



EUROPEAN PARLIAMENT

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Committee on Regional Development

2010/0395(COD)

27.6.2011

OPINION

of the Committee on Regional Development

for the Committee on Budgets

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

Rapporteur: Jan Olbrycht

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AMENDMENTS

The Committee on Regional Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

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

Text proposed by the Commission

Amendment

When presenting revised or new spending proposals, the Commission shall estimate the cost of administrative and control systems as well as a tolerable risk of errors with the proposed legislation per funds.

Amendment 2

Proposal for a regulation Article 29 – paragraph 1

Text proposed by the Commission

Amendment

The Legislative authority shall, ***in accordance with the procedure laid down in Article 322 of the TFEU***, decide on a level of tolerable risk of error at an appropriate aggregation of the budget. That decision shall be taken into account during the annual discharge procedure, in accordance with Article 157(2).

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Amendment 3

Proposal for a regulation Article 56 – paragraph 1

Text proposed by the Commission

1. Member States shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. To this end, Member States shall fulfil the control and audit obligations and assume the resulting responsibilities laid down in this Regulation. Complementary provisions may be laid down in sector-specific rules.

Amendment

1. Where the Commission implements the budget by shared management, implementation tasks shall be delegated to Member States.

Amendment 4

Proposal for a regulation Article 56 – paragraph 2

Text proposed by the Commission

2. Member States shall prevent, detect and correct irregularities and fraud when executing tasks related to the implementation of the budget. To this end they shall carry out ex ante and ex post controls including, where appropriate, on the spot checks, to ensure that the actions financed from the budget are effectively carried out and implemented correctly, recover funds unduly paid and bring legal proceedings as necessary.

Member States shall impose effective, dissuasive and proportionate penalties on recipients as provided for in sector-specific rules and in national legislation.

Amendment

2. Without prejudice to complementary provisions included in relevant sector-specific regulations, and in order to ensure in shared management that the funds are used in accordance with the applicable rules and principles, as well as in accordance with principle of proportionality, the Member States may take all the legislative, regulatory and administrative or other measures necessary for protecting the Union's financial interests. To this effect they shall in particular:

(a) satisfy themselves that actions financed from the budget are actually carried out and to ensure that they are implemented correctly;

(b) prevent, detect and correct irregularities and fraud;

(c) recover funds wrongly paid or incorrectly used or funds lost as a result of irregularities or errors;

The Commission shall appraise the systems set up in the Member States on application by a Member State or on its own risk assessment or in application of sector specific rules.

Amendment 5

Proposal for a regulation

Article 56 – paragraph 3 – subparagraph 1

Text proposed by the Commission

In accordance with *the* sector-specific rules, Member *States* shall accredit *one or more public sector* bodies *which shall be solely* responsible for the *proper* management and control of *the* funds, *for which accreditation has been granted*. This shall be without prejudice to the possibility for these bodies to carry out tasks not related to the management of Union funds or to entrust certain of their tasks to other bodies.

Amendment

In accordance with *criteria and procedures laid down in* sector-specific rules, *a* Member *State authority* shall accredit bodies responsible for the management and control of *Union* funds. This shall be without prejudice to the possibility for these bodies to carry out tasks not related to the management of Union funds or to entrust certain of their tasks to other bodies.

Justification

Taking on board the changes suggested in the COM non-paper of 12 March 2011.

Amendment 6

Proposal for a regulation

Article 56 – paragraph 3 – subparagraph 2

Text proposed by the Commission

The accreditation shall be given by a Member State authority in accordance with sector-specific rules ensuring that the body is capable of properly managing the funds. The sector-specific rules *may* also define a role of the Commission in the accreditation

Amendment

The accreditation shall be given by a Member State authority in accordance with sector-specific rules ensuring that the body is capable of properly managing the funds. The sector-specific rules *shall* also define a role of the Commission in the accreditation

process.

process.

Justification

Taking on board the changes suggested in the COM non-paper of 12 March 2011.

Amendment 7

Proposal for a regulation

Article 56 – paragraph 3 – subparagraph 3

Text proposed by the Commission

The accrediting authority shall be responsible for *supervising the body and for taking* all necessary measures to remedy any deficiency in *its operation*, including the suspension and withdrawal of the accreditation.

Amendment

The accrediting authority shall be responsible for *monitoring compliance of the accredited bodies with the accreditation criteria, on the basis of available audits and control results. The accrediting authority shall take* all necessary measures to remedy any deficiency in *the implementation of the tasks entrusted to the bodies it has accredited*, including the suspension and withdrawal of the accreditation.

The accredited bodies in the Member States shall:

(a) conduct checks and put in place an effective and efficient internal control system;

(b) provide the Commission by 1 March of the following financial year with:

(i) their annual accounts drawn up for the expenditure made in the execution of the tasks entrusted and presented to the Commission for reimbursement including the sums disbursed to the beneficiaries for which recovery procedures are underway;

(ii) a summary of the results of available audits and checks carried out, including an analysis of systemic or recurrent weaknesses as well as corrective actions taken or planned, and their results;

(iii) a management declaration providing reasonable assurances that:

- *the information contained in the accounts presents a true and fair view;*
- *the expenditure referred to in the accounts has been used for its intended purpose and in accordance with the principle of sound financial management;*
- *the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.*

These documents shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards, on the contents of the management declaration. The audit body shall report if the examination puts in doubt the assertions made in the management declaration. An annex to the opinion shall present the error rate per fund and an analysis of the errors as well as reservations;

(c) ensure, in conformity with Article 31(2), ex post publication of recipients of Union funds; and

(d) ensure protection of personal data which satisfies the principles laid down in Directive 95/46/EC.

If a Member State has accredited more than one body per policy area, it shall by 15 March of the following financial year provide the Commission with a synthesis report consisting of an overview at national level of all management declarations and the corresponding independent audit opinions prepared for the policy area concerned.

The Member States shall bring legal proceedings as necessary and appropriate.

In so far as Member States disclose errors or irregularities that they discover immediately to the Commission and remedy them, they may be exempt from financial corrections concerning such errors and irregularities.

Amendment 8

Proposal for a regulation Article 56 – paragraph 4

Text proposed by the Commission

4. Bodies accredited pursuant to paragraph 3 of this Article shall:

(a) set up and ensure the functioning of an effective and efficient internal control system;

(b) use an annual accounting system providing accurate, complete and reliable information in a timely manner;

(c) be subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the accredited body;

(d) ensure, in conformity with Article 31(2), annual ex post publication of recipients of Union funds;

(f) ensure a protection of personal data which satisfies the principles laid down in Directive 95/46/EC.

Amendment

4. In order to ensure that the funds are used in accordance with the applicable rules, the Commission shall:

(a) monitor the manner in which Member States fulfil their responsibilities, in particular by carrying out audits during the programme implementation;

(b) apply procedures for a timely financial clearance of the accounts of the accredited bodies, establishing whether the accounts are complete, accurate and true;

(c) exclude from Union financing expenditure for which disbursements have been made in breach of Union law.

Sector-specific rules shall govern the conditions under which payments to Member States may be suspended by the Commission or interrupted by the authorising officer by delegation.

The Commission may decide to lift all or part of the interruption or suspension on payments after a Member State has presented its observations. The decision to lift the interruption or suspension shall be annexed to the annual activity report of the competent authorising officer by delegation.

Amendment 9

Proposal for a regulation Article 56 – paragraph 6 a (new)

6a. The Commission may decide to lift all or part of the interruption or suspension of payments after a Member State has presented its observations. The decision to lift the interruption or suspension shall be annexed to the annual activity report of the competent authorising officer by delegation.

PROCEDURE

Title	Financial rules applicable to the annual budget of the Union		
References	COM(2010)0815 – C7-0016/2011 – 2010/0395(COD)		
Committee responsible Date announced in plenary	BUDG 3.2.2011		
Committee(s) asked for opinion(s) Date announced in plenary	REGI 3.2.2011		
Rapporteur(s) Date appointed	Jan Olbrycht 27.1.2011		
Discussed in committee	21.3.2011	26.5.2011	21.6.2011
Date adopted	21.6.2011		
Result of final vote	+: 38 -: 0 0: 2		
Members present for the final vote	François Alfonsi, Luís Paulo Alves, Catherine Bearder, Jean-Paul Basset, Victor Boştinaru, Zuzana Brzobohatá, John Bufton, Alain Cadec, Francesco De Angelis, Tamás Deutsch, Rosa Estaràs Ferragut, Danuta Maria Hübner, María Irigoyen Pérez, Seán Kelly, Mojca Kleva, Constanze Angela Krehl, Petru Constantin Luhan, Elżbieta Katarzyna Łukacijewska, Riikka Manner, Iosif Matula, Erminia Mazzoni, Lambert van Nistelrooij, Franz Obermayr, Jan Olbrycht, Wojciech Michał Olejniczak, Markus Pieper, Monika Smolková, Georgios Stavrakakis, Nuno Teixeira, Michail Tremopoulos, Oldřich Vlasák, Kerstin Westphal, Hermann Winkler, Joachim Zeller		
Substitute(s) present for the final vote	Jens Geier, Ivars Godmanis, James Nicholson, Maurice Ponga, Marie-Thérèse Sanchez-Schmid, Elisabeth Schroedter		