



EUROOPA PARLAMENT

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Eelarvekontrollikomisjon

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TÖÖDOKUMENT

Euroopa Kontrollikoja eriaruande nr 18/2013 (2013. aasta eelarve täitmisele heakskiidu andmine) „Liikmesriikide poolt tehtud põllumajanduskulutuste kontrollide tulemuste” kohta

Eelarvekontrollikomisjon

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Audit scope, objectives and approach

Special Report 18/2013, adopted in December 2013, concerns an audit which drew on earlier reports SR 16/2012 and Annual Reports for 2011 and 2012 Annual Reports, as well as new audit work, and addressed the following main question: ‘are the results of the checks of agricultural expenditure carried out by Member States and reported by the Commission reliable?’

This overall question was detailed into five sub-questions:

- (a) Are the administrative and on -the-spot checks carried out by the paying agencies effective?
- (b) Are the statistical reports containing the results of the paying agencies’ checks correctly compiled and verified before their submission to the Commission?
- (c) Does the work of the certification bodies provide sufficient assurance regarding the quality of the on-the-spot checks and the reliability of the statistical reports?
- (d) Does the Commission ensure that the statistical reports are reliable?
- (e) Is the Commission’s calculation of the residual error rate statistically valid? The Court reviewed procedures implemented to check the statistical reports, including its calculation of the residual error rate; particular attention was paid to the justification for major adjustments and corrections made to these reports.

The audit concerned the statistical reports covering the 2010 results of administrative and on-the-spot checks for rural development and direct aid schemes which were included in DG Agriculture and Rural Development annual activity report for the 2011 financial year. The audit also reviewed the calculation of the residual error rates and its presentation in DG Agriculture and Rural Development annual activity report for the 2011 and 2012 financial years.

The Court included in the scope of the audit statistical reports that covered the financially most significant aid schemes, representing over 86 % of CAP expenditure.

The Court’s annual report 2012, in the context of DG Agriculture and Rural Development’s annual activity report, noted the Commission’s change in approach concerning the establishment of the residual error rate for decoupled area aid (EAFG). In the current special report the Court further develops its past observations by including an in depth assessment of the reliability of the checks of agricultural expenditure (both EAGF and EAFRD) carried out by Member States and the validity of the Commission’s calculation of the residual error rate. The scope of the audit is thus extended compared to the 2012 annual report and examines the methodology in place under the previous MFF and regulations governing CAP expenditure 2007-2013.

Court's findings and observations

Administrative and on-the-spot checks carried out by paying agencies

- The Court found that the systems in place for administrative and on-the-spot checks were only partially effective, thus seriously undermining the reliability of the information Member States provide the Commission with. The Court identified the following main weaknesses which affected the data in the paying agencies' reports and, consequently, the Commission's calculation of the residual error rate;
- Insufficient procedures in place to ensure that agricultural aid was paid only to beneficiaries that meet the regulatory definition of a 'farmer';
- Weaknesses regarding the reliability of the Land Parcel Identification System (LPIS), as ineligible areas were recorded as eligible for payment;
- Replacement (by the paying agencies) of ineligible parcels declared by farmers by other parcels after the legal deadline, incorrect calculations of the aid by the paying agencies (mainly relating to erroneous 'payment entitlements' that were also established by the paying agencies); and inaccurate assessment of the eligible land in the declared parcels.

Inadequate compilation and verification of the statistical reports by paying agencies

Although the Commission provided detailed guidelines for the compilation of the statistical reports some imprecisions in this guidance may have affected the accuracy and relevance of the information collected (in particular absence of cut off dates used for compilation); In addition, paying agencies did not always apply them correctly. Furthermore, the data included in the reports were often incomplete or based on estimates as the reports were finalised before all the applications had been processed. Most paying agencies audited did not have in place written procedures to establish the accuracy of the reports before their submission to the Commission. While they carried out some verification tests, the nature and extent of these tests were limited and were not capable of detecting errors later identified either by the Commission's desk review or the Court's audit. Furthermore, most checks carried out by the paying agencies were not properly documented.

Insufficient quality of the controls performed by the certifying bodies

The checks performed by the certifying bodies on the spot checks carried out by paying agencies were insufficient in number and quality. The Court is of the opinion that the audited certification bodies' assessments did not provide sufficient assurance on the effectiveness of the paying agencies' on-the-spot checks and thus could not significantly contribute to the assessment of the reliability of the statistical reports. As for the certification bodies which had applied the reinforcement of assurance option, their assessments of the results of the extended samples tested were hampered by serious deficiencies.

In its 2011 annual report, the Court reported the conceptual inconsistencies in the Commission guidelines applicable to the work of the certification bodies regarding the 'reinforcement of assurance procedure as to the legality and regularity of transactions at the

level of final beneficiaries' (double 2% tolerance margins). The Commission had not taken any action to address these inconsistencies by the time the Special Report was published.

The Court was also of the opinion that the review of the statistical reports by certifying bodies audited was limited in scope and did not provide reasonable assurance on the reliability of these reports. The Commission's guideline laying down the work certification bodies should carry out on the statistical reports submitted by the paying agencies in order to conclude whether these reports were correctly compiled was not fully implemented by the certifying agencies (audit trail). Furthermore, the Court considered the Commission's guideline to be insufficiently clear and some checks to be limited in their scope which reduced their effectiveness.

Inappropriate use and limited review of Member States statistics by the Commission

The Court did not consider that the Commission's information system on the results of the Member States' checks effectively served the Commission's needs. Some of the information made available was not fully relevant or was incomplete and inaccurate for the purpose of being used as such in the annual activity report and in the discharge procedure.

The limited review of Member States statistics by the Commission could not ensure their reliability. The desk review of the statistical reports by the Commission was limited to checking the internal consistency of the information they contained but it did not allow for verifying their content against the underlying data. These limitations were not fully mitigated during the Commission's on-the-spot (conformity) audits in the selected Member States. Furthermore, when the Commission identified incorrect data in the statistical reports during such audits, it did not result in a correction of the data used in the annual activity report.

The Commission's estimate of the residual error rate is not statistically valid

In the DG Agriculture and Rural Development Annual Activity Report (AAR), the Director-General's declaration of assurance covering, amongst others, the legality and regularity of transactions at the level of the final beneficiaries, was supported by residual error rates which were estimated on the basis of Member States' statistical reports on the results of paying agencies' administrative and on-the-spot checks. Because of the weaknesses in the Member States' statistics as stressed by the Court of auditors, those statistics in themselves did not provide a reliable basis for the Commission's estimations of the residual error rate. Furthermore, the Commission's adjustments of the error rates computed for each paying agency were not statistically valid nor was the residual error rate.

In its AAR 2012, following an assessment of the reliability of the procedures applied, DG Agriculture and Rural Development carried out assessments of every paying agency and corrected the reported error rates on the basis of the results of these assessments. In 2012, the reported error rates were thus adjusted by 2 to 5 percentage points in 37 out of 81 paying agencies. As a result, the residual error rate for EAGF IACS expenditure for 2012 calculated by the Commission was 2,4 %, i.e. 4,5 times the error rate of 0,54 %³³ calculated on the basis of the Member States' statistical reports. The results of this new approach confirm that only limited assurance could be gained from the statistical reports, the declarations of the directors of paying agencies and the work carried out by the certification bodies. Indeed, in the 37 paying agencies of which the Commission decided to correct the EAGF IACS error rate, the

directors had issued an unqualified opinion and, for 32 of them, the certification bodies also had issued an unqualified opinion.

The 2012 DG AGRI approach recognised the weaknesses reported by the Court in its annual reports and confirmed by the Commission's Internal Audit Service in 2013. While the Court considered the new approach to be a step in the right direction, it was only partially applied and it was to be noted that the 2 to 5 percentage point increase in the reported error rates was not statistically valid and did not provide a reliable basis for the estimation of the residual error rate.

Replies of the Commission

The Commission uses all tools at its disposal in order to induce the Member States to remedy the situation where weakness are detected by the Court of the Commission itself in the management and control systems in the Member States.

The new horizontal regulation on the control, financing and monitoring of the CAP, which came into force in January 2014, requires the certification bodies to deliver an opinion on the legality and regularity of transactions. This will entail re-performance of a representative sample of transactions already controlled by the paying agency and the validation (or not) of the resulting control statistics. It is expected that this additional work will result in an improvement in the quality of the paying agencies' statistics.

ECA recommendations

In light of its findings the ECA recommended that

1. The Commission should ensure that the administrative and on-the-spot checks carried out by the paying agencies are effective:
 - Paying agencies should significantly improve their administrative checks (claim verification procedures, detection of ineligible expenditure) and use all relevant information available to them in order to detect and correct errors contained in the applications;
 - The quality of LPIS databases should be significantly improved in order to clearly identify ineligible areas; and
 - On-the-spot inspections need to be more rigorously conducted in order to correctly determine eligible areas and expenditure.
2. The Commission should improve the clarity of its guidelines for the compilation of the statistical reports. The guidelines should in particular provide instructions on the cut-off-dates to be used and the treatment of applications not yet processed as well as the nature and extent of tests to be carried out by paying agencies before reports are submitted to the Commission.

Member States' paying agencies should establish written procedures for the verification and compilation of the data included in the reports and should adequately document all

checks carried out.

3. The Commission should ensure that it receives complete information on the checks carried out by paying agencies at the most appropriate time. In particular, the deadlines for the submission of statistical reports to the Commission should be re-examined with a view to better aligning them with the time of the year when they are actually verified and used by the Commission's services.

The Commission should harmonise the systems for the verification of the statistical reports. The desk verifications should be as far as possible automated and include systematic reconciliation of the data contained in the reports with the underlying data.

The Commission's conformity audits should also cover the review of verifications carried out by the paying agencies and certification bodies.

4. The Commission should, based on the work of the paying agencies and the expanded role of the certification bodies, take the necessary measures to arrive at a statistically valid estimate of the current impact of irregularities on payments after all checks have been carried out.

Raportööri soovitud iga-aastasesse eelarve täitmisele heakskiidu andmise aruandesse tehtavate võimalike lisanduste kohta

1. Euroopa Parlament võtab teadmiseks, et eriaruandes nr 18/2013 käsitletud süsteeme on uute ÜPP määrustega muudetud ning nüüd on liikmesriikide sertifitseerimisasutustel kulude seaduslikkuse ja korrektsuse ning komisjonile esitatud kontrollitulemuste kontrollimisel suurem vastutus;
2. sellegipoolest tuleb Euroopa Parlament selleks, et mitte korrata juba tehtud vigu, komisjonile meelde 2012. aasta kohta koostatud aruande põhjal tehtud kontrollikoja järeldusi, mille kohaselt:
 - on liikmesriikides kulude väljamaksmise ja maaelu arengu suhtes kasutatavad järelevalve- ja kontrollisüsteemid osaliselt tõhusad ning märkimisväärselt paljude vigaste tehingute puhul on riiklikel ametiasutustel asjaomaste vigade tuvastamiseks ja parandamiseks piisavalt teavet;
 - kahjustab ühtse haldus- ja kontrollisüsteemi tulemuslikkust peamiselt riskkontrollidel kasutatavate andmebaaside ebatäpsus;
3. rõhutab, et kinnitas 3. aprillil 2014 põllumajanduse ja maaelu arengu peadirektoraadi 2012. aasta tegevusaruandes esitatud peadirektori reservatsiooni komisjoni ja kontrollikoja poolt maa rahastamiskõlblikkuse küsimuses avastatud puuduste kohta; tuleb meelde, et on eelkõige nõudnud püsikarjamaade nõuetekohast märgistamist põldude identifitseerimise süsteemis ning komisjoni poole aasta aruandeid tehtud edusammude kohta;
4. nõuab, et komisjon ja liikmesriigid parandaksid koheselt haldus- ja kontrollisüsteemides ning/või ühtse haldus- ja kontrollisüsteemi andmebaasides leitud puudused või

vananenud info;

5. nõuab tungivalt, et komisjon ja liikmesriigid tagaksid, et maksed põhinevad kontrollide tulemustel ja et kohapealsete kontrollide kvaliteet on piisavalt hea selleks, et määrata toetuskõlblik pindala kindlaks usaldusväärse viisil;
6. nõuab tungivalt, et komisjon tagaks, et makse- ja sertifitseerimisasutuste direktorite töö ülesehitus ja kvaliteet looksid usaldusväärse baasi alustehingute seaduslikkuse ja korrektsuse hindamiseks;
7. peab kiiduväärseks, et põllumajanduse ja maaelu arengu peadirektoraat muutis seoses 2012. aasta sidumata pindalatoetuse jääkvigade määra arvestamisega oma käsitust, kuna nii võetakse arvesse asjaolu, et puudused võivad mõjutada kontrollide statistilisi andmeid, makseasutuste direktorite kinnitusi ja sertifitseerimisasutuste tööd ning kahjustada seeläbi nende usaldusväärset, ning nõuab, et seda uut käsitust laiendataks uuel rahastamisperioodil kõikidele põllumajanduse ja maaelu arengu peadirektoraadi iga-aastastes tegevusaruannetes sisalduvatele ÜPP kuludele;
8. tuletab meelde, et kinnitas põllumajanduse ja maaelu arengu peadirektoraadi iga-aastases tegevusaruandes sisalduva reservatsiooni kõigi EAFRD-i 2012. aasta kulude kohta ning et see reservatsioon esitati kahtluste tõttu seoses mõne liikmesriigi kontrollide kvaliteedi ja kontrollikoja esitatud veamääraga;
9. kutsub liikmesriike üles viima oma halduskontrolle läbi tõhusalt, kasutades kogu makseasutustele kättesaadavat asjakohast teavet, sest nii on võimalik avastada ja parandada valdav osa vigadest;
10. palub komisjonil tagada, et maaelu arengu valdkonnas kohaldatakse võrdselt ühtseid standardeid ja menetlusi ning et seda jälgiks nii komisjoni sertifitseerimis- kui ka auditeerimisasutused.