Amendment 274

Anne Sander
on behalf of the EPP Group

Pina Picierno
on behalf of the S&D Group

Krzysztof Jurgiel
on behalf of the ECR Group

Report

Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation

Article 11

Text proposed by the Commission

11 Certification bodies

1. The certification body shall be a public or private audit body designated by the Member State for a minimum three year period, without prejudice to national law. Where it is a private audit body, and where the applicable Union or national law so requires, it shall be selected by the Member State by means of a public tendering procedure.

Amendment

11 Certification bodies

1. The certification body shall be a public or private audit body designated by the Member State for a minimum three year period, without prejudice to national law. Where it is a private audit body, and where the applicable Union or national law so requires, it shall be selected by the Member State by means of a public tendering procedure.

However a Member State that designates more than one certification body shall also appoint a public certification body at the national level to be responsible for coordination.

For the purposes of the first subparagraph of Article 63(7) of the Financial Regulation, the certification body shall provide an opinion, drawn up in accordance with internationally accepted audit standards, which shall establish whether:

For the purposes of the first subparagraph of Article 63(7) of the Financial Regulation, the certification body shall provide an opinion, drawn up in accordance with internationally accepted audit standards, which shall establish whether:
(a) the accounts give a true and fair view;
(b) the Member States' governance systems put in place function properly;
(c) the performance reporting on output indicators for the purposes of the annual performance clearance referred to in Article 52 and the performance reporting on result indicators for the multiannual performance monitoring referred to in Article 115 of Regulation (EU) .../... [CAP Strategic Plan Regulation], demonstrating that Article 35 of this Regulation is complied with, is correct;
(d) the expenditure for the measures laid down in Regulation (EU) No 1308/2013 for which reimbursement has been requested from the Commission is legal and regular.

That opinion shall also state whether the examination calls into question the assertions made in the management declaration referred to in point (c) of Article 8(3).

Where support is provided through a financial instrument which is implemented by the EIB or another international financial institution in which a Member State is a shareholder, the certification body shall rely on the annual audit report drawn up by the external auditors of those institutions.

2. The certification body shall have the necessary technical expertise. It shall be operationally independent from the paying agency and the coordinating body concerned as well as from the authority which has accredited that agency and the bodies responsible for the implementation and the monitoring of the CAP.

That opinion shall also state whether the examination calls into question the assertions made in the management declaration referred to in point (c) of Article 8(3).

Where support is provided through a financial instrument which is implemented by the EIB or another international financial institution in which a Member State is a shareholder, the certification body shall rely on the annual audit report drawn up by the external auditors of those institutions.

2. The certification body shall have the necessary technical expertise, in terms of both financial management and also related to assessing the achievement of the intended aims of the interventions. All data and information used to enable certifying bodies to provide assurance that targets are being met, as well as those underlying the assumptions made, shall
be made available transparently. It shall be operationally independent from the paying agency and the coordinating body concerned as well as from the authority which has accredited that agency and the bodies responsible for the implementation and the monitoring of the CAP.

3. The Commission shall adopt implementing acts laying down rules on the tasks of the certification bodies, including the checks to be carried out and the bodies subject to those checks, and on the certificates and the reports, together with the documents accompanying them, to be drawn up by those bodies.

The implementing acts shall also set out:

(a) the audit principles on which the opinions of the certification bodies are based, including an assessment of the risks, internal controls and the level of audit evidence required;

(b) the audit methods to be used, by the certification bodies, having regard to international standards on auditing, to deliver their opinions. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

3 a. Once Member States’ competent authorities have appointed the certification bodies referred to in this Article and have informed the Commission thereof, the Commission shall present a comprehensive list of all such bodies to the European Parliament, no later than one year after [the date of application of this Regulation] and a second time no later than four years thereafter.
**Amendment 275**
Anne Sander  
on behalf of the EPP Group
Pina Picerno  
on behalf of the S&D Group
Krzysztof Jurgiel  
on behalf of the ECR Group

**Report**
Ulrike Müller  
Common agricultural policy: financing, management and monitoring

**Proposal for a regulation**
**Article 35**

- **Text proposed by the Commission**
  35 Eligibility of expenditure incurred by the paying agencies
  The expenditure referred to in Article 5(2) and Article 6 may be financed by the Union only if:

  (a) it has been effected by accredited paying agencies,
  (b) it has been effected in accordance with the applicable Union rules, or
  (c) as regards types of interventions referred to in Regulation (EU) .../... [CAP Strategic Plan Regulation],(i) it is matched by a corresponding reported output, and
  (ii) it has been effected in accordance with the applicable governance systems, not extending to the eligibility conditions for individual beneficiaries laid down in the national CAP Strategic Plans.

**Amendment**

- 35 Eligibility of expenditure incurred by the paying agencies
  The expenditure for the measures laid down in Regulations (EU) No 1308/2013, (EU) No 228/2013, (EU) No 229/2013 and (EU) 1144/2014 may be financed by the Union only if:

  (a) it has been effected by accredited paying agencies and
  (b) it has been effected in accordance with the applicable Union rules.

Point (c)(i) of the first paragraph shall not apply to advances paid to beneficiaries under types of interventions referred to in Regulation (EU) No .../[CAP Strategic Plan Regulation] may be
Plan Regulation]. financed by the Union only if:
(a) it has been effected by accredited paying agencies;
(b) it has been effected in accordance with the applicable Union requirements and
(c) it has been effected in accordance with the applicable governance systems, including Member States’ obligations with regard to the effective protection of the financial interests of the Union referred to in Article 57 of this Regulation and the reporting system put in place for the purposes of the performance report referred to in Article 121 of Regulation (EU) .../[CAP Strategic Plan Regulation].
Amendment 276
Anne Sander
on behalf of the EPP Group
Pina Piccierno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Article 38

Text proposed by the Commission

38 Suspension of payments in relation to the annual clearance
1.

Where Member States do not submit the documents referred to in Articles 8(3) and 11(1) by the deadlines, as provided for in Article 8(3), the Commission may adopt implementing acts suspending the total amount of the monthly payments referred to in Article 19(3). The Commission shall reimburse the suspended amounts when it receives the missing documents from the Member State concerned, provided that the date of receipt is not later than six months after the deadline.

Amendment

38 Suspension of payments in relation to the annual clearance
1.

Where Member States do not submit the documents and data referred to in Articles 8 and 11(1) within the deadlines, as provided for in Article 8, and, where applicable, in Article 129(1) of Regulation (EU) …/… [CAP Strategic Plan Regulation], the Commission shall adopt implementing acts suspending the total amount of the monthly payments referred to in Article 19(3). The Commission shall reimburse the suspended amounts when it receives the missing documents from the Member State concerned, provided that the date of receipt is not later than six months after the deadline.

As regards the interim payments referred to in Article 30, declarations of expenditure shall be deemed inadmissible in accordance with paragraph 6 of that Article.

2. Where, in the framework of the annual
performance clearance referred to in Article 52, the Commission establishes that the difference between the expenditure declared and the amount corresponding to the relevant reported output is more than 50% and the Member State cannot provide duly justified reasons, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

The suspension shall be applied to the relevant expenditure in respect of the interventions which have been subject to the reduction referred to in Article 52(2) and the amount to be suspended shall not exceed the percentage corresponding to the reduction applied in accordance with Article 52(2). The amounts suspended shall be reimbursed by the Commission to the Member States or permanently reduced by means of the implementing act referred to in Article 52.

The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the rate of suspension of payments.

3. The implementing acts provided for in this Article shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

Before adopting those implementing acts, the Commission shall inform the Member State concerned of its intention and shall give the Member State the opportunity to submit its comments within a period which shall not be less than 30 days.

The implementing acts determining the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30 shall take account of the implementing acts adopted under this paragraph.
Amendment 277
Anne Sander
on behalf of the EPP Group
Pina Picerno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Article 38 a (new)

Text proposed by the Commission

Amendment

Article 38 a

Annual performance monitoring

1. The Commission shall monitor the operations carried out under the interventions referred to in Regulation (EU) …/[CAP Strategic Plan Regulation] and assess the correspondence between the realised output and the realised expenditure reported in the performance report from [two years after the date of application of this Regulation] and then every year thereafter.

2. Where, in the framework of the annual performance monitoring referred to in paragraph 1, the Commission establishes that the difference between the expenditure declared and the amount corresponding to the relevant reported output is more than 35%, the Member State shall submit justifications before the review meeting referred to in Article 122 of that Regulation to the Commission.

Where the Member State concerned cannot provide duly justified reasons for
the difference, the Commission shall request the Member State concerned an assessment of the issues affecting the implementation of the CAP Strategic Plan, in particular as regards potential future deviations from the relevant milestones in the future and foreseeable difficulties in meeting the relevant targets for result indicators in the framework of the multiannual performance review referred to in article 121 of Regulation (EU) …/[CAP Strategic Plan Regulation], and, where relevant, to describe the measures already taken and to be taken.

The Commission may, where necessary, issue an early warning during the review meeting and ask the Member State to devise and implement the additional remedial actions for the following financial year.

3. No later than 15 March … [two years after the date of application of this Regulation] and each subsequent year, the Commission shall transmit to the European Parliament a summary report on the annual performance monitoring carried out the previous calendar year, including early warnings issued.
Amendment 278
Anne Sander
on behalf of the EPP Group
Pina Picerno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Article 39

Text proposed by the Commission

39 Suspension of payments in relation to the multi-annual performance monitoring

1. In case of delayed or insufficient progress towards targets, as set out in the national CAP Strategic Plan and monitored in accordance with Articles 115 and 116 of Regulation (EU) …/…[CAP Strategic Plan Regulation], the Commission may ask the Member State concerned to implement the necessary remedial actions in accordance with an action plan with clear progress indicators, to be established in consultation with the Commission.

Amendment

39 Suspension and reductions of payments in relation to the multi-annual performance review

1. The Commission shall carry out a multiannual performance review as referred in article 121 of Regulation (EU) …/…[CAP Strategic Plan Regulation] based on the information provided in the performance reports from [two years after the date of application of this Regulation] and every two years thereafter.

In the case of delayed or insufficient progress towards milestones for result indicators, and where the reported value of one or more result indicators, as set out in the national CAP Strategic Plan and monitored in accordance with Articles 115 and 116 of Regulation (EU)…/…[CAP Strategic Plan Regulation], reveals a shortfall of more than 25 % for the reporting year concerned, the Member State concerned shall submit justification
The Commission may adopt implementing acts laying down further rules on the elements of action plans and the procedure for setting up the action plans. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

2.

Where the Member States fails to submit or to implement the action plan referred to in paragraph 1 or if that action plan is

for that shortfall before the review meeting referred to in Article 122 of that Regulation.

Where the Member State concerned cannot provide justification for the shortfall, the Commission may request during the review meeting the Member State concerned to devise and establish in consultation with the Commission an action plan and to implement such action plan.

The Member State concerned shall submit to the Commission, within three months following the Commission's request, the action plan referred to in the second subparagraph, including the necessary remedial actions and the expected timeframe for its execution. That action plan shall clearly identify the interventions related to the result indicators for which the shortfall has been identified.

Within a period of 30 days, the Commission shall either notify the Member State concerned in writing that it accepts the action plan or it shall send a request to the Member State concerned for its modifications. The Member State concerned shall comply with the action plan and respect the expected timeframe for its execution as accepted by the Commission.

For the purpose of establishing the actions plans referred to in this paragraph, the Commission shall adopt delegated acts in accordance with Article 100, supplementing this Regulation by laying down further rules on the elements of those action plans, including, in particular, a definition of progress indicators and the procedure for establishing those action plans.

2.

Where the Member State concerned fails to submit or implement the action plan referred to in paragraph 1 or if the
manifestly insufficient to remedy the situation, the Commission may adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

actionplan submitted by that Member State is manifestly insufficient to remedy the situation, the Commission may, after consulting the Member State concerned and granting it an opportunity to respond within a period of 30 days, adopt implementing acts suspending the monthly payments referred to in Article 19(3) or the interim payments referred to in Article 30.

Where the Member State concerned responded and presented its observations and the Commission considered those observations insufficient, the Commission shall, where necessary and at the latest when the implementing act is adopted, provide justification as to why the observations presented were not sufficient. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

The Commission shall take into account the timeframe indicated for the execution of the action plan before any suspension procedure is initiated under this Article. The Commission shall also take into account cases of force majeure and serious crisis, which could have prevented the Member State from proper implementation of its action plan including the achievement of milestones concerned.

The suspension shall be applied in accordance with the principle of proportionality to the relevant expenditure related to the interventions which were to be covered by that action plan. The Commission shall reimburse the suspended amounts when, on the basis of the performance review referred to in Article 121 of Regulation (EU) …/… [CAP Strategic Plan Regulation] satisfactory progress towards targets is achieved. If the situation is not remedied by the closure of the national CAP Strategic Plan, the Commission may adopt an implementing act definitively reducing the amount suspended for the Member State concerned.
The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the rate and duration of suspension of payments and the condition for reimbursing or reducing those amounts with regard to the multi-annual performance monitoring.

3.

The implementing acts provided for in paragraphs 1 and 2 shall be adopted in accordance with the advisory procedure referred to in Article 101(2).

Before adopting those implementing acts, the Commission shall inform the Member
State concerned of its intention and shall ask it to respond within a period which shall not be less than 30 days.
Amendment 279
Anne Sander
on behalf of the EPP Group
Pina Picierno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Article 39 b (new)

Text proposed by the Commission

Amendment

Article 39 b

Redistribution of funds resulting from payment reductions in relation to the multi-annual performance review

1. Funds resulting from reductions according to Article 39(3) shall be placed in a performance reserve and used to reward Member States where performance has been satisfactory in relation to the specific objectives referred to in Article 6(1) of the Regulation (EU) …/[CAP Strategic Plan Regulation] and further specified in their CAP Strategic Plan.

2. Such funds may be attributed to Member States at the end of the CAP Strategic Plans to reward satisfactory performance provided that the Member State concerned has met the condition set out in paragraph 3 of this article.

3. Based on the last multi-annual performance review, funds shall be attributed only to the Member States, which have achieved at least 90% of their target value in relation to the result
indicators applied to the specific objectives set out in Article 6(1) of the CAP SP Regulation and set out in their CAP Strategic Plan.

The Commission shall within two months after the receipt of the last performance report of all Member State referred to in article 121(2) of the Regulation (UE) .../...[CAP Strategic Plan Regulation] adopt an implementing act without applying the Committee procedure referred to in Article 101 to decide for each Member State whether the respective CAP Strategic Plans have achieved the target values referred to in paragraph 3 of this Article.

4. Where the target values referred to in paragraph 3 are achieved, an amount shall be calculated and granted by the Commission to the Member State(s) concerned and considered to be definitely allocated to financial year after the closure of the CAP Strategic plans on the basis of the decision referred to in the same paragraph. When attributing the funds, the Commission may take into consideration cases of force majeure and serious socio-economic crises impeding the achievement of the relevant milestones.

Or. en
Amendment 280
Anne Sander
on behalf of the EPP Group
Pina Picierno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Article 51

Text proposed by the Commission

<table>
<thead>
<tr>
<th>51</th>
<th>Annual financial clearance</th>
</tr>
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<tbody>
<tr>
<td>1.</td>
<td>Prior to 31 May of the year following the budget year in question and on the basis of the information referred to in points (a) and (c) of Article 8(3), the Commission shall adopt implementing acts, containing its decision on the clearance of the accounts of the accredited paying agencies, for the expenditure referred to in Article 5(2) and Article 6. Those implementing acts shall cover the completeness, accuracy and veracity of the annual accounts submitted and shall be without prejudice to the content of the implementing acts subsequently adopted pursuant to Articles 52 and 53. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).</td>
</tr>
</tbody>
</table>

Amendment

<table>
<thead>
<tr>
<th>51</th>
<th>Annual financial clearance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Prior to 31 May of the year following the budget year in question and on the basis of the information referred to in points (a), (b) and (c) of Article 8(3), the Commission shall adopt implementing acts, containing its decision on the clearance of the accounts of the accredited paying agencies, for the expenditure referred to in Article 5(2) and Article 6. Those implementing acts shall cover the completeness, accuracy and veracity of the annual accounts submitted and shall be without prejudice to the content of the implementing acts subsequently adopted pursuant to Article 53. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 101(2).</td>
</tr>
</tbody>
</table>

2. The Commission shall adopt implementing acts laying down rules on the clearance of accounts provided for in paragraph 1 with regard to the measures to be taken in
connection with the adoption of the implementing acts referred to in the second subparagraph of paragraph 1 and their implementation, including the information exchange between the Commission and the Member States and the deadlines to be respected.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).

connection with the adoption of the implementing acts referred to in the second subparagraph of paragraph 1 and their implementation, including the information exchange between the Commission and the Member States and the deadlines to be respected.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).
Amendment 281
Anne Sander
on behalf of the EPP Group
Pina Picerno
on behalf of the S&D Group
Krzysztof Jurgiel
on behalf of the ECR Group

Report
Ulrike Müller
Common agricultural policy: financing, management and monitoring

Proposal for a regulation
Article 53

<table>
<thead>
<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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</thead>
<tbody>
<tr>
<td>53 Conformity procedure</td>
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</tr>
<tr>
<td>1. Where the Commission finds that the expenditure referred to in Article 5(2) and Article 6 has not been effected in conformity with Union law, the Commission shall adopt implementing acts determining the amounts to be excluded from Union financing.</td>
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</tr>
</tbody>
</table>

However, as regards the types of interventions referred to in Regulation (EU) .../... [CAP Strategic Plan Regulation] the exclusions from Union financing as referred to in the first subparagraph shall only apply in the case of serious deficiencies in the functioning of the Member States' governance systems.

The first subparagraph shall not apply to cases of non-compliance with the eligibility conditions for individual beneficiaries laid down in the national CAP Strategic Plans and national rules.

The implementing acts referred to in the first subparagraph shall be adopted in
accordance with the advisory procedure referred to in Article 101(2).

2. The Commission shall assess the amounts to be excluded on the basis of the gravity of the deficiencies found.

3. Before the adoption of the implementing act referred to in paragraph 1, the Commission findings and the Member State's replies shall be notified in writing following which the two parties shall attempt to reach agreement on the action to be taken. Following this, the Member States shall be given the opportunity to demonstrate that the actual extent of the non-compliance is lower than the Commission's assessment.

If agreement is not reached, the Member State may request the opening of a procedure aimed at reconciling, within a period of four months, each party's position. A report on the outcome of the procedure shall be submitted to the Commission. The Commission shall take into account the recommendations in the report before making a decision to refuse financing and shall provide justification where it decides not to follow those recommendations.

4. Financing shall not be refused for:
   (a) expenditure as indicated in Article 5(2) which is effected more than 24 months before the Commission notifies the Member State in writing of its findings;
   (b) expenditure on multiannual interventions falling within the scope of Article 5(2) or within the scope of the rural development interventions as referred to in
Article 6, where the final obligation on the beneficiary occurs more than 24 months before the Commission notifies the Member State in writing of its findings;

c) expenditure on rural development interventions, as referred to in Article 6, other than those referred to in point (b) of this paragraph, for which the payment or, as the case may be, the final payment, by the paying agency, is made more than 24 months before the Commission notifies the Member State in writing of its findings.

5. Paragraph 4 shall not apply in the case of:

(a) aids granted by a Member State for which the Commission has initiated the procedure laid down in Article 108(2) of the Treaty or infringements which the Commission has notified to the Member State concerned by a reasoned opinion in accordance with Article 258 of the Treaty;

(b) infringements by Member States of their obligations under Chapter III of Title IV of this Regulation, provided that the Commission notifies the Member State in writing of its findings within 12 months following receipt of the Member State's report on the results of its checks on the expenditure concerned.

6. The Commission is empowered to adopt delegated acts in accordance with Article 100 supplementing this Regulation with rules on the criteria and methodology for applying financial corrections, including flat-rate corrections referred to in paragraph 2.

7. The Commission shall adopt implementing acts laying down rules on the measures to be taken in connection with the adoption of the implementing act referred to in paragraph 1 and its implementation, including the information exchange between the Commission and the Member States, the deadlines to be respected and the conciliation procedure provided for in
paragraph 3, including the establishment, tasks, composition and working arrangements of the conciliation body.

deadlines to be respected and the conciliation procedure provided for in paragraph 3, including the establishment, tasks, composition and working arrangements of the conciliation body.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 101(3).