of the Trans-European Transport Network Executive Agency for the financial year 2010, together with the Agency’s reply³,
– having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
– having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,
– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Article 106a of the Euratom Treaty,

¹ OJ L 64, 12.3.2010.
Communities\textsuperscript{1}, 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\textsuperscript{2}, and in particular Article 14(3) thereof,

– having regard to Commission Regulation (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\textsuperscript{3}, and in particular the first and second paragraphs of Article 66 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 (A7-0098/2012),

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 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, 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 \textit{Official Journal of the European Union} (L series).

\textsuperscript{3} OJ L 297, 22.9.2004, p. 6.
\textsuperscript{4} OJ L 32, 6.2.2007, p. 88.
8. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the general budget of the European Union for the financial year 2010, Section III – Commission

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2010¹,

– having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011)0473 – C7-0256/2011)²,

– having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011)0736), and to the Commission staff working documents accompanying that report (SEC(2011)1350 and SEC(2011)1351),

– having regard to the Commission communication of 1 June 2011 entitled 'Synthesis of the Commission's management achievements in 2010' (COM(2011)0323),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011)0643), and to the Commission staff working document accompanying that report (SEC(2011)1189),

– having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies³, and to the Court of Auditors' special reports,

– having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,

– having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2010 (06081/1/2012 – C7-0053/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend granting discharge,

– having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012),

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the

¹ OJ L 64, 12.3.2010.
³ OJ C 326, 10.11.2011, p. 1.
European Union and Article 106a 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\(^1\), 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\(^2\), 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 (A7-0098/2012),

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 2010;

2. Sets out its observations in the resolution that forms an integral part of its Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies, and in its resolution of 10 May 2012 on the Court of Auditors' special reports in the context of the 2010 Commission discharge\(^3\);

3. Instructs its President to forward this Decision to the Council, the Commission, the Court of Justice of the European Union, the Court of Auditors and the European Investment Bank, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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\(^3\) Texts adopted of that date, P7_TA-PROV(2012)0000.
9. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of its Decision on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission and executive agencies

The European Parliament,

- having regard to the general budget of the European Union for the financial year 2010¹,
- having regard to the annual accounts of the European Union for the financial year 2010 (COM(2011)0473 – C7-0256/2011)²,
- having regard to the Commission's report on the follow-up to the discharge for the 2009 financial year (COM(2011)0736), and to the Commission staff working documents accompanying that report (SEC(2011)1350 and SEC(2011)1351),
- having regard to the Commission communication of 1 June 2011 entitled 'Synthesis of the Commission's management achievements in 2010' (COM(2011)0323),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2010 (COM(2011)0643), and to the Commission staff working document accompanying that report (SEC(2011)1189),
- having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010, together with the institutions' replies³ (Annual Report), and to the Court of Auditors' special reports,
- having regard to the statement of assurance⁴ as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2010 pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the Commission in respect of the implementation of the general budget of the European Union for the financial year 2010 (06081/1/2012 – C7-0053/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend approving discharge,
- having regard to the Council's recommendation of 21 February 2012 on discharge to be given to the executive agencies in respect of the implementation of the budget for the financial year 2010 (06084/2012 – C7-0052/2012), and noting that the United Kingdom, the Netherlands and Sweden have for the first time refused to recommend approving discharge,

¹ OJ L 64, 12.3.2010.
³ OJ C 326, 10.11.2011, p. 1.
discharge,

– having regard to Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union (TFEU) and Article 106a 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 Communities¹, 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 programmes², 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 (A7-0098/2012),

A. whereas Europe is faced with a severe budgetary and financial crisis which can lead to a crisis of confidence in the Union and whereas it is vitally important that the Union is a leading example for good public management, through the Commission, which implements the Union budget; whereas good public management is necessary in order for the Union to maintain its AAA rating, which is important, in particular if it is to honour its commitment to provide EUR 60 000 000 000 in guarantees for the European Financial Stabilisation Mechanism;

B. whereas 2010 was the first full financial year to come under the Lisbon Treaty provisions, with new budget procedures and the establishment of the European External Action Service (EEAS), together with the European Council Presidency alongside the rotating Council Presidency; whereas it was also the first year in the new Europe 2020 strategy;

C. whereas good governance implies that political goals are set before legal instruments reaching those goals are passed and whereas existing legal instruments not fully in harmony with the political goals should be modified,

D. whereas there shall be adequate arrangements for transparency, public accountability and public audit where public funds are at stake, whereas for the seventeenth consecutive year the Court of Auditors has not been able to issue a positive declaration of assurance on the Union budget,

E. whereas Article 287(1), second subparagraph of the TFEU requires the Court of Auditors to provide Parliament and the Council with a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, and also provides that that statement may be supplemented by specific assessments for

each major area of Union activity,

F. whereas more than 90% of all errors are identified outside the Commission at the level of Member States' authorities and the level of final beneficiaries (Annual Report, point 1.22),

G. whereas in the majority of cases where errors were identified in the Cohesion area Member States' authorities had sufficient information to have detected and corrected errors prior to certifying the expenditure to the Commission (Annual Report, point 4.25),

H. whereas it is necessary to differentiate between national authorities having established well functioning supervisory and control systems and national authorities bearing responsibility for only partially effective systems in order to avoid additional burdens to all Member States,

I. whereas Member States' lack of serious interest in the discharge procedure could be due to the Commission's insufficient efforts in identifying publicly, clearly, unequivocally and in a substantiated way which Member States, regions and programmes are underperforming in managing Union funds,

J. whereas mandatory national management declarations issued and signed at ministerial level and duly audited by an independent auditor are a necessary mean to counter some national authorities' lack of responsibility as regards the use and management of Union money,

K. whereas the increased use of pre-financing by the Commission has implications for the Court of Auditors' audit approach and whereas the Court of Auditors could adapt its methodology to the new circumstances in order to ensure the usefulness of the Court of Auditors' information to the discharge authority,

L. whereas the Union more than ever needs a strong, independent and efficient external auditor,

M. whereas the use of innovative and complex financial instruments must be counter balanced by full transparency, including the publication of comprehensive data of all final beneficiaries, and clear rules on reporting in order to avoid any risk to the Union's budget and reputation,

N. whereas the Member States shall cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management,

O. whereas independent states - not regions - are members of the Union and whereas Member States, even if their structure is federal, bear responsibility to the outside world and the Union,

P. whereas both compliance and performance issues must be better addressed in order to reinforce the legitimacy of the Union,
Q. whereas the continuous development of the Court of Auditors' Statement of Assurance over the years has been instrumental in identifying areas where Member States' and Commission's management needs to be improved,

R. whereas the Court of Auditors has yet again been unable to give a positive Statement of Assurance regarding the legality and regularity of the payments, which is deplorable,

**Priority actions for the Commission**

1. Invites the Commission to present to Parliament an Action Plan for the achievement of the following *priority actions*:
   - close monitoring of the use of Financial Engineering Instruments (FEIs), as described in point 21 of this resolution;
   - improvement and strengthening of the reliability of the accountability chain, as described in point 36 of this resolution;
   - reconsidering the increased use of pre-financing, as described in point 55 of this resolution;
   - creation of an effective sanctioning mechanism in the area of Cohesion policy, as described in point 122 of this resolution;

**The Court of Auditors' Statement of Assurance**

*Accounts – clean opinion*

2. Notes that the annual accounts of the Union for the financial year 2010 present fairly in all material respects the position of the Union as of 31 December 2010, and the results of its operations and its cash flows for the then completed year;

3. Notes the emphasis of matter in relation to a change in the Commission's accounting policy with regard to financial engineering instruments (FEIs), which shows that risks of material misstatements remain, although the accounts have received an unmodified opinion since 2007; calls on the Commission to review annually whether the new treatment adopted reflects fairly the underlying reality;

*Legality and regularity of revenue – clean opinion*

4. Notes with satisfaction that revenue underlying the accounts for the year ended 31 December 2010 is legal and regular in all material respects;

*Legality and regularity of commitments – clean opinion*

5. Notes with satisfaction that commitments underlying the accounts for the year ended 31 December 2010 are legal and regular in all material respects;

*Legality and regularity of payments – adverse opinion*
6. Regrets deeply that payments remain materially affected by error;

7. Understands that the basis for the adverse opinion of the Court of Auditors is the observation that supervisory and control systems are only partially effective and – as a result – payments are affected by an error rate which is estimated to be most likely 3,7 %;

8. Recalls that the most likely error rate for payments in the financial year 2009 was estimated to be 3,3 %;

9. Is worried about this increase because it reverses the positive trend observed in the past few years; calls on the Commission to achieve a trend that shows a consistent decrease in the error rate as demanded in previous discharge reports;

10. Attributes this development mainly to the increase of the most likely error rate in the area of Cohesion, Energy and Transport, which marked a significant increase to 7,7 %;

**Horizontal issues**

*Financial Engineering Instruments (FEIs)*

11. Recalls that the Commission promotes an increased use of FEIs for the next multi-annual financial framework\(^1\) despite the fact that the Commission itself considers FEIs to be of high risk\(^2\); understands that FEIs complement rather than replace existing grant funding and have the potential benefit of being able to be used more than once;

12. Is deeply concerned about the lack of information on the implementation of current FEIs which appears to affect all policy areas (Annual Report, points 1.31 and 1.33);

13. Deplores the absence of formal reporting requirements and acknowledges the Commission's efforts in receiving information on the current use of FEIs from the Member States in the context of the European Regional Development Fund (ERDF); welcomes the synthesis report of the information gathered by the Commission on "Financial Engineering Instruments Implemented by Member States with ERDF Contributions - situation as at 31 December 2010" (Synthesis Report on FEIs) as submitted to Parliament's Committee on Budgetary Control; notes that FEIs with a total commitment of approximately EUR 8 100 000 000 have been created and have received payments of approximately EUR 5 200 000 000 from 2007-2013 operational programmes by the end of 2010 (Annual Report, point 4.32);

14. Deplores the fact that the Commission received information only on approximately 75 % of the total contributions committed to FEIs for enterprises\(^3\); is worried that the information received from Member States differed in terms of completeness and accuracy and that a limited number of Member States or regions did not provide

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1 COM(2011)0662.
3 Synthesis Report on FEIs, p. 6.
feedback or did not complete the monitoring reporting templates; understands that this makes it impossible for the Commission to cover all FEIs as at 31 December 2010;

15. Underlines that:

- the exact number and size of specific funds established

  (the Commission estimates that some 92 specific funds in France and Italy, for which no monitoring reports were received or only insufficient information was available, are implemented in addition to almost 300 specific funds for which information was available¹),

- indicators with target levels on the effectiveness of FEIs

  (for example, number of investments in small and medium enterprises, jobs created or safeguarded, additional resources mobilised at enterprise level or specific fund level²), and

- indicators on the efficiency and economy of FEIs

  (for example, management costs and whether they provide incentives to make best use of the money, information on exits and returns to funds, information on the legacy of the funds after the programming period³)

are important and indispensable elements for an evaluation of the use of FEIs and regrets deeply that this information is not yet fully available;

16. Notes and deplores the Court of Auditors' observations mainly in the Cohesion area such as excessive endowments to FEIs resulting in circumventing the n+2 rule (Annual Report, example 4.4 (a)), delays and slow implementation of the FEIs (Annual Report, example 4.4 (b)), irregular winding-up requirements (Annual Report, example 4.4 (c)), financial contributions paid as advances as soon as the legal structure of the FEI has been set up (Annual Report, point 4.34) and problems in performing adequate audits on FEIs (Annual Report, points 4.35 and 4.36);

17. Believes that those observations are rooted in a deficient legal basis for FEIs; is concerned that the rules applicable to FEIs do not set appropriate incentives to make effective use of FEIs; is also worried that they leave too much room for flexibility for Member States; welcomes, however, recent improvements in developing a legal basis for FEIs; highlights the following most important deficiencies of the legal basis which was at the time a Council Regulation⁴:

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¹ Synthesis Report on FEIs, p. 10.
² Synthesis Report on FEIs, p. 9.
insufficient provisions to stimulate rapid implementation of FEIs;

- insufficient provisions on leverage and revolving requirements for FEIs;

- insufficient provisions to prevent excessive endowments;

- insufficient provisions to put in place management fee structures giving incentives to make use of FEIs in the most efficient way;

- insufficient provisions on the legacy of the funds at the end of the programming period;

- unclear eligibility conditions for working capital;

- possibility for unjustified recourse to preferential private sector treatment;

18. Agrees with the Court of Auditors’ opinion that resources returned to and revenues earned by the financial instruments should not be re-directed elsewhere before the closure of the operational programme, but should return to the relevant financial instruments (Court of Auditors, Opinion No 7/2011\(^1\), page 11); expects that this recommendation will be seriously considered during the legislative procedure concerning the proposal for a regulation of the European Parliament and of the Council laying down common provisions on the structural instruments COM(2011)0615 – 2011/0276(COD));

19. Is pleased that Articles 130 and 131 of the proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the annual budget of the Union (COM(2010)0815 - 2010/0395(COD)) will make it possible to stipulate the duration of financial instruments; asks the Commission for a summary of the measures which might prevent risks to the Union budget arising from the FEIs;

20. Notes that FEIs are present in other policy areas, too; sees the risk of overlapping and inconsistent implementation of these instruments without adequate coordination; invites the Court of Auditors, therefore, to audit FEIs horizontally over all policy areas;

21. Invites the Commission to consider it a priority action to closely monitor the use of FEIs inter alia by:

- evaluating objectively and critically the experiences with FEIs in the Cohesion policy for the programming period 2007-2013 so far, in particular with regard to the Court of Auditors' observations, including lessons learned and consequences drawn and to report to Parliament on the results of the evaluation;

- providing a risk assessment considering different FEIs separately as well as taking into account the risk structure of the beneficiary of the FEIs;

\(^1\) OJ C 47, 17.2.2012, p. 1.
– completing the process of gathering information from Member States on issues not yet fully covered, such as the exact number and size of specific funds and relevant indicators on the effectiveness, efficiency and economy of FEIs; developing mechanisms to enforce the reporting obligations by Member States;

– reporting annually to Parliament, in the context of the discharge procedure, on the use of FEIs in Member States, including indicators on the effectiveness, the efficiency and the economy of FEIs as well as on how the Commission coordinates, ensures consistency and mitigates the risk of overlaps across policy areas;

Responsibility of the Commission and its management representations

22. Recalls that, pursuant to Article 317 of the TFEU, the Commission implements the Union's budget on its own responsibility; underlines that where the Commission implements the budget by shared management, implementation tasks are to be delegated to Member States, in accordance with Article 53b of the Financial Regulation;

23. Stresses once again¹ that the Commission therefore has the primary responsibility in the management of the Union funds concerned and that, as a consequence, the Commission has the obligation to take measures that are aimed at ensuring legality and regularity as well as sound financial management;

24. Stresses that it is not possible for the Commission to transfer its financial responsibility to the Member States, even in cases where a managerial weakness or irregularity has been identified at the level of a Member State;

25. Considers that meaningful use of the term ‘shared management’ must be based on the fundamental principle that the Union delegates some of its powers to the Member States and that the Member States are obliged to carry out their part of the work in accordance with the legal acts of the Union; calls on the full implementation of point 44 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management²; believes that annual summaries of the audits and declarations available, must be public so as to make a contribution towards improving management of the Union budget;

26. Notes the close link between the Commission's ultimate responsibility for implementing the budget and the significance of the discharge procedure; stresses that the Commission's final responsibility regarding the implementation of the budget also covers weaknesses in Member States' management and control systems;

27. Stresses that financial responsibility is and shall remain indivisible and recalls Article 53b(4) of the Financial Regulation, which provides that "in order to ensure that the funds are used in accordance with the applicable rules, the Commission shall apply

clearance-of-accounts procedures or financial correction mechanisms which enable it to assume final responsibility for the implementation of the budget" (emphasis added);

28. Underlines in this context the importance of the Commission's management representations; notes, however, the Court of Auditors' general observations on the Commission's Annual Activity Reports (AARs) that there was no guidance on the calculation of the residual error rate or residual risk; notes further that these elements have gained importance for the question whether a reservation is necessary (Annual Report, points 1.19 and 1.20); is worried that this results in inconsistencies in application between the Directorates-General;

29. Notes furthermore, the Court of Auditors' observations on the following individual AARs:

– the reservation regarding rural development measures under axis 2 should not have been lifted (Annual Report, point 3.53), the calculation of the residual error rates for aid schemes is affected by various deficiencies (Annual Report, point 3.54);

– the estimated amount at risk as presented in the AARs of Directorate-General for Regional Policy (DG REGIO) and Directorate-General for Employment, Social Affairs and Inclusion (DG EMPL) may be underestimated (Annual Report, Annex 4.3);

– the calculation of the residual error rate presented in the AAR of Directorate-General for Enlargement is limited to 30% of the payments carried out (Annual Report, point 5.33);

– the AAR of EuropeAid gives only a partially fair assessment of financial management in relation to regularity (Annual Report, point 5.34);

– the reservation regarding Framework Programme 6 in the AAR of Directorate-General for Information Society and Media should have been maintained (Annual Report, point 6.47);

30. Reminds the Commission that all reservations are included as an annex to the Commission's Synthesis Report and underlines that by adopting the Synthesis Report the Commission "takes overall political responsibility for the management by its Directors-General and Heads of Service, on the basis of the assurances and reservations made by them in their Annual Activity Reports (AAR)"¹;

31. Underlines that the College and the Commissioners thereby take the final responsibility for the reliability and completeness of the reservations made by the Directors-General and Heads of Units acting as 'Authorising Officers by Delegation' and stresses that the act of delegation in no way takes away final responsibility from the College and the Commissioners;

32. Notes the observations made by the Court of Auditors concerning the Internal Auditor's overall opinion; believes that without a substantial revisit addressing the Court of Auditors' concerns, the usefulness of the overall opinion will remain limited;

33. Is worried about the Court of Auditors' observations with regard to the AARs and the Synthesis Report (Annual Report, points 1.17 - 1.25); believes that those observations need to be addressed without delay in order to safeguard the value of those documents as accountability instruments; recognises, however, that the calculation of a residual error rate is only one of the methods used by the Commission for estimating the amount at risk; calls on the Commission to provide consistent guidelines to be implemented by all Directorates-General;

34. Notes the Commission's Green Paper on the EU corporate governance framework\(^1\) for the private sector; further notes that the Commission has made great progress as regards adequate corporate governance within the Commission following the events leading to the resignation of the Santer Commission in 1999;

35. Notes the Commission's Governance statement adopted on 30 May 2007, which covers the internal functioning of the Commission and explains the way it is directed and controlled and the way it relates with its stakeholders; encourages the Commission to further improve its corporate governance and to inform the discharge authority of actions and measures taken by:

   – incorporating those elements of corporate governance required or proposed by Union company law relevant for Union institutions;

   – taking measures allowing the President to sign the accounts and to present together with the accounts:

      i. a description of the risks and uncertainties which could affect the achievement of the policy objectives as well as a statement in which the President, together with the College of Commissioners, accepts responsibility for risk management; and

      ii. a formal Corporate Governance declaration clearly showing which international standards for corporate governance the Commission is adhering to as well as objective and complete explanations if there is a need to depart from the corporate governance code's recommendation (the "comply or explain" principle);

36. Invites the Commission to consider it a priority action to improve and strengthen the accountability chain, \textit{inter alia} by:

   – providing the Committee on Budgetary Control full insight into the Member States annual summaries; deplores the fact that the Commission until now has not given any information on the annual summaries, as without any knowledge

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\(^1\) COM(2011)0164.
of the content of annual summaries they cannot be regarded as national management declarations;

– delivering a political declaration in which it accepts its final and overall responsibility for the implementation of the budget, including the part of the budget which is implemented under shared management;

– adding the responsible Commissioner's signature to the AAR;

– establishing the AARs in accordance with the principle of objectivity, avoiding optimistic estimations;

– providing mandatory, complete and relevant guidance to the Directorates-General, in particular regarding the way residual error rates and residual risks are estimated in accordance with the principle of prudence;

– providing in each AAR a complete and reliable explanation of the relationship between the residual risk or the residual error rate and the Court of Auditors' error rate; calls on the Commission, in close cooperation with the Court of Auditors, to explore possibilities to align its methodology of calculating the residual error rate with the Court of Auditors' most likely error rate methodology;

– revisiting the methodology for the overall audit opinion of the Internal Auditor and addressing the weaknesses identified by the Court of Auditors;

– analysing whether the Commission's corporate governance arrangements could be further improved taking into account the abovementioned Commission Green Paper on the EU corporate governance framework for the private sector;

European Schools

37. Regrets that, despite the considerable budgetary means foreseen for the European schools, the latter continue to fail in the fulfilment of their main task, which is to provide for sufficient places in the required languages and in the vicinity of officials' places of work and residence, but instead have expanded their activities to include other fields of education;

38. Recognises that an essential problem lies within the decision-making and financing structures of the Convention on the European Schools; therefore demands the Commission to explore with the Member States a revision of that Convention and to report by 31 December 2012 on the progress made; in the meantime, calls on the Commission to push for more efforts to achieve the aforementioned targets, by way of more appropriate use of the budgetary means provided;

Commission's administration
39. Calls on the Commission to clarify its relocation plans, the costs this will entail, how much office space will become available and how much will be added, and the number of staff in each Directorate-General who will be affected;

40. Points out that in 2010, during the procedure to approve flexitime and compensatory leave as a voluntary benefit, the Commission approved around 90 000 additional days of leave for its staff, which is the equivalent of some 445 posts – even though Article 56 of the Staff Regulations states that overtime worked by AD5/AST5 staff shall not be compensated; asks for clarification of the total cost to the taxpayer of compensatory leave;

Responsibility of Member States

41. Recalls that pursuant to Article 317 of the TFEU the Commission implements the Union budget on its own responsibility but also in cooperation with Member States;

42. Underlines that the two policy areas prone to the highest error rates (‘Cohesion, transport and energy’ and ‘Agriculture and natural resources’) are implemented under shared management, and deplores the fact that the estimated most likely error rates amount to 7,7 % and 2,3 %, respectively;

43. Welcomes in this context the Commission's analysis of the errors reported by the Court of Auditors for the financial years 2006-2009, which highlights for the first time the fact that, for ERDF and Cohesion Fund, three Member States (Spain, Italy and the UK) have contributed 59 % to the cumulative quantifiable errors identified during this period and that for the ESF four Member States (Spain, Portugal, the UK and Germany) have contributed 68 % to the cumulative quantifiable errors identified during this period in the area of Cohesion policy\(^1\); notes that, for ERDF and Cohesion Fund, most errors found in Italy came from the regions Calabria, Campania and Puglia and that in Spain a small number of operational programmes in the regions Andalucía, Valencia and Castilla-La Mancha contributed 75 % to the errors detected in Spain\(^2\); understands, furthermore, that Spain and Italy have also contributed significantly to the error rate for the financial year 2010;

44. Notes that problems in Italy with regard to the ERDF "relate to systemic weaknesses identified at the level of audit and managing authorities", and to "the application of public procurement rules and selection of projects, including the eligibility of retrospective projects"\(^3\); notes further that in Spain the source of the problems is rooted in a complex management and control system which "may lead in practice to an unclear division of responsibilities as well as a lack of effective supervision on the part of the managing authority"\(^4\);

\(^2\) Reply of Commissioner Johannes Hahn to written question No 4 for the hearing on 19 December 2011 in the European Parliament's Committee on Budgetary Control.
\(^3\) SEC(2011)1179, p. 20.
45. Recalls that the finance ministers of Greece, Italy and Spain were invited to an exchange of views in Parliament's Committee on Budgetary Control; regrets that none of the invited finance ministers appeared to discuss with members of that committee the Court of Auditors' results with a view to improving the management of Structural Funds and eventually the legal basis;

46. Recalls its repeated invitations to the Commission to present a proposal for the introduction of mandatory national management declarations (NMDs) issued, made public and duly audited by the responsible audit authority, as part of the Commission's final and overall responsibility for the implementation of the Union budget; notes that NMDs should contain full information about the use of Union funds;

47. Proposes that the substance of national declarations signed at directorate-general level should comply with international auditing standards and that those declarations should be used by the Court of Auditors in its audit work and based on, among other things, the declarations by authorities to which management power is delegated;

48. Points to the existence of significant differences in Member States' administrative performance in the field of revenue and expenditure in shared management, especially related to detecting irregularities, fraud and errors and financial follow-up in both the customs field and spending of Union funds; is of the opinion that if all Member States would show a correct performance, in the customs field alone, an additional (net) revenue of at least EUR 100 000 000 could be envisaged by the Union budget; notes that the Commission so far monitors administrative performance in a reactive way and on case level and thus not performs sufficient trend analysis to identify fields of risk; calls on the Commission to apply the method of trend analysis to identify financial risks and to take measures to improve Member States' administrative performance;

Bulgaria and Romania

49. Notes with great concern the Commission’s interim report on the progress made by Bulgaria under the Cooperation and Verification Mechanism; is concerned at the continuing parlous state of the Bulgarian legal system; notes that 27 criminal proceedings are under way against 28 judges; asks for clarification regarding a series of cases of alleged fraud in connection with Union funds in Bulgaria, causing a suspension of payments in 2008 in which the public prosecutor’s office suspended the investigations, even though the investigations into similar cases based on the same facts continued in another Member State; is astonished that, in all cases of fraud involving Union funds which were brought before the courts, criminal prosecution was replaced by administrative fines, and that an important case of fraud involving Union funds has been delayed in appeal in court for over 18 months; deplores, furthermore, the disregard of the Commission’s recommendation in not authorising the National Commission for the Identification and Forfeiture of Criminal Assets (CEPACA) to undertake pro-active asset verification of senior officials and politicians; is concerned that the unified, prompt, systematic publication of substantiated judgments is not the norm in Bulgaria; calls on the Commission to put pressure on the judicial authorities to increase their efforts to reform and to implement the Commission’s recommendations as soon as possible; calls on the Commission in this context to disclose how much funding has
been allocated to supporting Bulgaria’s efforts to reform and to assess the extent to which the payments have achieved the promised results; expects to see serious improvements over the coming year, with further considerations and a series of measures drawn up by the Commission in cooperation with the Bulgarian government for re-establishing the integrity of Bulgaria’s legal system;

50. Notes with concern the Commission’s interim report on the progress made by Romania under the Cooperation and Verification Mechanism; is pleased, however, to note the positive upward trend in the record of the National Integrity Agency (ANI) in pursuing cases of unjust enrichment and identifying conflicts of interest; notes that the ANI’s funding was increased with Union money; is, however, concerned that there is no uniform follow-up to ANI cases and that the follow-up is often delayed; welcomes the fact that the National Anticorruption Directorate (DNA) continued to act as an effective prosecution service in high-level corruption cases; notes the increase in 2011 in the number of indictments, court decisions and convictions and the acceleration of cases in the High Court of Cassation and Justice, which is reflected in the 85 % increase in final court decisions in DNA cases compared to 2011; is concerned at the results of an analysis of court judgments in cases of high-level corruption, which shows that 60 % of sentences are suspended and the sentences are often the minimum provided by law; is surprised at the unsatisfactory practice in relation to the prompt publication of substantiated judgments, which encourages the risk of statute-barring in some cases of high-level corruption as a result of protracted substantiation caused by the long-delayed possibility of redress; calls on the Commission to disclose how much funding has been allocated to supporting Romania’s efforts to achieve judicial reform; expects to see further improvements within the coming year; calls on the Commission to increase pressure on the Romanian government to implement the Commission’s recommendations; expects the Commission to call on the Romanian government, without fail, to ensure that the Romanian government’s efforts to develop a consistent jurisprudence in public procurement trials are increased; calls on the Commission steadfastly and determinedly to insist vis-à-vis the Romanian government that the Commission’s recommendations are complied with and a clearer, more comprehensive implementation plan to prepare for implementation of the provisions of the Criminal Code and the Criminal Procedure Code is drawn up; expects increased efforts with regard to the confiscation of assets resulting from criminal activities in Romania; also expects a series of measures from the Commission, in cooperation with the Romanian government, for improving the integrity of the Romanian legal system;

Pre-financings

51. Notes that pre-financings are considered necessary in order for beneficiaries to start the agreed action;

52. Notes the Court of Auditors' observations that the Commission has substantially increased the use of pre-financings between 2005 and 2010 (Annual Report, point 1.28);

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is concerned that there is a lack of clearing of pre-financings (Annual Report, point 1.29 and point 86 of Opinion No 6/2010 of the Court of Auditors);

53. Is concerned about the influence pre-financings have had mainly in the policy areas ‘External aid, Development and Enlargement’ and ‘Research and Internal Policies’; notes an increased use of pre-financings and an overall error rate below 2 % in these two policy areas; notes, furthermore, the Court of Auditor's conclusions that pre-financings were free from material error but interim and final payments remain affected by a material level of error (Annual Report, points 5.35 and 6.48);

54. Believes that by paying high volumes of pre-financings, the Commission takes on an increased financial risk, for example in cases of insolvency of beneficiaries, as well as an increased risk to legality and regularity as acceptance of the cost declared by beneficiaries is postponed to a later date;

55. Believes that it is more efficient to prevent irregularities than to correct undue payment ex-post through recoveries; therefore invites the Commission to make it a priority action to reconsider the increased use of pre-financing as well as control and audit mechanisms by
   – informing Parliament about the reasons why the Commission has made an increased use of pre-financings between 2005-2010;
   – adapting the level of pre-financings in the various programmes to a level that will ensure the necessary float for the beneficiary to start the project, while also safeguarding the financial interest of the Union and informing Parliament accordingly;

Outstanding budgetary commitments

56. Recalls that outstanding budgetary commitments are commitment appropriations made, but not used (i.e. paid) and that they derive mainly from multi-annual programmes (e.g. Cohesion) where commitments are made in the earlier years of the programming period while the corresponding payments are made gradually during the whole programming period;

57. Notes that a high level of outstanding commitments might indicate difficulties experienced by Member States in absorbing the amounts allocated;

58. Notes that in 2010, the Court of Auditors found that those outstanding commitments increased by nearly 10 % to approximately EUR 194 000 000 000 (Annual Report, point 1.43 and Graph 1.2) which represents nearly three years of spending at the current rate;

59. Believes that, as regards the 2007-2013 programming period, there is a risk that:
   – the committed funds will have to be spent quicker than usual, thereby increasing the risk of error;
at the end of the 2007-2013 programming period, Member States might try to absorb all funds committed whereby they might co-finance projects already implemented and financed from national funds (so called 'retrospective' projects which have not passed through the Union management and control system and are as a result more prone to error);

60. Invites the Commission to provide information on the size of outstanding commitments per Member State as well as on its cooperation with the Member States to identify and address risk areas in relation to absorption and regularity;

Budgetary contribution to decentralised agencies and joint undertakings

61. Notes that the Union contribution for the financial year 2010 amounted to over EUR 620 000 000 to the decentralised Agencies and to over EUR 500 000 000 for the Joint Undertakings; notes some difficulties in finding information on the Union contribution for agencies; calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Agency/Joint Undertaking made from the general budget of the Union, such as:

- the initial contribution of the Union entered in the budget for the Agency/Joint Undertaking;
- the amount of funds coming from the recovery of surplus;
- the overall contribution of the Union for the Agency/Joint Undertaking;
- the amount of the European Free Trade Association (EFTA)'s contribution where this applies;

62. Expects the Commission, in such time of financial crisis, to avoid increases in the Agencies' budgets and to even consider reducing the Union contribution to their budgets based on an assessment of its priorities;

63. Invites the Commission to draw up guidelines for templates that could be used by all Agencies/Joint Undertakings to establish their Annual Working Programmes and Annual Activity Reports, in order to ensure meaningful comparison of results against planned objectives;

64. Calls on the Commission to provide Parliament with a detailed overview of the criteria and verification mechanisms applied to avoid conflicts of interest and 'revolving door' cases for Agencies/Joint Undertakings;

Union budget and the financial and budgetary crisis

65. Is concerned about the continuing financial and budgetary crisis in Member States; takes the view that this crisis also entails different types of risks for the Union budget in the following ways:

- financial risks in relation to loans granted to Member States;
financial risks in relation to revenue;

66. Recalls that six Member States (Greece, Hungary, Ireland, Latvia, Portugal and Romania) are currently considered to be 'Member States in difficulties' as they are receiving assistance in the form of balance of payments (BOP) facility loans, loans granted under the European Financial Stabilisation Mechanism (EFSM) or assistance under the Greek loan facility;

67. Notes that the Union budget guarantees loans granted under the BOP facility (loans disbursed as at 31 December 2010 amounting to approximately EUR 12 000 000 000) and the EFSM (no disbursements as at 31 December 2010)\(^1\); notes furthermore that the maximum outstanding amount of loans possibly granted under the BOP facility and the EFSM is EUR 50 000 000 000 (Article 1(1) second subparagraph of Council Regulation (EC) No 332/2002\(^2\)) and EUR 60 000 000 000\(^3\), respectively; highlights that the total (EUR 110 000 000 000) is almost equal to an annual Union budget as total payments from the Union budget amounted to approximately EUR 122 000 000 000 in 2010\(^4\),

68. Is concerned about the fact that the Court of Auditors did not pay sufficient attention to these new challenges in the Union in its annual report on 2010; especially deplores the fact that the Court of Auditors did not mention these risks for the Union budget in a sufficient way; underlines that the Court of Auditors has to give the new European Stability Mechanism a prominent role in its further work;

69. Recalls that there is no guarantee fund established to protect the budget from calls on those guarantees; invites the Commission, therefore, to evaluate the potential need to set up a guarantee fund to cover for potential losses similarly to the Guarantee Fund for External Actions with the aim to protect the Union budget;

70. Stresses that the EFSM facility signed loans for EUR 48 500 000 000 of a total of EUR 60 000 000 000 as at 30 September 2011; encourages the Court of Auditors to provide a report on the EFSM operations and in particular of the control mechanisms, established by the Commission, by the end of 2012;

71. Recalls that the revenue of the Union budget consists of different sources; reiterates that without prejudice to other revenue, the budget shall be financed wholly from own

\(^1\) Annual Accounts of the European Union (COM(2011)0473), pp. 32 and 90.
\(^3\) Article 2(2) of Council Regulation (EU) No 407/2010 of 11 May 2010 establishing a European financial stabilisation mechanism (OJ L 118, 12.5.2010, p. 4) sets a ceiling of 1,23 % for which the Commission estimates that a total of EUR 60 000 000 000 would be possible to activate (COM(2010)0713, p. 4).
\(^4\) Source: Diagram IV of the Annex to the Court of Auditor's Annual Report 2010.
resources; notes that, in particular gross national income (GNI) resources accounting for 73 % of total revenue derive from the national budgets of the Member States;  

72. Is of the opinion that the more severe the financial situation in certain Member States becomes, the more difficult it will be for those Member States to contribute to the Union budget; believes that this puts at risk the revenue of the Union budget stemming from 'Member States in difficulties' which might even be prompted to take on additional government debt to finance the Union budget or national co-financing of certain aid schemes;  

73. Notes that GNI resources coming from 'Member States in difficulties' account for roughly 6 % of total GNI resources for the financial year 2010;  

74. Notes, furthermore, that the co-financing rates for Member States in difficulties were increased for the European Agricultural Fund for Rural Development (EAFRD), the Structural Funds, the Cohesion Fund and the European Fisheries Fund; expects higher co-financing rates to allow higher investments particularly in Member States in difficulties; emphasises in this context the Commission's increased control and supervisory responsibility;  

European Financial Stability Facility (EFSF) and European Stability Mechanism (ESM)  

75. Criticises the fact that the Council used Article 122 of the TFEU in 2010 for setting up the European Stability Facility (EFSF) because that Article is only applicable for natural disasters and not for economic catastrophes; is concerned that the EFSF neither contains an element of democratic control by Parliament nor gives the Court of Auditors any audit rights; strongly criticises the fact that the EFSF has not even any provision on external public audit;  

76. Notes the recent signature of the ESM Treaty by the Member States; underlines its resolution of 23 March 2011, in which it warns against establishing the permanent European Stability Mechanism (ESM) outside the Union's institutional framework as this decision entails problems for the control mechanism of the institutions of the Union; shares the concerns of some Supreme Audit Institutions that the Treaty lacks sufficient provisions for ensuring effective external audit;  

77. Reiterates its invitation to the Council and Member States to give due consideration to the following issues concerning the implementation of the ESM:  

   – to ensure in the by-laws of the ESM appropriate arrangements for public external audit of legality, regularity as well as performance in line with internationally accepted auditing standards taking into account the  

   — Source: Diagram I of the Annex to the Court of Auditor's Annual Report 2010.  
   — European Parliament resolution of 23 March 2011 on the draft European Council decision amending Article 136 of the Treaty on the Functioning of the European Union with regard to a stability mechanism for Member States whose currency is the euro (P7_TA(2011)0103).
following documents:

i. Resolution of the Contact Committee of the Supreme Audit Institutions (SAIs) of the European Union from 14 October 2011 on the Statement of SAIs of the euro area on the external audit of the ESM (CC-R-2011-01),

ii. Statement of the Contact Committee of the SAIs of the European Union addressed to the European Parliament, the European Council, the European Commission and parliaments and governments of EU Member States from 14 October 2011 on the Impact of the European Semester and other recent developments in EU economic governance on the Supreme Audit Institutions of the Member States of the European Union and the European Court of Auditors

iii. Letter from the President of the Dutch Court of Audit on issues to be addressed in the by-laws of the ESM with regard to Article 30 of the ESM Treaty,

- to establish appropriate arrangements for accountability and full transparency of the ESM,
- to ensure the reliability of data and statistics,
- to clarify the responsibility and reporting arrangements of all actors whose liabilities will be involved in the establishment of the mechanism,
- to urge the Commission to report to Parliament and the Council twice a year on the risk that is incurred on the Union's budget by its guarantee to the EFSM and to ask the Commission how in case of a default this money would be transferred into the Union budget and then to the EFSM;

78. Invites the Council and the Member States to define Parliament's political scrutiny over any euro-bond issue, in general, and of the permanent crisis mechanism in particular; shares the view that Parliament should be involved at an equal basis in the mechanism;

Transparency

79. Emphasises the vital role transparency plays in ensuring accountability for the use of public funds and recalls that it is one of the main instruments in achieving legal and regular expenditure; reiterates its call for all grant payments from Union funds to be recorded in a user-friendly online database paying due regard to data protection law;

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1 http://eca.europa.eu/portal/pls/portal/docs/1/9406723.PDF
2 http://eca.europa.eu/portal/pls/portal/docs/1/9504723.PDF
3 AvailabemonthemwebsitemofthemNetherlandsmCourtmofmAudit
http://www.courtofaudit.com/english/News/2012/02/Letter_of_president_Netherlands_Court_of_Audit_on_ESM_Board_of_Auditors
believes that the payment of Union funds should be explicitly conditional on the acceptance by the beneficiaries that the basic details – including the amount, recipient's name, and purpose – be a matter of public record;

80. Notes that the current system in the policy area Cohesion does not ensure full transparency of beneficiaries of ERDF and Cohesion Fund; notes that in the current framework, the Commission provides a portal with access to lists of beneficiaries available on national websites, which are only accessible in the respective national languages and do not follow common criteria; expects the future regulation laying down common provisions on the structural instruments (COM(2011)0615 – 2011/0276 (COD)) to ensure that Member States provide the data on final beneficiaries of ERDF and Cohesion Fund to be published on the Commission's official website in one of the three working languages of the Commission and based on a set of common criteria to allow comparison and detection of errors; recalls its invitation to the Commission to seek inspiration from the American Recovery Accountability and Transparency Board and its website (www.recovery.gov);

81. Reiterates the judgment of the Court of Justice in Joined Cases C-92/09 Volker and Markus Schecke GbR and C-93/09 Hartmut Eifert, which is relevant for the policy area Agriculture and Natural Resources; calls on the Commission to submit as soon as possible a proposal for a new regulation requiring Member States to publish information on legal and natural persons receiving European agricultural funds, taking that judgment into account; takes the view that information on beneficiaries should be available on the Commission's official website in one of the three working languages of the Commission and based on a set of common criteria to allow comparison and detection of errors;

Statement of Assurance methodology

82. Is aware that the Court of Auditors intends to provide Parliament with more information on the policy areas 'agriculture and natural resources' and 'cohesion, energy and transport'; welcomes that intention as it would lead to greater transparency and more precise identification of problematic areas of the budget; is of the opinion that this allows the Commission, the Court of Auditors, Parliament and other stakeholders to better focus their attention and make recommendations concerning those areas in which management needs to improve; wishes, however, to highlight that it is important to ensure comparability from one year to the next;

83. Welcomes the Court of Auditors' more in-depth assessment of the reliability of the Commission's management representations both in Chapter 1 but also in the individual Chapters of the Annual Report 2010; recalls that management representation needs a strong second opinion by the Court of Auditors; encourages the Court of Auditors to continue strengthening its analysis of the Commission's management representation and to report on it in a descriptive way;

84. Notes the increased use of pre-financings; believes that pre-financings are exposed to a lower level of risk to legality and regularity than interim or final payments as no justification of cost is necessary for a pre-financing; invites the Court of Auditors to consider adapting its audit approach to take into account the increased use of pre-
financements in order to provide Parliament with even more useful information focussing on those transactions involving the highest risk;

85. Notes that the Court of Auditors applies a common methodology to quantify public procurement errors in the two policy areas Agriculture and natural resources and Cohesion, Energy and Transport; deplors the fact that the Commission follows different methodologies in these two areas both of which are furthermore not in line with the Court of Auditor's methodology; is worried that different approaches in these areas could undermine the credibility of the control and audit of shared management expenditure; calls therefore on the Commission and the Court of Auditors to harmonise the treatment of public procurement errors in these two policy areas urgently and to report back to the Parliament's competent committee on the progress made by the end of 2012;

Specific issues

The role of the Commissioner responsible for budgetary control issues

86. Notes that, in the 2004-2009 Commission, a Commissioner had full-time responsibility for budgetary control as had previously been called for by Parliament; regrets the fact that within the current Commission budgetary control issues have been merged with other responsibilities ('taxation and customs union'); proposes that in the 2014-2019 Commission a full-time Commissioner for Budgetary Control be re-established with responsibility for matters related, inter alia, to the following areas:

- internal audit,
- anti-fraud,
- liaison with the Court of Auditors and the relevant committee of Parliament;
- contact with the relevant budgetary and audit authorities in the member states, and the development of a comprehensive internal control framework,
- overseeing and improving the utility of the annual synthesis report, including a review of the Member States' management and control systems,
- commissioning and assessing independent programme evaluations, and developing the Evaluation Report, provided for by Article 318 of the TFEU, into a valuable tool for performance improvement;

Performance: Getting results from the Union budget

87. Welcomes the new Chapter 8 on "Getting results from the EU budget" in the Annual Report including the Court of Auditors' observations on the Commission's self-assessment of performance in its AARs;

88. Notes the Court of Auditors' findings concerning the quality of the Commission's reporting on performance, such as:
Currently the Management Plan does not foresee objectives and indicators to measure economy and efficiency" (Annual Report, title before point 8.17)

"In some areas targets [are] not sufficiently quantified or specific" (Annual Report, title before point 8.18)

"Interim milestones for multiannual targets [are] not defined in some areas" (Annual Report, title before point 8.20)

"Description of policy achievements provided limited information on results and impacts" (Annual report, title before point 8.22);

89. Takes the view that those important findings illustrate that Parliament cannot fully rely on the Commission's reporting on performance; believes that reliable data is the basis for good management, policy development and parliamentary oversight; would appreciate it if the Court of Auditors could further develop its activities in this area to include "certification" of the performance data reported by the Commission on a regular basis;

90. Believes that performance is as important as legality and regularity, and invites the Court of Auditors to consider whether it would be possible to include the new insight on performance on the different policy groups in the related chapters of the Annual Report;

91. Notes that objectives, indicators and targets presented in the Management Plans are mainly focussed on effectiveness (Annual Report, point 8.15); invites the Commission to improve its reporting on performance, including indicators relating to economy and efficiency and to set appropriate targets for assessing progress towards achieving multi-annual objectives;

92. Further invites the Commission in areas of shared management to define, together with the Member States, appropriate performance indicators to be applied consistently, and to verify that Member States' reporting of achieved results is mandatory, complete and accurate;

93. Notes the repeated opinions of both the Court of Auditors and the Commission that the quality of management and control systems differs widely between Member States and between different programmes;

94. Calls on the Commission to systematically account for those differences in the effectiveness of control systems and to make available clear evaluations of efforts – or lack of effort – by Member States in detecting and correcting irregularities to make sure that Member States with well-functioning supervisory and control systems are not at risk of being discredited;

95. Invites the Commission to present the Evaluation Report provided for in Article 318 of the TFEU in its competent committee and Plenary at the same time as the Court of Auditors' Annual Report is presented and invites the Court of Auditors to present its observations on the Evaluation Report at these occasions; underlines that the Evaluation Report should be published at a moment of time allowing both the Parliament and the
Court of Auditors to adequately assess it;

96. Recalls that Article 318 of the TFEU requires the Commission to submit "an evaluation report on the Union's finances based on the results achieved"; notes that the Commission on 17 February 2012 adopted the first Evaluation Report under Article 318 of the TFEU, relating to the financial year 2010;

97. Further recalls that Parliament, in its resolution on discharge to Commission for the financial year 2009, suggested that:

- the Commission should appoint a "performance evaluator" in order to establish clear ownership of the evaluation report (point 199);
- a clear and transparent relationship should be established between performance indicators, legal/political basis, amount of expenditure and results (point 200);
- the Internal Audit Service should audit the methodology used for the production of the report as well as assess the work done (point 200);
- key performance indicators used by Commission departments should be publicly available (point 200);

98. Regrets that the Commission has not been able to fully address these suggestions in the first Evaluation Report under Article 318 of the TFEU; further notes that the first Evaluation Report is a summary of existing evaluation reports in two policy areas (Education and Culture and Research); believes that the coverage and contents of the first Evaluation Report do not live up to what could be expected of an evaluation report required by the TFEU;

99. Invites the Commission to further develop the content of the Evaluation Report under Article 318 of the TFEU and, in particular, to identify the added value of this Evaluation Report compared to "normal" evaluations carried out under the Financial Regulation (Article 27) and its implementing rules (Commission Regulation (EC, EURATOM) No 2342/2002, Article 21);

100. Fully supports the Commission's intention to "work to ensure that there is increased co-ordination, exchange of information and coherence both within the Commission and with Member States on the programming, organisation and use of monitoring and evaluation in the next financial framework";

101. Welcomes the fact that the Court of Auditors is planning to make observations on the first Evaluation Report produced under Article 318 of the TFEU;

102. Reiterates its call for the Commission to review the briefing and training given to staff.

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4 European Court of Auditors' Work Programme 2012, p. 6.
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 of the Staff Regulations;

**Cohesion, energy and transport – adverse conclusion**

103. Is concerned about the increase of the error rate to 7.7% in the policy area 'Cohesion, energy and transport' despite an increased use of interruptions of payment deadlines; is deeply worried that some of the errors could have been detected and corrected for 58% of the transactions affected by errors (Annual Report, point 4.25);

104. Calls on the Court of Auditors to present error rates for the European Regional Development Fund, the Cohesion Fund, the European Social Fund, energy and transport separately and not on an aggregate basis;

105. Deplores the fact that, year after year, non-respect of public procurement rules accounts for a large proportion of the errors; sees the wider implications and considers this to be an indication that the functioning of the internal market is at stake; calls on the Commission to pursue the ongoing reform of public procurement taking due account of these worrying results and to follow up on infringements rigorously as the Court of Auditors has also identified cases of incorrect transposition of Union Directives into national public procurement law (Annual Report, point 4.27);

106. Reads with great concern that audit authorities are only partially effective; is deeply concerned about the fact that audit approaches of the audit authorities differ to such an extent that their results cannot be aggregated to reach an overall opinion by Fund at national level (Annual Report, point 4.41); invites the Commission to disclose how it consolidates the information received from audit authorities and how the Commission ensures consistency in order to provide reliable information to Parliament in its AARs;

107. Calls on the Court of Auditors, pursuant to the second subparagraph of Article 287(4) of the TFEU, to deliver an opinion on the independence of the national audit authorities with regard to shared management;

108. Asks the Commission to inform Parliament when it intends to rely on selected audit authorities in accordance with Article 73 of Regulation (EC) No 1083/2006 and thereby reduce its own on-the-spot audits; invites the Court of Auditors to follow this development closely and to perform an audit on it;

109. Encourages the Court of Auditors to examine the possibility of responding to the ongoing problem of multiannuality of the implementation of funds and the annuality of the Court's audits; stresses that during the implementation period the error rate tends to be higher than at the closure when the expenditure has undergone all levels of control;

**Supervisory role of the Commission in the Cohesion policy area**

110. Understands that the Commission has the option (but not the obligation) to sanction non-conforming Member States with different tools:
<table>
<thead>
<tr>
<th>Effect</th>
<th>Interruption</th>
<th>Suspension</th>
<th>Financial corrections accepted by Member States</th>
<th>Financial corrections disagreed by Member States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Payment deadline is delayed for a maximum period of six months by the authorising officer</td>
<td>Payment is suspended for an indefinite time by the College of Commissioners</td>
<td>Member States are allowed to re-use the funds &quot;released&quot; not resulting in a loss of funds for the Member State</td>
<td>All or part of the Union contribution is cancelled (net reduction)</td>
</tr>
</tbody>
</table>

| Conditions | Evidence suggests a significant deficiency in the management and control system | Serious deficiency in the management and control system or expenditure declared is subject to a serious irregularity | Member State accepts financial corrections stemming from audits of the Commission, the Court of Auditors or any other Union auditor | Member State disagrees with financial corrections stemming from audits of the Commission, the Court of Auditors or any other Union auditor |


111. Welcomes the clarification brought by the Commission\(^1\) regarding the distinction between 'significant deficiency' and 'serious deficiency'; takes note that the assessment which leads to such qualification is based on the guidance note COCOF 08/0019/01-EN, using the key requirements provided therewith;

112. Deplores the fact that the Commission has no power to impose penalties on Member States or regions which have repeatedly failed to implement Structural Funds and the Cohesion Fund correctly;

Effectiveness of interruptions and suspensions

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\(^1\) Reply to question 21, document "Annex: questions to Commissioner Šemeta" made available by the Budgetary Control Secretariat on 16 December 2011, after the hearing of Commissioner Šemeta on 8 December 2011 in the Committee on Budgetary Control.
113. Recalls that Parliament has called for systematic activation of interruptions and suspensions independent from any political considerations (discharge report 2009\(^1\), points 194-196);

114. Notes that for 2010 the Commission has made more use of interruptions as DG REGIO has interrupted 49 payment deadlines (see AAR of DG REGIO, page 42-44) and DG EMPL has interrupted 14 payment deadlines (see AAR of DG EMPL, page 50); notes furthermore that the Commission did not suspend any payments either for the ERDF or for the Cohesion Fund in 2010, while suspending six payments of the ESF;

115. Deplores the fact that the error rate in Cohesion, and in particular in Regional Policy, has increased despite the increased use of interruptions and despite the fact that the Commission has identified the Member States and the regions which contribute most to the error rate; reminds the Commission of its action plan to strengthen the Commission's supervisory role under shared management of structural actions\(^2\); calls on the Commission to analyse the weaknesses in the Member States and regions affected most by high error rates and to comply with its supervisory role by enforcing measures as stated in the action plan;

116. Calls on the Commission to resume payments only if sufficient appropriate audit evidence gathered on the spot proves that weaknesses were remedied in order to make this power of sanction more effective and with a view to avoiding any risk that payments are resumed too quickly;

117. Notes that DG REGIO resumed 24 % (12 out of the 49 payments interrupted in 2010, all of which had been interrupted in October 2010\(^3\)) of the interrupted payments in December 2010; believes that resuming payments in December aggravates the imbalance of payments throughout the year which increases the risk of error in managing the payments and limits the time for the Court of Auditors to audit those payments; invites the Commission to inform Parliament for which of these 12 cases funding would have been lost according to the n+2/n+3 rule if payments had been resumed in 2011;

Effectiveness of financial corrections

118. Wishes to highlight the important difference between a financial correction implemented by a Member States which does not result in a net reduction and financial corrections implemented by the Commission by means of recovery orders which result in a net reduction; believes that financial corrections implemented by a Member State have a "virtual character" with little sanctioning effect; welcomes the improvements made to Note 6 of the annual accounts of the European Union and invites the Commission to continue to improve the information provided, for example by comparing the financial corrections and recoveries to the corresponding amounts of payments;

\(^1\) OJ L 250, 27.9.2011, p. 33.
\(^3\) Annex to the replies to the written questions to Commissioner Johannes Hahn for the hearing on 19 December 2011 in Parliament's Committee on Budgetary Control.
119. Is deeply worried about the following facts:

– financial corrections in 2010 resulted in a net reduction in only around 20 % of all cases (see annual accounts of the European Union, page 68) since projects identified as being ineligible may be replaced by other projects, possibly also 'retrospective projects' although they represent an increased risk in terms of legality and regularity and have no Union added value;

– in most cases, financial corrections address weaknesses in Member States' control systems and not individual projects, which means that the financial consequences of system weaknesses are usually borne by the national taxpayer who has already contributed to the Union budget;

– the implementation rate of financial corrections for the 2000-2006 programming period has dropped from 62 % to 58 % (see annual accounts of the European Union, page 71), mainly as a result of low implementation rates in the ERDF and Cohesion Fund;

120. Is of the opinion that these facts seriously undermine the effectiveness of financial corrections; fears that the possibility of replacing ineligible expenditure puts pressure on Member States to present other, possibly retrospective projects, which could even lead to the adverse effect of increasing the risk in terms of legality and regularity to the Union budget;

Conclusions on the supervisory role of the Commission

121. Calls on the Commission, in particular DG REGIO, to make full use of existing sanctioning tools; is, however, of the opinion that the 2007-2013 legislative framework does not provide sufficient incentives for Member States to comply with the rules, nor does it provide the Commission with sufficiently effective tools to reward compliance or to sanction non-compliance;

122. Invites the Commission, therefore, to consider it a priority action to support Parliament in its efforts in the ordinary legislative procedure concerning the proposal for a regulation laying down common provisions on the structural instruments (COM(2011)0615 – 2011/0276 (COD)) to create an effective sanctioning mechanisms so that the Commission can fully assume its final and overall responsibility for the implementation of the budget which should, inter alia, include the following elements:

– making net reductions the rule for financial corrections imposed by the Commission and abolishing the possibility to declare retrospective projects;

– obliging Member States to recover ineligible expenditure from final beneficiaries as far as possible so that final beneficiaries bear the consequences of ineligible expenditure and not the national taxpayer and forwarding to Parliament information on those recoveries by the Commission if possible;

– allowing the Commission to give Member States incentives not only to comply with the rules but also to implement Cohesion policy effectively, efficiently
and economically;

- ensuring that a full range of sanctions (interruptions, suspensions, financial corrections, and penalties) are available for all funds with minimal scope for discretion when breaches of the rules are discovered;

- allowing the Commission to impose penalties on Member States or to discontinue operational programmes in Member States or regions which have repeatedly failed to implement Structural Funds and the Cohesion Fund correctly;

- bringing legal actions if Member States persistently fail to respect their obligations under Article 258 TFEU;

- transmitting to the Commission all relevant data and information the Commission needs in exercising its supervisory role as regards the implementation of the funds by Member States;

_Agriculture and natural resources – qualified conclusion_

123. Welcomes the fact that direct payments covered by the Integrated Administrative and Control System (IACS) – which in 2010 accounted for 77 % of total expenditure under the CAP – were free from material error (Annual Report, point 3.55 and Commission's reply to this point);

124. Welcomes the fact that the Commission has managed to keep the most likely error rate at 2.3 % (Annual Report, Annex 3.1) and encourages the Commission to continue the efforts to bring the error rate further down;

125. Recalls that IACS must ensure that correct and traceable payments are made to farmers; notes, however, that the effectiveness of IACS is adversely affected by inaccurate data in the databases, incomplete cross checks or incorrect or incomplete follow up of anomalies (Court of Auditors Annual Report, point 3.29); calls on the Commission to ensure that all databases are up to date and all anomalies are properly followed up;

126. Notes the Court of Auditors' example of an eligibility error under the European Agricultural Guarantee Fund (EAGF)\(^1\) in connection with a bartering arrangement using intervention stocks; further notes that the total amount borne by the Union budget for transporting the 9 894 tonnes of butter involved in the arrangement is approximately EUR 900 000\(^2\); is highly concerned about the sound financial management of those operations; invites the Commission to take the necessary measures to ensure that bartering arrangements if to be continued at all are transparent and cost effective;

127. Notes that rural development expenditure (approximately EUR 11 483 000 000\(^3\)) is particularly prone to error inasmuch as, out of 80 transactions sampled, 40 (50 %) were

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1 Annual Report, Example 3.1, page 79
2 Annual Report, Footnote 23, page 79
3 Annual Report, Table 3.1, page 72
affected by errors and that 21 (52 %) of those transactions were affected by quantifiable errors (Annual Report, point 3.19);

128. Notes that the clearance of accounts procedure has proven generally effective in protecting the financial interests of the Union budget by excluding expenditure which has not been effected in compliance with Union rules;

129. Encourages the Commission to further reduce the duration of the conformity clearance procedure while ensuring that Member States' right of defence is preserved; calls on the Commission to improve the link between the financial corrections imposed and the real amount of irregular payments; calls on the Member States to cooperate with the Commission by providing all necessary information in due time;

130. Welcomes the Court of Auditors' findings in its Special Report No 8/2011 on "Recovery of undue payments made under the common agricultural policy" that systems related to recoveries and financial corrections have improved in recent years; reiterates its belief that agricultural funds unduly paid have to be recovered from the final beneficiaries as much as possible to avoid the taxpayer being hit twice; invites the Commission to take further measures to eliminate the scope for interpretation and diverging practices by the Member States and to rigorously control Member States' systems for recoveries;

131. Strongly believes that tripartite meetings between the Court of Auditors, the Commission and national authorities, 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 avoiding misunderstandings as much as possible;

**External aid, development and enlargement – qualified conclusion**

132. Notes the Court of Auditors' conclusion that the supervisory and control systems for External aid, Development and Enlargement were only *partially effective* in ensuring the regularity of payments (Annual Report, point 5.36);

133. Notes that the overall most likely error estimated by the Court of Auditors is 1,7 % (Annual Report, point 5.13); regrets, however, that a material level of error was found in interim and final payments which according to Commissioner Andris Piebalgs is around 5 % and would be even higher if budget support were excluded from the calculation; notes further that all quantifiable errors were found in the interim and final payments (Annual Report, point 5.13); deplores the fact that two thirds of the errors found in final payments had not been detected by Commission controls (Annual Report, point 5.16);

134. Believes that the overall most likely error rate is below the materiality threshold of 2 % due to the proportion of pre-financings and budget support within total operational

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1 Reply to an oral question to Commissioner Andris Piebalgs at the hearing on 12 January 2012 in the European Parliament's Committee on Budgetary Control.
expenditure; notes that this proportion has increased from 66 % in the financial year 2008 to 75 % in the financial year 2010\(^1\);

135. Recalls that pre-financings have a different risk profile which does not materialise in the Statement of Assurance audit; believes that it is more efficient to prevent irregularities than to correct undue payment \textit{ex-post} through recoveries;

136. Recalls that the main risks linked to budget support (risk to effectiveness of the aid as well as risks of fraud and corruption) also do not materialise in the Statement of Assurance audit; invites the Commission to rigorously monitor those risks;

137. Welcomes the Court of Auditors' statement that "EuropeAid has set up a comprehensive control strategy and continued to bring significant improvements to the design and implementation of its supervisory and control systems." (Annual Report, Annex 5.3);

138. Notes that the Court of Auditors considers that ‘the Director-General's declaration and annual activity report only give a \textit{partially fair} assessment of financial management in relation to regularity for the EDFs and the General Budget of the European Union’ (Annual Report, point 5.34, emphasis added);

139. Invites the Commission to encourage EuropeAid to complete as soon as possible the work on a methodology to calculate the level of ‘residual error’ which might remain after all controls have been executed and to share the results with the other external relations Directorates-General in view of achieving the necessary improvement of the Commission’s management representations for external aid, development and enlargement;

140. Notes that the Heads of Union Delegations, where they are the only EEAS staff in a delegation, may not delegate, even on a temporary basis, their powers as authorising officers for the Union Delegation’s administrative expenditure when they are absent; notes, furthermore, that this could create practical difficulties for business continuity and additional risks in the Union Delegation; asks the Commission therefore to allow, on a temporary basis, the Head of Union Delegation to delegate his power as authorising officer;

141. Calls on the Commission to allow a Deputy Head of Delegation, usually coming from a Member State, where one exists, to deputise for the Head of Delegation in his absence for all matters except the implementation of operational expenditure managed by the Union Delegation, which can only be sub-delegated to Commission staff;

142. Notes the Court of Auditors' observations presented in example 5.3 of the Annual Report; is highly concerned about the ‘flexible interpretation of eligibility for co-financed actions’ or ‘notional approach’ with United Nations organisations which bears the risk of double financing of the same cost; believes that this also has a reducing effect on the Court of Auditors’ error rate; is also deeply worried about the ‘extended eligibility criteria’ applicable under the Financial and Administrative Framework

\(^1\) Calculation on the basis of the reply to written question No 2 to Commissioner Andris Piebalgs for the hearing on 12 January 2012.
Agreement with the United Nations Agencies (FAFA) and the Framework Partnership Agreements with the Commission's implementing partners which also bear the risk of financing the same cost twice; calls strongly on the Commission to discontinue both practices; expects UN agencies to grant intergovernmental donor organisations similar rights to access internal audit reports as are granted to UN Member States; notes in this context that further progress is needed in order to improve reporting on the use of Union funds by providing information about results rather than actions;

143. Welcomes the revised mandate, granted by the Commission, providing budgetary guarantee to the EIB covering risks against losses under loans and guarantees for projects outside the Union; underlines the fact that the Union guarantee provided to the EIB falls undoubtedly under the scrutiny of the Court of Auditors;

144. Notes that the information on contracts awarded by EuropeAid\(^1\) and DG ECHO\(^2\) is not following the same template; encourages the Commission to implement a common template for the databases containing the contracts awarded by these two DGs, where the minimum information provided should be: contract number/reference, title of the contract, theme/sector of intervention, contractor's name and nationality, country of intervention, amount, type of the contract and the duration (providing both the beginning date and the end date);

Haiti

145. Recalls the earthquake in Haiti and its disastrous consequences; deplores the difficulties noted in combining humanitarian aid and development aid (linking relief, rehabilitation and development); considers that the Commission should limit its humanitarian aid and direct its efforts and funding to rehabilitation and development;

146. Deplores the insufficient coordination between the Union Delegation and the ECHO representation; supports a reinforced coordination between all Union actors; therefore urges the Commission to ensure greater coherence and complementarity between humanitarian aid and development aid, both at a policy level and in practice;

147. Deplores the lack of sustainability of projects and stresses that projects should principally aim at creating employment and sustainable growth which would allow the Haitian State to increase its own revenues in order to depend less on foreign assistance; therefore requests the Commission to provide Parliament with a list of projects which have been carried out during the last 15 years in Haiti with a detailed assessment of their current situation in order to see how sustainable they are since;

148. Points to the lack of visibility of the Union aid in Haiti; takes the view that, in order to enhance visibility, not only the flag but also the name of the European Union should appear in PR documents rather than only that of the Commission or of DG ECHO, which are much less identifiable to average Haitian citizens;

\(^1\) http://ec.europa.eu/europeaid/work/funding/beneficiaries/index.cfm?lang=en&mode=SM&type=contract
Research and other internal policies – qualified conclusion

149. Notes the Court of Auditors' conclusion that the supervisory and control systems for Research and other Internal Policies were only partially effective in ensuring the regularity of payments (Annual Report, point 6.49);

150. Notes as a specific characteristic of this policy group that most of the operational expenditure (72 %, Annual Report, table 6.1) is implemented by way of pre-financing – which only requires compliance with a limited number of conditions as opposed to interim and final payments – and that this specificity has a positive influence on the overall error rate;

151. Is worried, in particular, about the level of pre-financings in the lifelong learning programme which allows for pre-financings of up to 100 % of the budgeted project cost (Annual Report, point 6.9) and for which 93 % of all payments made in 2010 were pre-financings (Annual Report, table 6.1);

152. Notes that a material level of error was found in interim and final payments to beneficiaries and that the most likely error estimated by the Court of Auditors is 1,4 % (Annual Report, point 6.12) due to the influence of pre-financing; further notes that the Court of Auditors does not publish a specific error rate for interim and final payments;

153. Understands that the Commission estimates the representative error rate without pre-financings on a multi-annual basis to be 3,4 % for Framework Programme 6 and the provisional representative error rate for Framework Programme 7 to be a little above 4 % on a multi-annual basis; understands further that the residual error rate on a multi-annual basis, which is the level of error remaining after the corrections and recoveries by the Commission services following their audits have been made, amounts to around 2,4 % for Framework Programme 6 while for Framework Programme 7 the Commission has not yet had enough time to see the full effects of recoveries and corrections on a multi-annual basis;

154. Underlines the important role of the Risk-Sharing Finance Facility in the light of the current financial crisis; calls on the Commission to increase the support granted by the facility to universities and research organisations for their investments in PPP and research infrastructure projects of European interest with regards to the fulfilment of the smart public policy objectives of Europe 2020;

155. Notes that the Commission is simplifying ex ante control procedures as far as possible with a view to facilitate the processing of payments with the consequence that only administrative requirements and arithmetical checks can be made; is worried that even in the case of doubt about the eligibility of cost declared, only limited ex ante checks were carried out (Annual Report, point 6.17 and example 6.2); insists that action be taken to remedy this situation;

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1 Follow-up replies to questions to Commissioner Máire Geoghegan-Quinn for the hearing on 23 January 2012 in the European Parliament's Committee on Budgetary Control.
156. Believes that a balance has to be struck between facilitating payments and controlling the eligibility of cost declared; calls on the Commission to modify its ex ante control strategy and to apply a risk-based approach to address better specific risks of the cost statement and – in the case of a high risk – to extend the ex-ante control procedures to checks carried out on the spot;

157. Is deeply worried that audit certificates still continue to be only partially effective (Annual Report, point 6.22); recalls that audit certificates are one of the most important elements of the Commission's ex-ante control; calls on the Commission to make it common practice to formally communicate with the external auditors by providing feedback and requesting explanations in cases of unreliable audit certificates;

158. Welcomes the fact that the Commission's ex-post audit strategy is judged to be effective in detecting and correcting errors (Annual Report, point 6.30); welcomes, moreover, the fact that the Commission's procedures to recover the funds unduly spent are adequate and that the Commission has made more use of the corrective measures such as early termination of the contracts and penalties;

159. Is deeply worried that the calculation of the residual error rate is based on assumptions which do not always hold true in reality such as the 'extrapolation' of errors found in one cost statement to other cost statements of the same beneficiary; shares the Court of Auditors' view that limited reliance can be placed on the residual error rate (Annual Report, point 6.32); believes that this also calls into question the reliability of reservations made by the Director-Generals, as one of the main indicators used for deciding whether to make a reservation is the residual error rate;

**Views from specific policy perspectives**

**Views from a Development Policy perspective**

160. Takes the view that the ongoing budgetary and economic crisis which many Member States are facing requires the Union, more than ever, to maximise the efficiency and impact of its aid; against this backdrop, is concerned that the Court of Auditors found\(^1\) that in 2010 the Commission's supervisory and control systems for external aid and development were again only partially effective in ensuring the regularity of payments and that two-thirds of the quantifiable errors were found in final payments and that those errors had not been detected by Commission controls;

161. Acknowledges, nonetheless, the Commission's ongoing efforts to improve the design and implementation of its supervisory and control systems and to raise the quality of data entered in the CRIS management information system; welcomes the fact that, overall, payments for external aid and development in 2010 were free from material error, with a lower estimated error rate than in 2009; encourages the Commission to develop a coherent methodology for the external relations' directorates to calculate the residual error rate, to further improve its external audit framework and to uphold the

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\(^1\) Court of Auditors' Annual Report on the implementation of the budget (2011/C 326/01), 10.11.2011.
highest control standards possible;

162. Encourages the Commission, in particular, to improve the quality of the ex-ante control, monitoring and reporting, supervision and risk-based audit functions of Union Delegations, where most of the errors were detected, to strengthen the capacity of the Delegations’ operational and financial sections, to increase the resources available to Delegations for key monitoring activities and to systematise the monitoring framework, which includes introducing multi-annual monitoring and evaluation plans and strengthening monitoring guidance;

163. Calls on the Commission to find workable solutions to the organisational challenges caused by the merger of DG DEV and DG AIDCO at the end of 2010; urges the Commission and the EEAS, which was launched in December 2010, to finalise without delay working arrangements clarifying their respective roles and responsibilities in the programming and implementation cycle of external assistance, which includes the Delegations;

164. Takes the view that the new financing instruments under the next Multiannual Financial Framework 2014-2020 must fully reflect Parliament's enhanced legislative and scrutiny rights under the Lisbon Treaty, and that Parliament must be involved in the programming process on an equal footing with the Council;

165. Encourages the Commission to further improve the effectiveness of Union aid to the basic education sector in Sub-Saharan Africa and South Asia\(^1\), in particular by establishing realistic indicators and targets to monitor results effectively, by ensuring that Delegations assign staff with sufficient expertise and seniority to maintain sector policy dialogue with partner governments and other donors, and by focusing more on the quality of education and the capacity of beneficiary governments to cope with increases in school enrolment;

166. Is dismayed by the large-scale fraud cases uncovered in late 2010 by the Global Fund to Fight AIDS, Tuberculosis and Malaria in Mali, Mauritania, Djibouti and Zambia, and is worried about the potential misappropriation of substantial sums of money, such as from the EU 2010 contribution to the Global Fund; encourages the Commission to work more closely with the Global Fund to support and to monitor its country-level interventions in order to avoid the recurrence of such corruption cases and to improve the Global Fund's accountability and effectiveness;

167. Reiterates its call for the greater involvement of parliaments and consultation with civil society and local authorities in partner countries when drawing up and reviewing Development Cooperation Instrument (DCI) Country Strategy Papers and Multiannual Indicative Programmes.

*Views from an Employment and Social Affairs Policy perspective*

168. Notes that employment and social affairs account for 18% of expenditure on the

\(^1\) EU Development Assistance for Basic Education in Sub-Saharan Africa and South Asia (Special report No 12/2010).
Union’s Cohesion Policy, with a vast majority of expenditure in this policy area (94 %) funded from the European Social Fund (ESF);

169. Welcomes, therefore, the fact that, in the context of the resources allocated to the European Social Fund (ESF), the utilisation rate for commitment appropriations was 100 % (EUR 10,8 billion) and for payment appropriations 87,9 % (EUR 7,1 billion); recognises that the lower rate for payment appropriations arose because some commitments were not made until the last quarter of the year; acknowledges the Commission's efforts to improve financial management;

170. Takes note of the estimation by the Court of Auditors that the error rate in 2010 stood at 7,7 % with regard to spending in the fields of cohesion, energy and transport; is surprised at the Court of Auditors’ observation that Union directives were not properly transposed into national public procurement legislation; expects therefore the Commission to improve its supervision of transposition into national law and audit the admissibility of projects that receive funding; considers public procurement applies less to the ESF;

171. Acknowledges the Commission’s efforts to ensure, by means of bilateral and multilateral training exercises that the Member States provide the beneficiaries and the implementing bodies on a continuous basis with training, information, advice and guidance with a view to reducing the error rate of payments; regrets that the Member States are apparently unable to do so on their own;

172. Renews its call for the Member States to be required to report on the implementation of the funding instruments, and supports the Court of Auditors’ call for regular scrutiny by the Commission of the use of the ESF;

173. Recalls that the proper usage of funds by Member States must be ensured and that payment interruptions and suspensions are effective tools for doing so;

174. Is concerned about the large number of errors detected by the Court of Auditors in relation to financial engineering instruments;

175. Regrets that the recommendations of the Court of Auditors on the contribution of the ESF to combating early school leaving have as yet been only partially implemented by the Commission;

176. Recalls that it is for the Directorate-General for Employment, Social Affairs and Inclusion, which administers the funds, to adopt appropriate measures to prevent fraud and corruption; welcomes the close cooperation with the European Anti-Fraud Office (OLAF); calls for assurances that national judicial authorities will also continue to investigate and punish instances of fraud in the ESF;

177. Welcomes the Commission’s efforts to secure comprehensive accountability from all Member States by means of annual inspection reports from auditing bodies and annual summary reports, and considers that the Commission should extend its auditing to include a communication to Parliament on the added value of Union funding;
178. Underlines the specific needs of target groups and project leaders in the ESF; suggests that the co-financing of projects should also include voluntary activities in non-profit-making organisations and contributions in kind; calls on project leaders to furnish an updated survey by Member State and by project on the administrative costs of the ESF;

179. Highlights the fact that the Globalisation Fund has financed 21 projects so far with a total of EUR 105 million, while appropriations of up to EUR 500 million can be mobilised through transfers; welcomes the growing trend amongst Member States to develop and submit appropriate projects in this context; encourages the Commission to support Member States effectively in developing and submitting projects to the Globalisation Fund in order to help workers to find new jobs and to develop new skills when they have lost their jobs as a result of changing global trade patterns or the global financial and economic crisis;

180. Calls on the Court of Auditors to audit the other budget headings in the area of social and employment policy as well, and to determine why full use is not being made of the resources available;

181. Calls on the Court of Auditors to present error rates for the European Regional Development Fund and the ESF separately and not on an aggregate basis;

182. Expects the Commission to produce detailed reports on the pilot projects.

**Views from an Internal Market and Consumer Protection Policy perspective**

183. Notes with satisfaction the increase in the execution rate for payment credits in Title 12; points out, however, the low execution rate for budget line 17 02 04, which has had a negative impact on the average execution rate in the area of consumer policy; stresses the need for the Commission to rely on more efficient forecasting mechanisms for payment needs in order to improve the budget execution; welcomes the progress that the Commission has made in 2011 in this respect;

184. Stresses the need to promote consumer financial education in order to empower consumers in respect of financial services; therefore, despite the previously highlighted execution deficiencies and taking into account recent positive developments in this respect, reiterates its support for the Pilot project on Transparency and stability in the financial markets established in 2010; encourages the Commission to take steps towards identifying the best ways to spend the allocated means;

185. Welcomes the Commission's initiative to organise workshops in the Member States to address the problems that national administrations encounter in the implementation and enforcement of internal market legislation; believes that it will have a positive effect on the implementation record;

186. Once again calls on the Commission to analyse the effectiveness of the current financing programmes for SMEs and to explore the development of new joint financial instruments;

187. Welcomes the importance that the Commission attaches to the promotion of SOLVIT
and EU Pilot as alternative problem-solving mechanisms, and calls on the Commission to strengthen its efforts in this respect; emphasises that SOLVIT has proved effective in resolving problems affecting citizens such as the recognition of professional qualifications and employment rights; recalls its support for a separate budget line and appropriate financial means for SOLVIT, Your Europe Portal and all other tools used to ensure that the internal market works on the ground; welcomes the revamped Your Europe Portal as a single-entry website giving access to information about rights in different sectors as well as to assistance services; takes the view that the provision of public information on the Your Europe Portal should be stepped up and that it should be more widely promoted among Union citizens and businesses;

188. Welcomes the continued financial support for the network of European Consumer Centres (ECC-Net), as well as the study commissioned to assess its efficiency; calls on the Commission to draw on the conclusions of that study and to take action in order both to improve the quality of the services offered and to ensure stable financing for the ECC-Net; stresses the importance of increasing consumer awareness about services offered by the ECC-Net; warmly welcomes the Commission's actions in this respect, such as media campaigns and search engine optimisation measures;

189. Calls on the Commission to strengthen its efforts to ensure that the Member States' account statements for the purposes of traditional own resources are accurate, and to enhance national customs supervision to avoid errors in amounts of traditional own resources collected, in line with the Court of Auditors' recommendation (point 2.21); encourages the Commission, therefore, to make further efforts to simplify the legal framework, notably in order to resolve remaining problems in some control systems;

190. Underlines the complexity of rules as a major source of errors in the 'Research and Other Policies' chapter; asks the Commission to explore different options to improve the balance between simplification and control in order to reduce the administrative burden for SMEs; highlights the complexity of public procurement rules and recommends, therefore, their simplification in order to reduce the overall incidence of errors;

191. Is concerned about the partial effectiveness of the Commission's supervisory and control systems; points out that some errors found by the Court of Auditors were not detected by the Commission and, therefore, underlines that efforts need to be made towards improving current control systems;

192. Acknowledges the efforts made by the Commission in the implementation of the Modernised Customs Code; notes the delays in the process and urges the Commission to set a more realistic deadline;

193. Repeats its demand to the Commission that it should forward to Parliament and to the Council, each year, a more detailed description of expenditure against each budget line compared with the remarks made in respect of the line;

194. Despite the Court of Auditors' justified criticism\(^1\), considers the SME Guarantee Facility

\(^1\) Court of Auditors' special report No 4/2011 on "The audit of the SME Guarantee Facility".
to be a key financial instrument for further boosting the potential of craft enterprises and retail shops; encourages the Commission to maximise the SME Guarantee Facility’s added value and further promote Union innovation and entrepreneurship on a world scale;

195. Notes the Court of Auditors' special report No 13/2011 on whether the control of customs procedure 42 prevents and detects value added tax (VAT) evasion; to prevent significant losses to national budgets resulted from VAT evasion, calls on the Commission to further modify the Union regulatory framework; moreover, to ensure the uniform management of VAT exemption by customs authorities, calls on Member States to improve collaboration and exchange information more efficiently;

196. Recalls the accountability of Member States under Article 317 of the TFEU and their duty to reinforce control systems in respect of, firstly, management verifications before certifying expenditure to the Commission and, secondly, of its guidance on annual summaries, which are a valuable source of assurance;

197. With reference to "A budget for Europe 2020", calls on the Commission to continue working with Parliament and the Council and to ensure that future programming activities in the Union respect the principles of simplification, sound financial management and accountability; calls on Member States and the Commission to focus on objectives that are SMART-specific, measurable, achievable, relevant and scheduled to coincide with the planning of Union spending programmes, and, at the same time, to take account of the eventual risks of implementation.

Views from a Transport and Tourism Policy perspective

198. Notes that in the 2010 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 2 640 819 360 was included in commitment appropriations and EUR 1 895 014 386 was available in payment appropriations; notes further that, of these amounts:

- EUR 1 012 440 000 in commitment appropriations and EUR 890 594 000 in payment appropriations was available for Trans-European Networks for Transport (TEN-T),
- EUR 16 876 000 in commitment appropriations and EUR 15 375 000 in payment appropriations was available for transport safety,
- EUR 63 940 000 in commitment appropriations and EUR 30 257 000 in payment appropriations was available for the Marco Polo programme,
- EUR 165 788 360 in commitment appropriations and EUR 128 447 410 in payment appropriations was available for the transport agencies,
- EUR 896 035 000 in commitment appropriations and EUR 455 135 000 in payment appropriations was available for the Galileo programme,
– EUR 427 740 000 in commitment appropriations and EUR 346 880 476 in payment appropriations was available for transport, including a priority area dedicated to sustainable urban mobility, under the Seventh Framework Programme for Research and Development,

– EUR 4 600 000 in commitment appropriations and EUR 3 520 000 in payment appropriations was available for tourism;

199. Notes that, in considering the implementation of the budget for the 2010 financial year, the Court of Auditors has chosen to focus on cohesion and energy policies rather than on transport policy;

200. Welcomes the high utilisation rates for commitment appropriations for TEN-T projects; 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; encourages the Member States, in connection with cross-border projects for the core network, to make every effort to reach balanced financial agreements that are in keeping with the Union’s stated ambitions;

201. Calls on the Commission to present, on an annual basis, lists of tourism and transport infrastructure projects, co-financed by cohesion and regional funds, as is already the case for TEN-T funds, and, as a result, make information on Union co-funding easily accessible and transparent for other Institutions and the taxpayer;

202. Welcomes the mid-term review of the priority projects coming under the TEN-T 2007-2013 multiannual programme that DG Mobility and Transport (MOVE) conducted in 2010 in order to assess the progress made in establishing the network; considers that review to have established the principle of tying funding to tangible progress with projects, with a view to making the best possible use of the financial resources available; calls on the Commission to extend this results-oriented review process to other directorates-general and Union policies, and calls on Parliament’s other committees to join it in doing so;

203. Welcomes the Commission’s proposals in relation to the TEN-T and the relevant financial instrument (known as the ‘Connecting Europe Facility’), stresses the European added-value of improved use of funding, and endorses its budgetary commitments, which are commensurate with the objectives of the new proposal; supports the development of innovative sources of funding with a view to ensuring that European transport infrastructure projects, which are of necessity long and costly, are brought in on time;

204. Welcomes the ‘Project bonds’ initiative, and calls on the Commission to monitor the effectiveness and multiplier effects of this new instrument; wholly endorses the proposal to earmark EUR 10 000 000 000 from the Cohesion Fund for transport infrastructure via the Connecting Europe Facility, with a view to making the structural and cohesion policies more effective and enhancing their added value; calls for the systems used to manage and control the use of Cohesion Fund appropriations to be improved, with a view to ensuring proper and effective take-up of the funding;
205. Is disappointed at the low uptake of payment appropriations for transport safety (65 %); notes that the amount specified in the 2010 budget was that proposed by the Commission in its preliminary draft budget; calls on the Commission to provide a detailed explanation this underspending and the measures it will take to ensure that the problem does not recur in future;

206. Welcomes the increase in the take-up rate for payment appropriations for transport safety, passengers’ rights and the Marco Polo II programme; notes, however, that 14 % of the appropriations for the Marco Polo II programme were transferred to other budget headings; notes that some of the appropriations against the SESAR programme budget line have also been transferred, and draws attention to how important this programme is in terms of strengthening the Union’s industrial policy;

207. Welcomes the take-up rate for payment appropriations for the Egnos and Galileo programmes, which consolidated the progress made in 2009; emphasises the importance of investment in this sector, which has a knock-on effect on all Union policies and, in particular, on logistics, sustainable transport and transport safety sectors; welcomes the successful launch of the first two Galileo operational satellites on 20 October 2011, which was an essential step towards successful implementation of the two programmes; calls for steps to ensure that the innovative applications and services supported by these transport programmes are properly funded, developed and implemented, and are viable, with a view to maximising the programmes’ potential;

208. Takes note of the Special Report entitled ‘Were ERDF co-financed tourism projects effective?’ which states that tourism is the largest service industry in the Union; welcomes the Court of Auditors’ conclusion that most projects had several results, either by creating or maintaining jobs or by creating tourism capacity or activity; calls on the Commission to follow the Court of Auditors’ recommendations concerning the management and control of ERDF funding for tourism projects and to make use of the provisions of the Lisbon Treaty to propose a multiannual tourism programme; with appropriately funded budget lines;

209. 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; is concerned about the proportion of commitment appropriations carried over (14.5 %); calls on the Commission to give a detailed explanation as to why these appropriations were carried over;

210. Requests that a report be attached to each year's budget on the unspent appropriations carried over from previous years, explaining why those monies have not been used and how and when they will be used;

Views from a Civil Liberties, Justice and Home Affairs Policy perspective

211. Regrets the decrease in the level of implementation of commitments in the budget for the Area of Freedom, Security and Justice (94.8 % in 2010 in comparison with 97.7 % in 2009), as well as the slight decrease in the level of implementation of payments (88.7 % in 2010 in comparison with 89.6 % in 2009);
212. Welcomes the fact that significant progress has been made in reducing the level of cancellations of payments (from 8.5 % in 2009 to 2.8 % in 2010); deplores the increase in the level of carryovers (from 1.9 % in 2009 to 8.5 % in 2010) mainly due to carryovers in the External Borders Fund, the European Return Fund and SIS II; encourages the Commission to reduce the level of carryover of payments in the budget for the Area of Freedom, Security and Justice;

213. Welcomes the high implementation rates of three of the four "Solidarity and management of migration flows" Funds; takes note of the justification given by the Commission for the lower implementation rate of the External Borders Fund, namely that the annual programmes of the five countries participating for the first time in 2010 in that Fund were not adopted in 2010.

*Views from a Culture and Education Policy perspective*

214. Welcomes the efforts to further simplify procedures and enhance accessibility as regards education and culture programmes, and notes that in 2010, the Education, Audiovisual and Culture Executive Agency (EACEA) had e-forms available for most actions and programmes, in particular for the Lifelong Learning Programme (LLP), the Culture Programme and the Europe for Citizens Programme; is pleased with the extended use of lump sums and grant decisions; stresses the importance of a right balance between flexible procedures and necessary controls;

215. Regrets that the primary controls for the LLP were not fully implemented by national agencies, which has resulted in the insufficient absorption of funds by the programme, due to incoherent reporting data and the lack of timely performance of the minimum number of checks; calls on the Commission to continue its efforts in order to ensure that all national agencies take up their responsibilities;

216. Notes with satisfaction that the Commission has improved its control systems and that the policy area ‘Culture and education’, as part of the ‘Research and Other Internal Policies’ policy group, was free from material error;

217. Is pleased with the significant improvement in payment delays, and notes with satisfaction that the EACEA executed 94 % of its payments within the time limits; recalls that any delay in payments directly affects the beneficiaries’ rights, in particular those of small and medium-sized enterprises, and consequently the success of the programmes; recalls, however, that the main part of a grant should be paid as soon as possible and, in any event, during the subvention period, in order not to increase organisations’ dependence on banks approving loans, as the EACEA considers interests not ‘eligible’;

218. Notes that the Commission launched a call for tender on a pan-European TV-network, as envisaged in the budgets for 2009 and 2010; is thus very concerned that in 2010 the Commission decided to close down the project and redirect the money elsewhere, without consent from the Parliament and the Council; demands the disclosure of all contracts and recommendations relating to the TV-network and evaluations made by the selection committee;
Views from an Environment, Public Health and Food Safety policy perspective

219. Considers the overall implementation rates of the budgetary headings for environment, public health and food safety as satisfactory; recalls in this context that only 0.76 % of the Union budget is dedicated to those policy instruments falling under the responsibility of the Committee on the Environment, Public Health and Food Safety;

Environment and Climate Action

220. Underlines the overall rate of execution amounted to 99.26 % in the field of environment and climate action; notes, further, that the implementation of payments was at the level of 84.1 %;

221. Welcomes the achievement of 99.4 % of the implementation of the LIFE+ operational budget; notes that in 2010 EUR 240 000 000 were dedicated to project grants, EUR 9 300 000 supported operational activities of NGOs, EUR 42 500 000 were used for measures intended to support the Commission's role of initiating and monitoring policy and legislation development and EUR 14 500 000 were used for administrative support;

222. Highlights the variation in indicative national and final allocation per Member State of LIFE+ funds as well as the difference in the numbers of proposals received from different Member States; encourages further Commission's efforts to provide training annually to national authorities and to organise seminars in each Member State to provide general information on the objectives of LIFE+ and on how to prepare a successful proposal;

223. Acknowledges the lack of a legal base to implement the EU Action programme to combat climate change; welcomes the transfer of the full amount of EUR 15 000 000 to the financial facility within the Sustainable Energy Financing Initiative, for the purpose of developing suitable funding instruments to give a major stimulus to energy-efficiency projects and projects for the exploitation of renewable energy sources;

224. Takes note of the observations by the Court of Auditors concerning ex-post audits which have been conducted by the Commission on risk-based criteria since 2006; welcomes the fact that DG ENV decided to change its sampling methodology in 2011 in order to have results also based on a random sample that could more easily be generalised to the whole project;

225. Welcomes the action plan designed by DG CLIMA to improve national security measures which was deemed necessary after a significant security weakness was identified in the national registries of the EU Emissions Trading System (ETS);

226. Notes that seven pilot projects and one preparatory action were implemented under the 2010 budget;

227. Underlines the fact that the implementation rate of contributions to international environmental activities, which are intended to cover obligatory and voluntary contributions to international conventions, protocols and agreements are subject to
exchange-rate variations as most contributions are paid in US dollars;

Public Health and Food Safety

228. Welcomes the implementation rate of commitment appropriations in the field of public health of 99.7 % (excluding appropriations envisaged for the European Food Safety Authority, the European Centre for Disease Prevention and Control, and the European Medicines Agency); notes the commitment execution of 95.3 % in the field of food safety, animal health and welfare and plant health;

229. Underlines the importance of the public health programme; welcomes, therefore, the satisfactory implementation rate of nearly 100 % in commitment appropriations; is aware of a lower implementation rate in payment appropriations (95.1 %) due to late payment requests by grant beneficiaries or extended contract agreements;

230. Stresses the importance of continuing to raise public awareness about the harmful effects of tobacco consumption; considers the full implementation of the amount available in 2010 as a success of the HELP campaign;

231. Notes the observations by the Court of Auditors on the Executive Agency for Health and Consumers, an administrative entity of the Commission; calls on the Executive Agency to significantly reduce its carried forward amounts by revising its budget planning and reporting instruments in order to respect the annuality principle of the Union budget; has also taken note of Commission's annual report on internal audits carried out in 2010 and encourages the Executive Agency in cooperation with its partner DG to work on issues addressed such as IT governance and architecture;

232. Takes note of the implementation level of 95.3 % for budget chapter 17 04 - Food and feed safety, animal health, animal welfare and plant health; is aware that full implementation was not possible due to a low number of outbreaks of animal diseases, thus the emergency funds were not consumed fully, as anticipated, and, secondly, there was no need to purchase emergency vaccines;

233. Observes, in respect of the eradication measures that the final cost claims submitted for payments by the Member States were often lower than the initial estimation; notes further, that more audits have been necessary due to prior high error rates which also delay payment execution in this field;

234. Regrets the lower outturn on payments for plant health measures due to delays by the Member States in submitting the required documents or because the documentation was incomplete; calls on the Member States to improve procedures in this regard;

Views from a Foreign Affairs policy perspective

235. Notes that most non-quantifiable errors identified by the Court of Auditors concern faults in procurement procedures and in the extension of contracts; reiterates, in common with previous discharge procedures, its concerns about the significant vulnerability of these two sectors to fraud and mismanagement;
236. Takes note of the fact that the supervisory and control systems for External Action/Development/Enlargement policies are considered only partially effective, and calls on the Commission and the EEAS to take and implement all necessary measures to improve the regularity of payments;

237. Recalls that the main risks linked to budget support (namely the risk to how effective the aid is as well as the risks of fraud and corruption) do not appear in the Statement of Assurance audit; invites the Commission to rigorously monitor these risks;

238. Considers that, above and beyond the efforts required to improve the regularity of payments, the Commission should, for all interventions, carry out systematic evaluations through the prism of cost/benefit ratio, as recommended by the Court of Auditors in its Special report¹; insists that Parliament, as a branch of the budgetary authority, be informed about the findings of such evaluations, including the findings of evaluations covering CFSP activities;

239. Stresses, however, that the cost/benefit ratio cannot always be considered, in itself, as a sufficient criterion for assessing the appropriateness of the Union's assistance in a third country; is in fact of the conviction that the effectiveness of assistance in respect of the goals of Union Foreign Policy needs to be systematically evaluated and should include additional criteria - such as, for example, the strategic interests of the Union, the need for a Union presence on the ground, or the implementation of projects and actions fostering Union values and fundamental principles - should also be taken into consideration;

240. Agrees with the Court of Auditors' opinion that a variety of fields of Union assistance could, in some cases, be optimised and the impact of assistance could be increased by means of better coordination with Member States whose external action should not be considered competitive, but rather complementary; calls therefore for greater efforts in respect of donor coordination inside the Union, with third countries and international organisations;

Views from a Regional Development Policy perspective

241. Notes that the budgetary execution was good for Regional policy, with EUR 30 557 000 000 having been paid out, and that the bulk of the payments in 2010 related mainly, and for the first time, to the implementation of the 2007-2013 programmes (EUR 25 550 000 000 of interim payments, compared with EUR 9 420 000 000 in 2009);

242. Regrets that Regional policy was part of an error-prone group, among the policy areas of Union expenditure, with 49 % of the 243 payments audited by the Court of Auditors affected by error; notes, however, that only some of the errors will have a financial impact and that the 49 % frequency is lower than in the 2000-2006 period; underlines that the rate of error has been decreasing as compared to the error rates detected in the

¹ Special Report of the Court of Auditors n°1/2011 "Has the devolution of the Commission's management of external assistance from its headquarters to its delegations led to improved aid delivery?"
2000-2006 programming period; calls on the Commission and the Member States to ensure, under shared management, that the trend shows a consistent decrease in the error rate;

243. Recalls that an error occurs when a transaction is not carried out in accordance with the legal and regulatory provisions, therefore rendering declared (and reimbursed) expenditure irregular; also notes that an error does not necessarily mean that funds have disappeared, been lost or wasted or that fraud has been committed;

244. Notes that the non-compliance with both public procurement rules and eligibility rules accounts for a high proportion of the estimated error rate (31% and 43%, respectively); notes in this context the recommendation of the Court of Auditors to identify areas for further simplification; calls, therefore, for analysis of whether technical assistance should be stepped up and, at any rate, of the need to ensure that full operational capacity is maintained for financial oversight; underlines the need for the Commission to simplify the rules in order to ensure more user-friendly procedures and not to discourage potential beneficiaries from participating in projects; calls on the Member States to simplify their national provisions, which very often add an administrative burden not required by the Union rules; considers, therefore, that meticulous efforts should be made to further reduce this error rate;

245. Regrets the deficiencies in the financial engineering instruments' implementation, namely in respect of the lack of compliance with regulatory requirements in making the contribution from the operational programmes to the funds implementing such instruments, as well as deficient reporting and verification requirements in force; notes that the potential of the financial engineering instruments should be further developed to allow the development of qualitative strategic projects, the participation of private actors, especially SMEs, and the use of capital in Union projects; calls on the Commission to simplify these instruments' rules, as their current complexity limits their use; recommends more in-depth analysis to ascertain the real effect of these instruments and the guidelines on implementation; calls on the Member States to comply with their reporting obligations;

246. Notes that, in a great number of transactions affected by error, Member States' authorities had sufficient information to detect and apply corrective measures prior to certification; calls on the Commission to reinforce its assistance to Managing Authorities (MAs), through targeted workshops, guidance notes, circulation of best practices and training of officials responsible for management, given that the majority of errors occur at the first level control; notes that a constant monitoring of the actual transfer of training measures targeted at the MAs should be established in order to check that knowledge is actually being passed on, giving special attention to what happens at the local level; calls for the establishment of corrective mechanisms, including the introduction of sanctions in clear cases of negligence;

247. Welcomes the explanation by the Commission which states, for the first time, that the large majority of errors are concentrated in only three Member States and only in several operational programmes;
Views from a Women's Rights and Gender Equality Policy perspective

248. Reminds the Court of Auditors and the Commission that pursuant to Article 8 of the TFEU, the promotion of equality between men and women is a fundamental principle of the European Union in all its activities; therefore, calls on the Court of Auditors to assess the implementation of the budget from the gender perspective, where applicable;

249. Regrets that the annual report contains no observations from the Court of Auditors, nor any replies from the Commission regarding gender-related spending;

250. Stresses that an audit of the budget which includes a gender perspective is a prerequisite to the preparation of a budget with a gender dimension, as it can reveal the effects of spending on gender equality, and, in particular, if men and women benefit from the expenditure proportionally and whether the budget has to be adjusted to better meet the different needs of men and women;

Views from an International Trade Policy perspective

251. Draws attention to the fact that ensuring efficient protection of the Union’s financial interests is linked to macro-financial assistance; considers it necessary that the Commission provides for appropriate controls and that the Court of Auditors provides for appropriate audits in relation to this instrument;

252. Stresses that, as a result of the Aid for Trade strategy, Union funds must be used effectively and in accordance with the rules and regulations in force, with the objectives of ensuring better integration of beneficiaries into the rules-based world trading system and of promoting the eradication of poverty;

253. Stresses that the Union's business centres in China, Thailand and India should be supported; at the same time, is of the opinion that sufficient controls need to be put in place in order to guarantee the good and effective functioning of these centres;

Views from a Fisheries Policy perspective

254. Notes the communication from the Commission to the European Parliament, the Council and the Court of Auditors on the annual accounts of the European Union for the financial year 2010\(^1\), and the Annual Report of the Court of Auditors on the implementation of the budget\(^2\); points out that neither text makes much reference to maritime affairs or fisheries;

255. Thanks DG MARE for the additional documentation it sent, and takes the view that the overall implementation rates for maritime affairs and fisheries budget headings were satisfactory in 2010;

256. Emphasises that the overall budget implementation rate was 97.2% for commitment appropriations and the overall rate for payment appropriations was 79.23%; notes,

\(^1\) OJ C 332, 14.11.2011, p. 1.
\(^2\) OJ C 326, 10.11.2011, p. 3.
however, the very low implementation rate in chapter 11 02 (fisheries markets), and notes the Commission’s explanations with specific reference to the implementation of fisheries programmes for the outermost regions;

257. Is pleased to note that DG MARE plans to improve the implementation of commitments made available for projects co-financed with the Member States and encourages the relevant departments within the Commission to continue in this vein;

258. Notes the efforts DG MARE has made in the area of internal auditing and calls on the Commission to continue to deal with all the projects and files as efficiently and quickly as possible;

259. Notes the retention of DG MARE’s reserve for management and control systems relating to FIFG (Financial Instrument for Fisheries Guidance) operational programmes in Germany – packaging plant; notes that this is a long-standing, complex programme that began in 2001, and calls on the Commission to bring it to a close soon, at the same time safeguarding Union’s interests;

260. Welcomes the action DG MARE has taken to increase effectiveness with regard to monitoring international agreements, and welcomes the agreement to decouple purely trade-related payments (EUR 104 017 795, i.e. 72% of the total) from sectoral support payments (EUR 40 211 849, i.e. 28% of the total);

261. Emphasises that there is a need for effective monitoring of Union-funded activities that provide sectoral support in the context of international agreements by using matrices that are as detailed as possible; emphasises, furthermore, that a call needs to be made for the proportion of sectoral support to be increased; firmly believes that the trade-related parts of agreements ought ultimately to be made conditional upon effective, sufficiently monitored, substantial sectoral support;

262. Given its legislative and budgetary role, asks to be more closely involved in fisheries policy, especially as regards international fisheries agreements and the various meetings at which they are discussed (e.g. joint committees and bilateral negotiations with non-EU countries);

263. Requests the Court of Auditors to draw up special reports on priority areas for the common fisheries policy following the series of legislative proposals and communications that have been brought forward as part of the common fisheries policy reform package, including matters relating to the external dimension of the policy;
7.2.2012

OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III, Commission (COM(2011)0473 - C7-0256/2011 - 2011/2201(DEC))

Rapporteur: Annemie Neyts-Uyttebroeck

SUGGESTIONS

The Committee on Foreign Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that the Court of Auditors, in its annual report, considers that the payments made in 2010 are free from material error, but that quantifiable errors are nevertheless identified and concern the eligibility of intermediate and final expenditure;

2. Notes, furthermore, that most non-quantifiable errors identified by the Court of Auditors concern faults in procurement procedures and in the extension of contracts; reiterates, in common with previous discharge procedures, its concerns about the significant vulnerability of these two sectors to fraud and mismanagement;

3. Takes note of the fact that the supervisory and control systems for External Action/Development/Enlargement policies are considered only partially effective, and calls on the Commission and the European External Action Service (EEAS) to take and implement all necessary measures to improve the regularity of payments;

4. Recalls that the main risks linked to budget support (namely the risk to how effective the aid is as well as the risks of fraud and corruption) do not appear in the Statement of Assurance audit; invites the Commission to rigorously monitor these risks;

5. Is, however, of the opinion that, unlike the Union's internal policies, the Union's external action entails inherent risks, and that the environment in which this assistance is delivered may, in some cases, provide an explanation for the shortcomings encountered which needs to be addressed by specific accountability strategies;
6. Welcomes the Court's statement\(^1\) that "EuropeAid has set up a comprehensive control strategy and continued to bring significant improvements to the design and implementation of its supervisory and control systems";

7. Considers that, above and beyond the efforts required to improve the regularity of payments, the Commission should, for all interventions, carry out systematic evaluations through the prism of cost/benefit ratio, as recommended by the Court of Auditors in its Special report\(^2\); insists that Parliament, as a branch of the budgetary authority, be informed about the findings of such evaluations, including the findings of evaluations covering CFSP activities;

8. Stresses, however, that the cost/benefit ratio cannot always be considered, in itself, as a sufficient criterion for assessing the appropriateness of the Union's assistance in a third country; is in fact of the conviction that the effectiveness of assistance in respect of the goals of Union Foreign Policy needs to be systematically evaluated and should include additional criteria - such as, for example, the strategic interests of the Union, the need for a Union presence on the ground, or the implementation of projects and actions fostering Union values and fundamental principles - should also be taken into consideration;

9. Agrees with the Court of Auditors' opinion that a variety of fields of Union assistance could, in some cases, be optimised and the impact of assistance could be increased by means of better coordination with Member States whose external action should not be considered competitive, but rather complementary; calls therefore for greater efforts in respect of donor coordination inside the Union, with third countries and international organisations;

10. Emphasises that the external action of the Union could become even more efficient and effective if Union delegations' staff, regardless of their institution of origin, cooperated closely and flexibly; as a result, calls on the Commission and the High Representative/Vice-President to implement, without delay, all necessary administrative and regulatory measures in order to facilitate and improve cooperation between all Union staff working for Commission or EEAS within Union delegations.

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\(^1\) Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2010 (OJ C326, 10 November 2011): Annex 5.3

\(^2\) Special Report of the Court of Auditors n°1/2011 "Has the devolution of the Commission's management of external assistance from its headquarters to its delegations led to improved aid delivery?"
RESULT OF FINAL VOTE IN COMMITTEE

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| Members present for the final vote | Bastiaan Belder, Frieda Brepoels, Elmar Brok, Jerzy Buzek, Arnaud Danjean, Michael Gahler, Marietta Giannakou, Anna Ibrisagic, Liisa Jaakonsaari, Ioannis Kasoulides, Tunne Kelam, Nicole Kiil-Nielsen, Evgeni Kirilov, Wolfgang Kreissl-Dörfler, Eduard Kukan, Vytautas Landsbergis, Krzysztof Lisek, Ulrike Lunacek, Barry Madlener, Mario Mauro, Kyriakos Mavronikolas, Francisco José Millán Mon, Alexander Mirsky, Maria Muhiz De Urquiza, Ria Oomen-Ruijten, Pier Antonio Panzeri, Ioan Mircea Pașcu, Alojz Peterle, Cristian Dan Preda, Libor Rouček, José Ignacio Salafranca Sánchez-Neyra, Nikolaos Salavrakos, Jacek Saryusz-Wolski, Charles Tannock, Boris Zala |
| Substitute(s) present for the final vote | Elena Băsescu, Véronique De Keyser, Tanja Fajon, Elisabeth Jeggle, Doris Pack, Godelieve Quisthoudt-Rowohl, Indrek Tarand, Traian Ungureanu, Ivo Vajgl |
| Substitute(s) under Rule 187(2) present for the final vote | Marije Cornelissen, Rui Tavares |
1.3.2012

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on Budgetary Control

on discharge in respect of the implementation of the European Union general budget for the financial year 2010, Section III - Commission (COM(2011)0473 - C7-0256/2011-2011/2201(DEC))

Rapporteur: Thijs Berman

SUGGESTIONS

The Committee on Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Takes the view that the ongoing budgetary and economic crisis which many Member States are facing requires the Union, more than ever, to maximise the efficiency and impact of its aid; against this backdrop, is concerned that the Court of Auditors found that in 2010 the Commission's supervisory and control systems for external aid and development were again only partially effective in ensuring the regularity of payments and that two-thirds of the quantifiable errors were found in final payments and that those errors had not been detected by Commission controls;

2. Acknowledges, nonetheless, the Commission's ongoing efforts to improve the design and implementation of its supervisory and control systems and to raise the quality of data entered in the CRIS management information system; welcomes the fact that, overall, payments for external aid and development in 2010 were free from material error, with a lower estimated error rate than in 2009; encourages the Commission to develop a coherent methodology for the external relations' directorates to calculate the residual error rate, to further improve its external audit framework and to uphold the highest control standards possible;

3. Encourages the Commission, in particular, to improve the quality of the ex-ante control, monitoring and reporting, supervision and risk-based audit functions of Union Delegations, where most of the errors were detected, to strengthen the capacity of the

1 Court of Auditors' Annual Report on the implementation of the budget (2011/C 326/01), 10.11.2011.
Delegations' operational and financial sections, to increase the resources available to Delegations for key monitoring activities and to systematise the monitoring framework, which includes introducing multi-annual monitoring and evaluation plans and strengthening monitoring guidance;

4. Calls on the Commission to find workable solutions to the organisational challenges caused by the merger of DG DEV and DG AIDCO at the end of 2010; urges the Commission and the EEAS, which was launched in December 2010, to finalise without delay working arrangements clarifying their respective roles and responsibilities in the programming and implementation cycle of external assistance, which includes the Delegations;

5. Takes the view that the new financing instruments under the next Multiannual Financial Framework 2014-2020 must fully reflect Parliament's enhanced legislative and scrutiny rights under the Lisbon Treaty, and that Parliament must be involved in the programming process on an equal footing with the Council;

6. Encourages the Commission to further improve the effectiveness of Union aid to the basic education sector in Sub-Saharan Africa and South Asia\(^1\), in particular by establishing realistic indicators and targets to monitor results effectively, by ensuring that Delegations assign staff with sufficient expertise and seniority to maintain sector policy dialogue with partner governments and other donors, and by focusing more on the quality of education and the capacity of beneficiary governments to cope with increases in school enrolment;

7. Is dismayed by the large-scale fraud cases uncovered in late 2010 by the Global Fund to Fight AIDS, Tuberculosis and Malaria in Mali, Mauritania, Djibouti and Zambia, and is worried about the potential misappropriation of substantial sums of money, such as from the EU 2010 contribution to the Global Fund; encourages the Commission to work more closely with the Global Fund to support and to monitor its country-level interventions in order to avoid the recurrence of such corruption cases and to improve the Global Fund's accountability and effectiveness;

8. Reiterates its call for the greater involvement of parliaments and consultation with civil society and local authorities in partner countries when drawing up and reviewing Development Cooperation Instrument (DCI) Country Strategy Papers and Multiannual Indicative Programmes.

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\(^1\) EU Development Assistance for Basic Education in Sub-Saharan Africa and South Asia (Special report No 12/2010).
RESULT OF FINAL VOTE IN COMMITTEE

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| Members present for the final vote | Ricardo Cortés Lastra, Nirj Deva, Leonidas Donskis, Filip Kaczmarek, Franziska Keller, Gay Mitchell, Norbert Neuser, Bill Newton Dunn, Maurice Ponga, Birgit Schnieber-Jastram, Michèle Striffler, Eleni Theocarous, Patrice Tirolien, Ivo Vajgl, Daniël van der Stoep, Anna Záborská, Iva Zanicchi, Gabriele Zimmer |
| Substitute(s) present for the final vote | Enrique Guerrero Salom, Isabella Lövin, Gesine Meissner, Cristian Dan Preda, Bart Staes, Patrizia Toia |
| Substitute(s) under Rule 187(2) present for the final vote | Joseph Cuschieri, Zita Gurmai, Claudiu Ciprian Tănăsescu |
31.1.2012

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III - Commission (COM(2011)0473 - C7-0256/2011 - 2011/2201(DEC))

Rapporteur: Peter Šťastný

SUGGESTIONS

The Committee on International Trade calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Is very concerned about the Court of Auditors' conclusion that, overall, the Commission's supervisory and control systems are not effective, to such an extent that the Court of Auditors' further concludes that the payments underlying the accounts for the year ended 31 December 2010 are materially affected by error;

2. Regrets that the most likely error as estimated by the Court of Auditors with regard to payments as a whole has increased in 2010 in comparison to a favourable development in this respect that has been taking place since 2006;

3. Is very concerned that most of the non-quantifiable errors identified in relation to External aid, Development and Enlargement concern errors in procurement procedures and extension of contracts by the Commission; is equally very concerned that two-thirds of the errors found in these policy areas concern final payments, which were not detected by Commission controls;

4. Draws attention to the fact that ensuring efficient protection of the Union’s financial interests is linked to macro-financial assistance; considers it necessary that the Commission provides for appropriate controls and that the Court of Auditors provides for appropriate audits in relation to this instrument;

5. Stresses that, as a result of the Aid for Trade strategy, Union funds must be used effectively and in accordance with the rules and regulations in force, with the objectives of ensuring better integration of beneficiaries into the rules-based world trading system and of promoting the eradication of poverty;
6. Stresses that the Union's business centres in China, Thailand and India should be supported; at the same time, is of the opinion that sufficient controls need to be put in place in order to guarantee the good and effective functioning of these centres.
## RESULT OF FINAL VOTE IN COMMITTEE

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| **Result of final vote** | +: 25  
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| | 0: 3  |
| **Members present for the final vote** | William (The Earl of) Dartmouth, Laima Liucija Andrikiene, Maria Auxiliadora Correa Zamora, Christofer Fjellner, Yannick Jadot, Metin Kazak, Bernd Lange, Emilio Menendez del Valle, Vital Moreira, Paul Murphy, Cristiana Muscardini, Godelieve Quisthoudt-Rowohl, Niccolò Rinaldi, Helmut Scholz, Peter Šťastný, Gianluca Susta, Keith Taylor, Jan Zahradil, Pawel Zalewski |
| **Substitute(s) present for the final vote** | Josefa Andrés Barea, George Sabin Cutaş, Mário David, Albert Deß, Syed Kamall, Silvana Koch-Mehrin, Inese Vaidere |
| **Substitute(s) under Rule 187(2) present for the final vote** | Jutta Haug, Jean Roatta |
15.2.2012

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III, Commission (COM(2011)0473- C7-0256/2011 - 2011/2201(DEC))

Rapporteur: Csaba Öry

SUGGESTIONS

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

1. Notes that employment and social affairs account for 18% of expenditure on the Union’s Cohesion Policy, with a vast majority of expenditure in this policy area (94%) funded from the European Social Fund (ESF);

2. Welcomes, therefore, the fact that, in the context of the resources allocated to the European Social Fund (ESF), the utilisation rate for commitment appropriations was 100% (EUR 10.8 billion) and for payment appropriations 87.9% (EUR 7.1 billion); recognises that the lower rate for payment appropriations arose because some commitments were not made until the last quarter of the year; acknowledges the Commission’s efforts to improve financial management;

3. Takes note of the estimation by the Court of Auditors that the error rate in 2010 stood at 7.7% with regard to spending in the fields of cohesion, energy and transport; is surprised at the Court of Auditors’ observation that Union directives were not properly transposed into national public procurement legislation; expects therefore the Commission to improve its supervision of transposition into national law and audit the admissibility of projects that receive funding; considers public procurement applies less to the ESF;

4. Acknowledges the Commission’s efforts to ensure, by means of bilateral and multilateral training exercises that the Member States provide the beneficiaries and the implementing bodies on a continuous basis with training, information, advice and guidance with a view to reducing the error rate of payments; regrets that the Member States are apparently unable to do so on their own;
5. Renews its call for the Member States to be required to report on the implementation of the funding instruments, and supports the Court of Auditors’ call for regular scrutiny by the Commission of the use of the ESF;

6. Recalls that the proper usage of funds by Member States must be ensured and that payment interruptions and suspensions are effective tools for doing so;

7. Is concerned about the large number of errors detected by the Court of Auditors in relation to financial engineering instruments;

8. Regrets that the recommendations of the Court of Auditors on the contribution of the ESF to combating early school leaving have as yet been only partially implemented by the Commission;

9. Recalls that it is for the Directorate-General for Employment, Social Affairs and Inclusion, which administers the funds, to adopt appropriate measures to prevent fraud and corruption; welcomes the close cooperation with the European Anti-Fraud Office (OLAF); calls for assurances that national judicial authorities will also continue to investigate and punish instances of fraud in the ESF;

10. Welcomes the Commission’s efforts to secure comprehensive accountability from all Member States by means of annual inspection reports from auditing bodies and annual summary reports, and considers that the Commission should extend its auditing to include a communication to Parliament on the added value of Union funding;

11. Underlines the specific needs of target groups and project leaders in the ESF; suggests that the co-financing of projects should also include voluntary activities in non-profit-making organisations and contributions in kind; calls on project leaders to furnish an updated survey by Member State and by project on the administrative costs of the ESF;

12. Highlights the fact that the Globalisation Fund has financed 21 projects so far with a total of EUR 105 million, while appropriations of up to EUR 500 million can be mobilised through transfers; welcomes the growing trend amongst Member States to develop and submit appropriate projects in this context; encourages the Commission to support Member States effectively in developing and submitting projects to the Globalisation Fund in order to help workers to find new jobs and to develop new skills when they have lost their jobs as a result of changing global trade patterns or the global financial and economic crisis;

13. Calls on the Court of Auditors to audit the other budget headings in the area of social and employment policy as well, and to determine why full use is not being made of the resources available;

14. Calls on the Court of Auditors to present error rates for the European Regional Development Fund and the ESF separately and not on an aggregate basis;

15. Expects the Commission to produce detailed reports on the pilot projects.
RESULT OF FINAL VOTE IN COMMITTEE

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| Result of final vote | +: 35  
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| Members present for the final vote | Regina Bastos, Pervenche Berès, Vilija Blinkevičiūtė, Philippe Boulland, Alejandro Cercas, Derek Roland Clark, Marije Cornelissen, Frédéric Daerden, Karima Delli, Thomas Hänel, Marian Harkin, Roger Helmer, Nadja Hirsch, Ádám Kósa, Jean Lambert, Veronica Lope Fontagné, Olle Ludvigsson, Thomas Mann, Elisabeth Morin-Chartier, Csaba Óry, Siiri Oviir, Rovana Plumb, Konstantinos Poupakis, Sylvana Rapti, Licia Ronzulli, Elisabeth Schroedter, Joanna Katarzyna Skrzydlewska, Jutta Steinruck, Traian Ungureanu, Andrea Zanoni, Inês Cristina Zuber |
| Substitute(s) present for the final vote | Georges Bach, Tamás Deutsch, Sergio Gutiérrez Prieto, Anthea McIntyre, Antigoni Papadopoulou, Evelyn Regner |
| Substitute(s) under Rule 187(2) present for the final vote | Phil Bennion, Zuzana Brzobohatá, Anna Záborská |
24.1.2012

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III, Commission (COM(2011)0473 - C7-0256/2011 - 2011/2201(DEC))

Rapporteur: Jutta Haug

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Considers the overall implementation rates of the budgetary headings for environment, public health and food safety as satisfactory; recalls in this context that only 0.76 % of the Union budget is dedicated to those policy instruments falling under the responsibility of the Committee on the Environment, Public Health and Food Safety;

2. Underlines the overall rate of execution amounted to 99.26 % in the field of environment and climate action; notes, further, that the implementation of payments was at the level of 84.1 %;

3. Welcomes the achievement of 99.4 % of the implementation of the LIFE+ operational budget; notes that in 2010 EUR 240 000 000 were dedicated to project grants, EUR 9 300 000 supported operational activities of NGOs, EUR 42 500 000 were used for measures intended to support the Commission's role of initiating and monitoring policy and legislation development and EUR 14 500 000 were used for administrative support;

4. Highlights the variation in indicative national and final allocation per Member State of LIFE+ funds as well as the difference in the numbers of proposals received from different Member States; encourages further Commission's efforts to provide training annually to national authorities and to organise seminars in each Member State to provide general...
information on the objectives of LIFE+ and on how to prepare a successful proposal;

5. Acknowledges the lack of a legal base to implement the EU Action programme to combat climate change; welcomes the transfer of the full amount of EUR 15 000 000 to the financial facility within the Sustainable Energy Financing Initiative, for the purpose of developing suitable funding instruments to give a major stimulus to energy-efficiency projects and projects for the exploitation of renewable energy sources;

6. Takes note of the observations by the Court of Auditors concerning ex-post audits which have been conducted by the Commission on risk-based criteria since 2006; welcomes the fact that DG ENV decided to change its sampling methodology in 2011 in order to have results also based on a random sample that could more easily be generalised to the whole project;

7. Welcomes the action plan designed by DG CLIMA to improve national security measures which was deemed necessary after a significant security weakness was identified in the national registries of the EU Emissions Trading System (ETS);

8. Notes that seven pilot projects and one preparatory action were implemented under the 2010 budget;

9. Underlines the fact that the implementation rate of contributions to international environmental activities, which are intended to cover obligatory and voluntary contributions to international conventions, protocols and agreements are subject to exchange-rate variations as most contributions are paid in US dollars;

Public Health and Food Safety

10. Welcomes the implementation rate of commitment appropriations in the field of public health of 99.7 % (excluding appropriations envisaged for the European Food Safety Authority, the European Centre for Disease Prevention and Control, and the European Medicines Agency); notes the commitment execution of 95.3 % in the field of food safety, animal health and welfare and plant health;

11. Underlines the importance of the public health programme; welcomes, therefore, the satisfactory implementation rate of nearly 100 % in commitment appropriations; is aware of a lower implementation rate in payment appropriations (95.1 %) due to late payment requests by grant beneficiaries or extended contract agreements;

12. Stresses the importance of continuing to raise public awareness about the harmful effects of tobacco consumption; considers the full implementation of the amount available in 2010 as a success of the HELP campaign;

13. Notes the observations by the Court of Auditors on the Executive Agency for Health and Consumers, an administrative entity of the Commission; calls on the Executive Agency to significantly reduce its carried forward amounts by revising its budget planning and reporting instruments in order to respect the annuality principle of the Union budget; has also taken note of Commission's annual report on internal audits carried out in 2010 and encourages the Executive Agency in cooperation with its partner DG to work on issues
addressed such as IT governance and architecture;

14. Takes note of the implementation level of 95.3 % for budget chapter 17 04 - Food and feed safety, animal health, animal welfare and plant health; is aware that full implementation was not possible due to a low number of outbreaks of animal diseases, thus the emergency funds were not consumed fully, as anticipated, and, secondly, there was no need to purchase emergency vaccines;

15. Observes, in respect of the eradication measures that the final cost claims submitted for payments by the Member States were often lower than the initial estimation; notes further, that more audits have been necessary due to prior high error rates which also delay payment execution in this field;

16. Regrets the lower outturn on payments for plant health measures due to delays by the Member States in submitting the required documents or because the documentation was incomplete; calls on the Member States to improve procedures in this regard;

17. Is of the opinion, on the basis of the data available, that discharge can be granted to the Commission in respect of expenditure in the areas of environmental policy, public health and food safety for the financial year 2010.
RESULT OF FINAL VOTE IN COMMITTEE

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| Substitute(s) present for the final vote | Jutta Haug, Bill Newton Dunn, Rovana Plumb, Michèle Rivasi, EleniTheocharous, Anna Záborská, Andrea Zanoni |
1.3.2012

OPINION OF THE COMMITTEE ON THE INTERNAL MARKET AND CONSUMER PROTECTION

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III, Commission (COM(2011)0473 - C7-0256/2011 - (2011/2201(DEC))

Rapporteur: Cristian Silviu Buşoi

SUGGESTIONS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes with satisfaction the increase in the execution rate for payment credits in Title 12; points out, however, the low execution rate for budget line 17 02 04, which has had a negative impact on the average execution rate in the area of consumer policy; stresses the need for the Commission to rely on more efficient forecasting mechanisms for payment needs in order to improve the budget execution; welcomes the progress that the Commission has made in 2011 in this respect;

2. Stresses the need to promote consumer financial education in order to empower consumers in respect of financial services; therefore, despite the previously highlighted execution deficiencies and taking into account recent positive developments in this respect, reiterates its support for the Pilot project on Transparency and stability in the financial markets established in 2010; encourages the Commission to take steps towards identifying the best ways to spend the allocated means;

3. Welcomes the Commission's initiative to organise workshops in the Member States to address the problems that national administrations encounter in the implementation and enforcement of internal market legislation; believes that it will have a positive effect on the implementation record;

4. Reiterates its call on the Commission to analyse the effectiveness of the current financing programmes for SMEs and to explore the development of new joint financial instruments;
5. Welcomes the importance that the Commission attaches to the promotion of SOLVIT and EU Pilot as alternative problem-solving mechanisms, and calls on the Commission to strengthen its efforts in this respect; emphasises that SOLVIT has proved effective in resolving problems affecting citizens such as the recognition of professional qualifications and employment rights; recalls its support for a separate budget line and appropriate financial means for SOLVIT, Your Europe Portal and all other tools used to ensure that the internal market works on the ground; welcomes the revamped Your Europe Portal as a single-entry website giving access to information about rights in different sectors as well as to assistance services; takes the view that the provision of public information on the Your Europe Portal should be stepped up and that it should be more widely promoted among Union citizens and businesses;

6. Welcomes the continued financial support for the network of European Consumer Centres (ECC-Net), as well as the study commissioned to assess its efficiency; calls on the Commission to draw on the conclusions of that study and to take action in order both to improve the quality of the services offered and to ensure stable financing for the ECC-Net; stresses the importance of increasing consumer awareness about services offered by the ECC-Net; warmly welcomes the Commission's actions in this respect, such as media campaigns and search engine optimisation measures;

7. Calls on the Commission to strengthen its efforts to ensure that the Member States' account statements for the purposes of traditional own resources are accurate, and to enhance national customs supervision to avoid errors in amounts of traditional own resources collected, in line with the Court of Auditors' recommendation (point 2.21); encourages the Commission, therefore, to make further efforts to simplify the legal framework, notably in order to resolve remaining problems in some control systems;

8. Underlines the complexity of rules as a major source of errors in the 'Research and Other Policies' chapter; asks the Commission to explore different options to improve the balance between simplification and control in order to reduce the administrative burden for SMEs; highlights the complexity of public procurement rules and recommends, therefore, their simplification in order to reduce the overall incidence of errors;

9. Is concerned about the partial effectiveness of the Commission's supervisory and control systems; points out that some errors found by the Court of Auditors were not detected by the Commission and, therefore, underlines that efforts need to be made towards improving current control systems;

10. Acknowledges the efforts made by the Commission in the implementation of the Modernised Customs Code; notes the delays in the process and urges the Commission to set a more realistic deadline;

11. Repeats its demand to the Commission that it should forward to Parliament and to the Council, each year, a more detailed description of expenditure against each budget line compared with the remarks made in respect of the line;

12. Despite the Court of Auditors' justified criticism\(^1\), considers the SME Guarantee Facility

\(^1\) Court of Auditors' special report No 4/2011 on "The audit of the SME Guarantee Facility".
to be a key financial instrument for further boosting the potential of craft enterprises and retail shops; encourages the Commission to maximise the SME Guarantee Facility's added value and further promote Union innovation and entrepreneurship on a world scale;

13. Notes the Court of Auditors' special report No 13/2011 on whether the control of customs procedure 42 prevents and detects value added tax (VAT) evasion; to prevent significant losses to national budgets resulted from VAT evasion, calls on the Commission to further modify the Union regulatory framework; moreover, to ensure the uniform management of VAT exemption by customs authorities, calls on Members States to improve collaboration and exchange information more efficiently;

14. Recalls the accountability of Member States under Article 317 of the Treaty on the Functioning of the European Union and their duty to reinforce control systems in respect of, firstly, management verifications before certifying expenditure to the Commission and, secondly, of its guidance on annual summaries, which are a valuable source of assurance;

15. With reference to "A budget for Europe 2020", calls on the Commission to continue working with Parliament and the Council and to ensure that future programming activities in the Union respect the principles of simplification, sound financial management and accountability; calls on Member States and the Commission to focus on objectives that are SMART-specific, measurable, achievable, relevant and scheduled to coincide with the planning of Union spending programmes, and, at the same time, to take account of the eventual risks of implementation.
## RESULT OF FINAL VOTE IN COMMITTEE

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<td>Raffaele Baldassarre, Simon Busuttil, Jürgen Creutzmann, Frank Engel, Marielle Gallo, Anna Hedh, María Irigoyen Pérez, Olle Schmidt, Laurence J.A.J. Stassen, Marc Tarabella, Kyriacos Triantaphyllides, Wim van de Camp</td>
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7.2.2012

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission (COM(2011)0473- C7-0256/2011 – 2011/2201(DEC))

Rapporteur: Inés Ayala Sender

SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that in the 2010 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 2 640 819 360 was included in commitment appropriations and EUR 1 895 014 386 was available in payment appropriations; notes further that of these amounts:
   - EUR 1 012 440 000 in commitment appropriations and EUR 890 594 000 in payment appropriations was available for Trans-European Networks for Transport (TEN-T),
   - EUR 16 876 000 in commitment appropriations and EUR 15 375 000 in payment appropriations was available for transport safety,
   - EUR 63 940 000 in commitment appropriations and EUR 30 257 000 in payment appropriations was available for the Marco Polo programme,
   - EUR 165 788 360 in commitment appropriations and EUR 128 447 410 in payment appropriations was available for the transport agencies,
   - EUR 896 035 000 in commitment appropriations and EUR 455 135 000 in payment appropriations was available for the Galileo programme,
   - EUR 427 740 000 in commitment appropriations and EUR 346 880 476 in payment appropriations was available for other transport and tourism measures.

2. Notes that in the 2011 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 2 640 819 360 was included in commitment appropriations and EUR 1 895 014 386 was available in payment appropriations; notes further that of these amounts:
   - EUR 1 012 440 000 in commitment appropriations and EUR 890 594 000 in payment appropriations was available for Trans-European Networks for Transport (TEN-T),
appropriations was available for transport, including a priority area dedicated to sustainable urban mobility, under the Seventh Framework Programme for Research and Development,

- EUR 4 600 000 in commitment appropriations and EUR 3 520 000 in payment appropriations was available for tourism;

2. Notes that, in considering the implementation of the budget for the 2010 financial year, the Court of Auditors has chosen to focus on cohesion and energy policies rather than on transport policy;

3. Welcomes the high utilisation rates for commitment appropriations for TEN-T projects; 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; encourages the Member States, in connection with cross-border projects for the core network, to make every effort to reach balanced financial agreements that are in keeping with the Union’s stated ambitions;

4 Calls on the Commission to present, on an annual basis, lists of tourism and transport infrastructure projects, co-financed by cohesion and regional funds, as is already the case for TEN-T funds, and, as a result, make information on Union co-funding easily accessible and transparent for other Institutions and the taxpayer;

5. Welcomes the mid-term review of the priority projects coming under the TEN-T 2007-2013 multiannual programme that DG Mobility and Transport (MOVE) conducted in 2010 in order to assess the progress made in establishing the network; considers that review to have established the principle of tying funding to tangible progress with projects, with a view to making the best possible use of the financial resources available; calls on the Commission to extend this results-oriented review process to other directorates-general and Union policies, and calls on Parliament’s other committees to join it in doing so;

6. Welcomes the Commission’s proposals in relation to the TEN-T and the relevant financial instrument (known as the ‘Connecting Europe Facility’), stresses the European added-value of improved use of funding, and endorses its budgetary commitments, which are commensurate with the objectives of the new proposal; supports the development of innovative sources of funding with a view to ensuring that European transport infrastructure projects, which are of necessity long and costly, are brought in on time;

7. Welcomes the ‘Project bonds’ initiative, and calls on the Commission to monitor the effectiveness and multiplier effects of this new instrument; wholly endorses the proposal to earmark EUR 10 000 000 000 from the Cohesion Fund for transport infrastructure via the Connecting Europe Facility, with a view to making the structural and cohesion policies more effective and enhancing their added value; calls for the systems used to manage and control the use of Cohesion Fund appropriations to be improved, with a view to ensuring proper and effective take-up of the funding;

8. Is disappointed at the low uptake of payment appropriations for transport safety (65 %); notes that the amount specified in the 2010 budget was that proposed by the Commission
in its preliminary draft budget; calls on the Commission to provide a detailed explanation this underspending and the measures it will take to ensure that the problem does not recur in future;

9. Welcomes the increase in the take-up rate for payment appropriations for transport safety, passengers’ rights and the Marco Polo II programme; notes, however, that 14% of the appropriations for the Marco Polo II programme were transferred to other budget headings; notes that some of the appropriations against the SESAR programme budget line have also been transferred, and draws attention to how important this programme is in terms of strengthening the Union’s industrial policy;

10. Welcomes the take-up rate for payment appropriations for the Egnos and Galileo programmes, which consolidated the progress made in 2009; emphasises the importance of investment in this sector, which has a knock-on effect on all Union policies and, in particular, on logistics, sustainable transport and transport safety sectors; welcomes the successful launch of the first two Galileo operational satellites on 20 October 2011, which was an essential step towards successful implementation of the two programmes; calls for steps to ensure that the innovative applications and services supported by these transport programmes are properly funded, developed and implemented, and are viable, with a view to maximising the programmes’ potential;

11. Takes note of the Special Report entitled ‘Were ERDF co-financed tourism projects effective?’, which states that tourism is the largest service industry in the Union; welcomes the Court of Auditors’ conclusion that most projects had several results, either by creating or maintaining jobs or by creating tourism capacity or activity; calls on the Commission to follow the Court of Auditors’ recommendations concerning the management and control of ERDF funding for tourism projects and to make use of the provisions of the Lisbon Treaty to propose a multiannual tourism programme; with appropriately funded budget lines;

12. Notes with satisfaction that the European 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; is concerned about the proportion of commitment appropriations carried over (14.5%); calls on the Commission to give a detailed explanation as to why these appropriations were carried over;

13. Requests that a report be attached to each year’s budget on the unspent appropriations carried over from previous years, explaining why those monies have not been used and how and when they will be used;

14. Proposes, after hearing the Commission’s explanations for the under-utilisation of appropriations that, in relation to the sectors for which the Committee on Transport and Tourism is responsible, Parliament grant the Commission discharge in respect of the implementation of the European Union general budget for the financial year 2010.
### RESULT OF FINAL VOTE IN COMMITTEE

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| **Members present for the final vote** | Inés Ayala Sender, Georges Bach, Philip Bradbourn, Antonio Cancian, Michael Cramer, Christine De Veyrac, Saïd El Khadraoui, Ismail Ertug, Knut Fleckenstein, Jacqueline Foster, Mathieu Grosch, Jim Higgins, Dieter-Lebrecht Koch, Georgios Koumoutsakos, Eva Lichtenberger, Marian-Jean Marinescu, Gesine Meissner, Olga Sehnalová, Brian Simpson, Laurence J.A.J. Stassen, Keith Taylor, Silvia-Adriana Ţicău, Giommaria Uggias, Artur Zasada, Roberts Zīle |
| **Substitute(s) present for the final vote** | Burkhard Balz, Spyros Danellis, Michel Dantin, Dominique Riquet, Anna Rosbach |
| **Substitute(s) under Rule 187(2) present for the final vote** | Ioan Enciu |
29.2.2012

OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III, Commission (COM(2011)0473 - C7-0256/2011 - 2011/2201(DEC))

Rapporteur: Tamás Deutsch

SUGGESTIONS

The Committee on Regional Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that the budgetary execution was good for Regional policy, with EUR 30 557 000 000 having been paid out, and that the bulk of the payments in 2010 related mainly, and for the first time, to the implementation of the 2007-2013 programmes (EUR 25 550 000 000 of interim payments, compared with EUR 9 420 000 000 in 2009);

2. Regrets that Regional policy was part of an error-prone group, among the policy areas of Union expenditure, with 49 % of the 243 payments audited by the Court of Auditors affected by error; notes, however, that only some of the errors will have a financial impact and that the 49 % frequency is lower than in the 2000-2006 period; underlines that the rate of error has been decreasing as compared to the error rates detected in the 2000-2006 programming period; calls on the Commission and the Member States to ensure, under shared management, that the trend shows a consistent decrease in the error rate;

3. Recalls that an error occurs when a transaction is not carried out in accordance with the legal and regulatory provisions, therefore rendering declared (and reimbursed) expenditure irregular; also notes that an error does not necessarily mean that funds have disappeared, been lost or wasted or that fraud has been committed;

4. Notes the different approaches taken by the Court of Auditors and the Commission to quantify errors; calls for the harmonisation of methodology in order to ensure transparency;
5. Notes the lack of precision in the Court of Auditors' communication about the most likely level of error over recent years, and references to either the lower error limit or to the average error limit calculated by the Court of Auditors; calls for clear and consistent methodology to be applied in this respect to ensure the comparability of data and a reliable analysis of the evolution of data over time;

6. Notes that the non-compliance with both public procurement rules and eligibility rules accounts for a high proportion of the estimated error rate (31 % and 43 %, respectively); notes in this context the recommendation of the Court of Auditors to identify areas for further simplification; calls, therefore, for analysis of whether technical assistance should be stepped up and, at any rate, of the need to ensure that full operational capacity is maintained for financial oversight; underlines the need for the Commission to simplify the rules in order to ensure more user-friendly procedures and not to discourage potential beneficiaries from participating in projects; calls on the Member States to simplify their national provisions, which very often add an administrative burden not required by the Union rules; considers, therefore, that meticulous efforts should be made to further reduce this error rate;

7. Regrets the deficiencies in the financial engineering instruments' implementation, namely in respect of the lack of compliance with regulatory requirements in making the contribution from the operational programmes to the funds implementing such instruments, as well as deficient reporting and verification requirements in force; notes that the potential of the financial engineering instruments should be further developed to allow the development of qualitative strategic projects, the participation of private actors, especially SMEs, and the use of capital in Union projects; calls on the Commission to simplify these instruments' rules, as their current complexity limits their use; recommends more in-depth analysis to ascertain the real effect of these instruments and the guidelines on implementation; calls on the Member States to comply with their reporting obligations;

8. Notes that, in a great number of transactions affected by error, Member States' authorities had sufficient information to detect and apply corrective measures prior to certification; calls on the Commission to reinforce its assistance to Managing Authorities (MAs), through targeted workshops, guidance notes, circulation of best practices and training of officials responsible for management, given that the majority of errors occur at the first level control; notes that a constant monitoring of the actual transfer of training measures targeted at the MAs should be established in order to check that knowledge is actually being passed on, giving special attention to what happens at the local level; calls for the establishment of corrective mechanisms, including the introduction of sanctions in clear cases of negligence;

9. Welcomes the explanation by the Commission which states, for the first time, that the large majority of errors are concentrated in only three Member States and only in several operational programmes.
## RESULT OF FINAL VOTE IN COMMITTEE

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<td>Vasilica Viorica Dăncilă, Ivars Godmanis, James Nicholson, Elisabeth Schroedter, László Surján, Michael Theurer, Patrice Tirolien</td>
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1.3.2012

OPINION OF THE COMMITTEE ON FISHERIES

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for
the financial year 2010, Section III – Commission

Rapporteur for the opinion: Guido Milana

SUGGESTIONS

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

1. Notes the communication from the Commission to the European Parliament, the Council
and the Court of Auditors on the annual accounts of the European Union for the financial
year 2010¹, and the Annual Report of the Court of Auditors on the implementation of the
budget²; points out that neither text makes much reference to maritime affairs or fisheries;

2. Thanks DG MARE for the additional documentation it sent, and takes the view that the
overall implementation rates for maritime affairs and fisheries budget headings were
satisfactory in 2010;

3. Emphasises that the overall budget implementation rate was 97.2% for commitment
appropriations and the overall rate for payment appropriations was 79.23%; notes,
however, the very low implementation rate in chapter 11 02 (fisheries markets), and notes
the Commission’s explanations with specific reference to the implementation of fisheries
programmes for the outermost regions;

4. Is pleased to note that DG MARE plans to improve the implementation of commitments
made available for projects co-financed with the Member States and encourages the
relevant departments within the Commission to continue in this vein;

² OJ C 326, 10.11.2011, p. 3.
5. Notes the efforts DG MARE has made in the area of internal auditing and calls on the Commission to continue to deal with all the projects and files as efficiently and quickly as possible;

6. Notes the retention of DG MARE’s reserve for management and control systems relating to FIFG (Financial Instrument for Fisheries Guidance) operational programmes in Germany – packaging plant; notes that this is a long-standing, complex programme that began in 2001, and calls on the Commission to bring it to a close soon, at the same time safeguarding the EU’s interests;

7. Welcomes the action DG MARE has taken to increase effectiveness with regard to monitoring international agreements, and welcomes the agreement to decouple purely trade-related payments (EUR 104 017 795, i.e. 72% of the total) from sectoral support payments (EUR 40 211 849, i.e. 28% of the total);

8. Emphasises that there is a need for effective monitoring of EU-funded activities that provide sectoral support in the context of international agreements by using matrices that are as detailed as possible; emphasises, furthermore, that a call needs to be made for the proportion of sectoral support to be increased; firmly believes that the trade-related parts of agreements ought ultimately to be made conditional upon effective, sufficiently monitored, substantial sectoral support;

9. Given its legislative and budgetary role, asks to be more closely involved in fisheries policy, especially as regards international fisheries agreements and the various meetings at which they are discussed (e.g. joint committees and bilateral negotiations with non-EU countries);

10. Requests the Court of Auditors to draw up special reports on priority areas for the common fisheries policy following the series of legislative proposals and communications that have been brought forward as part of the CFP reform package, including matters relating to the external dimension of the policy;

11. On the basis of the data available, is of the opinion that the Commission can be granted discharge in respect of expenditure in the areas of maritime affairs and fisheries in 2010.
## RESULT OF FINAL VOTE IN COMMITTEE

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1.3.2012

OPINION OF THE COMMITTEE ON CULTURE AND EDUCATION

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III, Commission (COM(2011)0473 – C7-0256/2011 – 2011/2201(DEC))

Rapporteur: Morten Løkkegaard

SUGGESTIONS

The Committee on Culture and Education calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the efforts to further simplify procedures and enhance accessibility as regards education and culture programmes, and notes that in 2010, the Education, Audiovisual and Culture Executive Agency (EACEA) had e-forms available for most actions and programmes, in particular for the Lifelong Learning Programme (LLP), the Culture Programme and the Europe for Citizens Programme; is pleased with the extended use of lump sums and grant decisions; stresses the importance of a right balance between flexible procedures and necessary controls;

2. Regrets that the primary controls for the LLP were not fully implemented by national agencies, which has resulted in the insufficient absorption of funds by the programme, due to incoherent reporting data and the lack of timely performance of the minimum number of checks; calls on the Commission to continue its efforts in order to ensure that all national agencies take up their responsibilities;

3. Notes with satisfaction that the Commission has improved its control systems and that the policy area ‘Culture and education’, as part of the ‘Research and Other Internal Policies’ policy group, was free from material error;

4. Is pleased with the significant improvement in payment delays, and notes with satisfaction that the EACEA executed 94% of its payments within the time limits; recalls that any delay in payments directly affects the beneficiaries’ rights, in particular those of small and medium-sized enterprises and consequently the success of the programmes; recalls,
however, that the main part of a grant should be paid as soon as possible and, in any event, during the subvention period, in order not to increase organisations’ dependence on banks approving loans, as the EACEA considers interests not ‘eligible’;

5. Notes that the Commission launched a call for tender on a pan-European TV-network, as envisaged in the budgets for 2009 and 2010; is thus very concerned that in 2010 the Commission decided to close down the project and redirect the money elsewhere, without consent from the Parliament and the Council; demands the disclosure of all contracts and recommendations relating to the TV-network and evaluations made by the selection committee.
RESULT OF FINAL VOTE IN COMMITTEE

<table>
<thead>
<tr>
<th>Date adopted</th>
<th>29.2.2012</th>
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<tbody>
<tr>
<td>Result of final vote</td>
<td></td>
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<tr>
<td>+:</td>
<td>25</td>
</tr>
<tr>
<td>-:</td>
<td>2</td>
</tr>
<tr>
<td>0:</td>
<td>1</td>
</tr>
<tr>
<td>Members present for the final vote</td>
<td>Malika Benarab-Attou, Lothar Bisky, Piotr Borys, Jean-Marie Cavada, Silvia Costa, Mary Honeyball, Petra Kammerevert, Emma McClarkin, Emilio Menéndez del Valle, Marek Henryk Migalski, Katarina Neveďalová, Gianni Pittella, Marie-Thérèse Sanchez-Schmid, Marietje Schaake, Marco Scurria, Emil Stoyanov, Hannu Takkula, László Tőkés, Helga Trüpel, Gianni Vattimo, Marie-Christine Vergiat, Milan Zver</td>
</tr>
<tr>
<td>Substitute(s) present for the final vote</td>
<td>Heinz K. Becker, Nadja Hirsch, Seán Kelly, Iosif Matula, Georgios Papanikolaou, Olga Sehnalová, Rui Tavares</td>
</tr>
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10.2.2012

OPINION OF THE COMMITTEE ON CIVIL LIBERTIES, JUSTICE AND HOME AFFAIRS

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III – Commission

Rapporteur: Wim van de Camp

SUGGESTIONS

The Committee on Civil Liberties, Justice and Home Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Regrets the decrease in the level of implementation of commitments in the budget for the Area of Freedom, Security and Justice (94.8 % in 2010 in comparison with 97.7 % in 2009), as well as the slight decrease in the level of implementation of payments (88.7 % in 2010 in comparison with 89.6 % in 2009);

2. Welcomes the fact that significant progress has been made in reducing the level of cancellations of payments (from 8.5 % in 2009 to 2.8 % in 2010); deplores the increase in the level of carryovers (from 1.9 % in 2009 to 8.5 % in 2010) mainly due to carryovers in the External Borders Fund, the European Return Fund and SIS II; encourages the Commission to reduce the level of carryover of payments in the budget for the Area of Freedom, Security and Justice;

3. Welcomes the high implementation rates of three of the four "Solidarity and management of migration flows" Funds; takes note of the justification given by the Commission for the lower implementation rate of the External Borders Fund, namely that the annual programmes of the five countries participating for the first time in 2010 in that Fund were not adopted in 2010.
RESULT OF FINAL VOTE IN COMMITTEE

<table>
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<tr>
<th>Date adopted</th>
<th>9.2.2012</th>
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| Result of final vote | +: 49  
| | #: 1  
| | 0: 0  |
| Substitute(s) present for the final vote | Alexander Alvaro, Edit Bauer, Anna Maria Corazza Bildt, Cornelis de Jong, Ana Gomes, Petru Constantin Luhan, Ulrike Lunacek, Hubert Pirker, Raúl Romeva i Rueda, Kārlis Sādurskis |
| Substitute(s) under Rule 187(2) present for the final vote | Elisabeth Morin-Chartier, Antonyia Parvanova |
30.1.2012

OPINION OF THE COMMITTEE ON WOMEN’S RIGHTS AND GENDER EQUALITY

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2010, Section III - Commission (COM(2011)0473 - C7-0256/2011 - 2011/2201(DEC))

Rapporteur: Barbara Matera

SUGGESTIONS

The Committee on Women’s Rights and Gender Equality calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Reminds the Court of Auditors and the Commission that pursuant to Article 8 of the Treaty on the Functioning of the European Union, the promotion of equality between men and women is a fundamental principle of the European Union in all its activities; therefore, calls on the Court of Auditors to assess the implementation of the budget from the gender perspective, where applicable;

2. Regrets that the annual report contains no observations from the Court of Auditors, nor any replies from the Commission regarding gender-related spending;

3. Stresses that an audit of the budget which includes a gender perspective is a prerequisite to the preparation of a budget with a gender dimension, as it can reveal the effects of spending on gender equality, and, in particular, if men and women benefit from the expenditure proportionally and whether the budget has to be adjusted to better meet the different needs of men and women.
# RESULT OF FINAL VOTE IN COMMITTEE

<table>
<thead>
<tr>
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<th>25.1.2012</th>
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| Result of final vote | +: 27  
| | -: 3  
| | 0: 0  |
| Members present for the final vote | Regina Bastos, Emine Bozkurt, Andrea Češková, Marije Cornelissen, Iratxe García Pérez, Mikael Gustafsson, Mary Honeyball, Lívia Járóka, Teresa Jiménez-Becerril Barrio, Nicole Kiil-Nielsen, Silvana Koch-Mehrin, Rodi Kratsa-Tsagaropoulou, Constance Le Grip, Astrid Lulling, Barbara Matera, Antonia Parvanova, Raül Romeva i Rueda, Joanna Senyszyn, Marc Tarabella, Angelika Werthmann, Marina Yannakoudakis |
| Substitute(s) present for the final vote | Izaskun Bilbao Barandica, Anne Delvaux, Christa Kläff, Mariya Nedelcheva, Katarina Neveďalová, Antigoni Papadopoulou, Sirpa Pietikäinen, Rovana Plumb |
| Substitute(s) under Rule 187(2) present for the final vote | William (The Earl of) Dartmouth |
## 10. Result of Final Vote in Committee

<table>
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<td>Members present for the final vote</td>
<td>Marta Andreasen, Inés Ayala Sender, Andrea Češková, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Iliana Ivanova, Boguslaw Liberadzki, Monica Luisa Macovei, Jan Mulder, Eva Ortiz Vilella, Aldo Patriciello, Crescenzo Rivellini, Petri Sarvamaa, Bart Staes, Georgios Stavrakakis, Søren Bo Søndergaard, Michael Theurer</td>
</tr>
<tr>
<td>Substitute(s) present for the final vote</td>
<td>Amelia Andersdotter, Zuzana Brzobohatá, Christofer Fjellner, Edit Herczog, Ivailo Kalfin, Marian-Jean Marinescu, Véronique Mathieu, Olle Schmidt, Barbara Weiler</td>
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