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Committee on Industry, Research and Energy

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AMENDMENTS

6 - 41

Draft opinion

Ivailo Kalfin

(PE460.955v01-00)

on 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

Proposal for a regulation

(COM(2010)0815 – C7-0016/2011 – 2010/0395(COD))

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Amendment 6

Maria Da Graça Carvalho, Jean-Pierre Audy

Proposal for a regulation

Recital 8

Text proposed by the Commission

(8) The rules governing interest generated by pre-financing should be simplified as they generate excessive administrative burden on both recipients of Union funds and Commission services and create misunderstandings between the Commission services and operators and partners. For reasons of simplification, in particular in respect of grant beneficiaries, and in line with the principle of sound financial management, ***there*** should ***no longer be an*** obligation to generate interest on pre-financing and to recover such interest. However, it should be possible to include such obligation in a delegation agreement in order to allow the re-use of interests generated by prefinancing for the programmes managed by some delegates, or its recovery.

Amendment

(8) The rules governing interest generated by pre-financing should be simplified as they generate excessive administrative burden on both recipients of Union funds and Commission services and create misunderstandings between the Commission services and operators and partners. For reasons of simplification, in particular in respect of grant beneficiaries, and in line with the principle of sound financial management, ***the obligation to generate interest on pre-financing and to recover such interest on pre-financing*** should ***be lifted immediately***. However, it should be possible to include such obligation in a delegation agreement in order to allow the re-use of interests generated by prefinancing for the programmes managed by some delegates, or its recovery.

Or. en

Amendment 7

Maria Da Graça Carvalho

Proposal for a regulation

Recital 16

Text proposed by the Commission

(16) Concerning provisions on proportionality, the notion of tolerable risk of error should be introduced as part of the risk assessment made by the Authorising Officer. The institutions should be able to move away from the general 2% materiality threshold used by the Court of

Amendment

(16) Concerning provisions on proportionality, the notion of tolerable risk of error ***(TRE), something that reduces both complexity and ex-post audits, ensuring a proper balance between sound financial management and appropriate controls,*** should be introduced as part of

Auditors to conclude on the legality and regularity of the underlying transactions. Tolerable risk levels constitute more appropriate basis for the Discharge Authority to judge the quality of the management of risk by the Commission. The European Parliament and the Council should therefore determine the level of tolerable risk of error per policy area, taking into account the costs and benefits of controls.

the risk assessment made by the Authorising Officer. The institutions should be able to move away from the general 2% materiality threshold used by the Court of Auditors to conclude on the legality and regularity of the underlying transactions. Tolerable risk levels constitute more appropriate basis for the Discharge Authority to judge the quality of the management of risk by the Commission. The European Parliament and the Council should therefore determine the level of tolerable risk of error per policy area, taking into account the costs and benefits of controls. ***It is crucial to ensure that the legally binding rules on the TRE are interpreted and applied in a uniform manner, leading to a decrease in the TRE rate.***

Or. en

Amendment 8

Maria Da Graça Carvalho, Jean-Pierre Audy

Proposal for a regulation Recital 38 a (new)

Text proposed by the Commission

Amendment

(38a) Lump sums and flat rates should be used on a voluntary basis and only applied where appropriate. The terminology in use on flat rates and lump sums should be clarified.

Or. en

Amendment 9

Maria Da Graça Carvalho, Jean-Pierre Audy

Proposal for a regulation Recital 52 a (new)

Text proposed by the Commission

Amendment

(52a) As regards the implementation of the financial rules in the field of research, the overall trend towards result-based funding (essentially justified by the principles of sound accountability) is deeply concerning and has a negative impact on the quality and nature of research, with possible constraints on scientific research, as well as a negative impact on projects with non-measurable objectives or with an objective measurable using parameters other than that of immediate utility. A further use of result-based funding may negatively influence the potential outcome in terms of further ex-ante and ex-post evaluation of project output/results and pinpoint the criteria necessary to define them.

Or. en

Amendment 10

Maria Da Graça Carvalho, Jean-Pierre Audy

Proposal for a regulation

Recital 52 b (new)

Text proposed by the Commission

Amendment

(52b) As regards the current system and the practice of research framework programmes management, they are often excessively control-oriented, thus leading to waste of resources, lower participation and less attractive research landscapes. The management system of ‘zero risk tolerance’ seems to avoid, rather than to manage, risks. Consequently, the Union Staff Regulation should be revised and/or interpreted on the issue of personal liability, as well as other necessary measures (e.g. insurance or risk-pooling system) should be taken.

Amendment 11
Silvia-Adriana Țicău

Proposal for a regulation
Part 1 – Article 24 – paragraph 4 – introductory part

Text proposed by the Commission

Amendment

4. The transfer proposal shall be approved, if within the six-week period *in any of the following cases:*

4. The transfer proposal shall be approved, if within the six-week period *the European Parliament and the Council approve it;*

Or. ro

Amendment 12
Silvia-Adriana Țicău

Proposal for a regulation
Part 1 – Article 24 – paragraph 4 – point a

Text proposed by the Commission

Amendment

(a) European Parliament and the Council approve it;

deleted

Or. ro

Amendment 13
Silvia-Adriana Țicău

Proposal for a regulation
Part 1 – Article 24 – paragraph 4 – point b

Text proposed by the Commission

Amendment

(b) either the European Parliament or the Council approves it and the other institution refrains from acting;

deleted

Or. ro

Amendment 14
Silvia-Adriana Țicău

Proposal for a regulation
Part 1 – Article 24 – paragraph 4 – point c

Text proposed by the Commission

Amendment

***(c) European Parliament and the Council
refrain from acting or have not taken a
decision contrary to the Commission
proposal.*** ***deleted***

Or. ro

Amendment 15
Jorgo Chatzimarkakis

Proposal for a regulation
Part 1 – Article 26 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

***4a. Already accredited national
management systems shall be disqualified
by the Commission if they were found to
be underperforming.***

Or. en

Justification

The book of ‘Annual Accounts of the European Union’ which was firstly published in 2009 dismantles the very high amount of EU- funding that was used incorrectly by the Member States. It clarifies that only a very small amount has been refunded via corrective mechanisms. Though these are too complicated and allow further misuse of EU funding. Therefore these presented notified systems should be disqualified and replaced by transparent corrective mechanisms.

Amendment 16
Maria Da Graça Carvalho, Jean-Pierre Audy

Proposal for a regulation
Part 1 – Article 28 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The Commission shall implement the ‘single audit approach’ and switch to real-time auditing performed by a single entity, thereby allowing beneficiaries to correct any systemic errors and hand in improved cost statements the following year. Such a single audit approach should further ensure that finished projects will not be audited more than once by various auditors, so that the opinion of the first appointed independent auditor is trusted by the Commission and documents are provided only once, however many audits are carried out.

Or. en

Amendment 17
Jean-Pierre Audy

Proposal for a regulation
Part 1 – Article 28 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. A response procedure shall be introduced, under which, in the absence within a deadline to be established of any reaction from the Commission to applications from recipients of funds, the latter shall be considered as validated by the Commission;

Or. fr

Amendment 18
Ivailo Kalfin

Proposal for a regulation
Part 1 – Article 29 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. The acceptable levels of risk of error shall be adapted to the particularities of the respective policy areas. Research & Innovation financing shall be made more accessible by reducing bureaucratic burdens and accordingly adapting the levels of TRE.

Or. en

Amendment 19
Jorgo Chatzimarkakis

Proposal for a regulation
Part 1 – Article 29 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. The European Commission shall concentrate controls on ‘high risk expenditure’.

Or. en

Amendment 20
Silvia-Adriana Țicău

Proposal for a regulation
Part 1 – Article 30 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Amendment

The President of the European Parliament shall have the budget and amending budgets, as finally adopted, published in the Official Journal of the European Union.

The budget and amending budgets, as finally adopted, ***shall be*** published in the Official Journal of the European Union.

Or. ro

Amendment 21
Jean-Pierre Audy

Proposal for a regulation
Part 1 – Article 40 – paragraph 1 – point a

Text proposed by the Commission

(a) a general statement of revenue and expenditure;

Amendment

(a) a general statement of revenue and expenditure ***making a distinction between operations and investment***;

Or. fr

Amendment 22
Jean-Pierre Audy, Maria Da Graça Carvalho

Proposal for a regulation
Part 1 – Article 57 – paragraph 2 – subparagraph 2

Text proposed by the Commission

Persons referred to in point (viii) of Article 55(1)(b) may satisfy these requirements progressively. They shall adopt their financial rules with the Commission's prior consent.

Amendment

Persons referred to in point (viii) of Article 55(1)(b) may satisfy these requirements progressively. They shall adopt their financial rules with the Commission's prior consent. ***Those financial rules shall comply with either European standards or national standards (standard accounting practices), where the latter have been certified by the competent national authorities.***

With a view to ensuring legal certainty, stricter participation rules may not be applied retroactively and recipients may not be asked to recalculate financial statements that have already been approved by the Commission.

Or. fr

Amendment 23
Jean-Pierre Audy

Proposal for a regulation
Part 1 – Article 75 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. In the event of a dispute over the interpretation of rules and procedures, application may be made to an ad hoc mediator who will make sure that rules are interpreted uniformly. The debtor may produce an independent counter-audit. The authorising officer may settle a dispute by means of a compromise based on the ad hoc mediator's opinion.

Or. fr

Amendment 24
Jean-Pierre Audy, Maria Da Graça Carvalho

Proposal for a regulation
Part 1 – Article 77 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

The accounting officer shall recover amounts by offsetting them against equivalent claims that the Union *have* on any debtor who himself has a claim on the Union that is certain, of a fixed amount and due.

The accounting officer shall recover amounts by offsetting them against equivalent claims that the Union *have* on any debtor who himself has a claim on the Union. ***Such claims must be certain, of a fixed amount and due.***

Or. fr

Amendment 25
Maria Da Graça Carvalho, Jean-Pierre Audy

Proposal for a regulation
Part 1 – Article 110 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

The monitoring and financial control carried out by the Commission and OLAF should be primarily aimed at safeguarding public funds and combating fraud, whilst distinguishing clearly between fraud and errors. It is therefore necessary to establish and implement a clearer definition of 'errors' in all binding legal documents, including the mechanisms for the establishment of errors as opposed to differing interpretations. Errors and remedial actions relating thereto should be subject for thorough analysis and communication.

Or. en

Amendment 26
Maria Da Graça Carvalho

Proposal for a regulation
Part 1 – Article 116 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. When determining the appropriate form of a grant, the potential beneficiaries' interests and accounting methods shall be taken into account to the greatest possible extent, if they correspond to international standards.

Or. en

Amendment 27
Ivailo Kalfin

Proposal for a regulation
Part 1 – Article 116 a (new)

Text proposed by the Commission

Amendment

Article 116 a

Definition of eligible costs

A further clarification or a reasonable definition of eligible costs shall be proposed by the Commission, as it will benefit to the respect of the full cost principle: direct and indirect costs, upstream and downstream of research;

Or. en

Amendment 28

Ivailo Kalfin

Proposal for a regulation

Part 1 – Article 116 b (new)

Text proposed by the Commission

Amendment

Article 116 b

Time-recording mechanisms

A more flexible approach towards time-recording mechanisms should be implemented. In some areas, such as Research & Innovation, it shall be abolished.

Or. en

Amendment 29

Maria Da Graça Carvalho

Proposal for a regulation

Part 1 – Article 117 – paragraph 4 – subparagraph 2 – point b a (new)

Text proposed by the Commission

Amendment

(ba) grants in the form of flat-rate and/or lump sum funding and standard scale of unit costs where the profit does not derive

from the calculation of the individual unit costs;

Or. en

Amendment 30
Maria Da Graça Carvalho

Proposal for a regulation
Part 1 – Article 117 – paragraph 4 – subparagraph 2 – point b b (new)

Text proposed by the Commission

Amendment

(bb) very low value grants;

Or. en

Amendment 31
Maria Da Graça Carvalho

Proposal for a regulation
Part 1 – Article 122 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The maximum time limit for processing applications shall be six months from the submission of the application. This time-limit may exceptionally be exceeded where the specific nature and subject-matter of the grant so require. Where this is the case, the provisional time limit shall be announced in the respective call for proposals. Where the time limit cannot be met due to other reasons, the authorising officer by delegation shall include this into his annual activity report together with the reasons and proposals for remedial action. He shall report in the following annual activity report on the success of the remedial action.

Or. en

Amendment 32
Jean-Pierre Audy, Maria Da Graça Carvalho

Proposal for a regulation
Part 1 – Article 128 – paragraph 1

Text proposed by the Commission

1. For the purposes of this Regulation, ‘prizes’ shall mean financial contributions awarded following contests.

Amendment

1. For the purposes of this Regulation, ‘prizes’ shall mean financial contributions awarded following contests. ***Such prizes shall not take the place of properly structured funding.***

Or. fr

Amendment 33
Maria Da Graça Carvalho

Proposal for a regulation
Part 1 – Article 128 – paragraph 1

Text proposed by the Commission

For the purposes of this Regulation, ‘prizes’ shall mean financial contributions ***awarded*** following contests.

Amendment

Prizes are financial contributions ***given as rewards*** following contests.

Or. en

Amendment 34
Maria Da Graça Carvalho, Jean-Pierre Audy

Proposal for a regulation
Part 1 – Article 129 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The use of prizes is to be encouraged but not as a substitute for properly structured funding.

Amendment 35
Reinhard Bütikofer

Proposal for a regulation

Part 1 – Article 129 – paragraph 2 – subparagraph 1

Text proposed by the Commission

2. **Prizes** shall be *part* of the work programme *referred to in Article 118 and adopted by the Commission* and shall be *subject to Article 118(2)*.

Amendment

2. *For this purpose, prizes* shall be *subject to a work programme to be published at the start of the year of implementation. The work programme shall be implemented through the publication of contests.*

Or. en

Amendment 36
Reinhard Bütikofer

Proposal for a regulation

Part 1 – Article 129 – paragraph 2 – subparagraph 2

Text proposed by the Commission

The rules of the contest shall at least *establish* the *award* conditions, the criteria, the amount of the prize *and* the *modality of* payment.

Amendment

The rules of the contest shall at least *lay down* the conditions *for participation*, the *award* criteria, the amount of the prize, the payment *arrangements and arrangements regarding intellectual property rights and/or licensing agreements. In particular where prizes are to be awarded for rewarding research and innovation in socially valuable fields, criteria shall be lay down so that public spending is reverted into public valuable benefits at affordable prices or for the innovation to be made available to the public.*

Or. en

Amendment 37
Reinhard Bütikofer

Proposal for a regulation
Part 1 – Article 129 – paragraph 2 – subparagraph 3

Text proposed by the Commission

Amendment

Prizes may not be awarded directly without a contest and shall be ***subject to publication in the same way as call for proposals.***

Prizes may not be awarded directly without a contest and shall be ***published annually in application of Article 31(2) and (3).***

Or. en

Justification

The proposed amendments on Art 129 para 2 are in line with AM 163 of the rapporteur in the BUDG committee. However in view of the foreseen increased use of prizes in the future research and innovation programme, arrangements need to be introduced in the criteria for the subsequent management of resulting intellectual property rights, for example: in the health sector whereby research results could be subject to open access, compulsory licensing or affordable commercialisation prices.

Amendment 38
Maria Da Graça Carvalho, Jean-Pierre Audy

Proposal for a regulation
Part 1 – Article 152 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

The Commission shall present more precise, consistent and transparent rules of procedure for audits, including rules and principles ensuring that the rights of the audited body are respected and that all parties are heard, and to report on the cost/benefit ratio of the audits.

Or. en

Amendment 39
Jorgo Chatzimarkakis

Proposal for a regulation

Part 2 – Article 167 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. In the field of cohesion policy, the Commission shall come forward with a proposal to introduce innovative forms of funding, including increased use of EIB loans in order to maximise the leverage effect of EU funds.

Or. en

Justification

Not all EU projects must be funded via subsidies. In many cases there would be other innovative forms of funding by blending subsidies with loans and with project bonds. The expertise of the EIB in this respect should be taken into account.

Amendment 40

Jorgo Chatzimarkakis

Proposal for a regulation

Part 2 – Article 174 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. As to innovation and research programmes, the Commission shall come forward with proposals for a system awarding successful innovation which shall replace or complement the current up-front financing.

Or. en

Justification

When the Commission opens a call on a specific issue as part of the challenge to find solutions for the grand societal challenges the EU is facing and universities, the Commission should have the possibility to reward the inventor that comes forward with innovations that match with the call. This would give entrepreneurs and researchers a genuine drive to produce the best possible results and would ensure a maximum added value of European research and innovation funds.

Amendment 41
Maria Da Graça Carvalho, Jean-Pierre Audy

Proposal for a regulation
Part 2 – Article 175 a (new)

Text proposed by the Commission

Amendment

Article 175 a

Average personnel cost

1. The following cumulative criteria for the acceptance of average personnel cost methodologies shall apply:

(a) the average personnel cost methodology shall be the one declared by the beneficiary as its usual cost accounting practice; This applies in particular to the use of cost-centre methodologies;

(b) the methodology should be based on the actual personnel costs of the beneficiary as registered in its statutory accounts, without estimated or budgeted elements.

2. Where average personnel costs are charged in accordance with the above-mentioned criteria, calculations on individual actual personnel costs are not applicable in ex-post audits carried out by the Commission.

Or. en