



2016/0282(COD)

10.3.2017

*****I**

DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending Regulation (EC) No 2012/2002, Regulations (EU) No 1296/2013, (EU) 1301/2013, (EU) No 1303/2013, EU No 1304/2013, (EU) No 1305/2013, (EU) No 1306/2013, (EU) No 1307/2013, (EU) No 1308/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, (EU) No 652/2014 of the European Parliament and of the Council and Decision No 541/2014/EU of the European Parliament and of the Council (COM(2016)0605 – C8-0372/2016 – 2016/0282(COD))

Committee on Budgets,
Committee on Budgetary Control

Rapporteurs: Ingeborg Gräßle, Richard Ashworth

(Joint committee procedure – Rule 55 of the Rules of Procedure)

Rapporteurs for the opinion (*):
Jérôme Lavrilleux, Committee on Employment and Social Affairs
Jerzy Buzek, Committee on Industry, Research and Energy

Wim van de Camp, Committee on Transport and Tourism
Constanze Krehl, Committee on Regional Development
Paolo De Castro, Committee on Agriculture and Rural Development

(*) Associated committees – Rule 54 of the Rules of Procedure

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▯ symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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(*) Associated committees – Rule 54 of the Rules of Procedure

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending Regulation (EC) No 2012/2002, Regulations (EU) No 1296/2013, (EU) 1301/2013, (EU) No 1303/2013, EU No 1304/2013, (EU) No 1305/2013, (EU) No 1306/2013, (EU) No 1307/2013, (EU) No 1308/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, (EU) No 652/2014 of the European Parliament and of the Council and Decision No 541/2014/EU of the European Parliament and of the Council (COM(2016)0605 – C8-0372/2016 – 2016/0282(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2016)0605),
 - having regard to Article 294(2) and Articles 42, 43(2), 46(d), 149, 153(2)(a), 164, 168(4)(b), 172, 175, 177, 178, 189(2), 209(1), 212(2), 322(2) and 349 of the Treaty on the Functioning of the European Union and to Article 106a of the Treaty establishing the European Atomic Energy Community, pursuant to which the Commission submitted the proposal to Parliament (C8-0372/2016),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Court of Auditors No 1/2017 of 26 January 2017¹,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the joint deliberations of the Committee on Budgets and the Committee on Budgetary Control under Rule 55 of the Rules of Procedure,
 - having regard to the report of the Committee on Budgets and the Committee on Budgetary Control and the opinions of Committee on Employment and Social Affairs, Committee on Industry, Research and Energy, Committee on Transport and Tourism, Committee on Regional Development, Committee on Agriculture and Rural Development, Committee on Foreign Affairs, Committee on Development, Committee on Fisheries, and Committee on Civil Liberties, Justice and Home Affairs (A8-0000/2017),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the

¹ Not yet published in the Official Journal.

national parliaments.

Amendment 1

Proposal for a regulation

Recital 40

Text proposed by the Commission

(40) Once the tasks and responsibilities of each financial actor have been defined, they may be held liable only under the conditions laid down in the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union. ***The specialised financial irregularities panels have been set up in the Union institutions, however due to limited number of cases submitted to them and for reasons of efficiency, it is appropriate to transfer their functions to the newly established inter-institutional panel which has been set up to assess requests and issue recommendations on the imposition on administrative sanctions (exclusion and financial penalty) referred to it by the Commission or other Union institutions and Union bodies. This transfer also aims at avoiding duplication and mitigating the risks of contradictory recommendations or opinions, in cases where both an economic operator and an EU staff member are involved. The procedure should be maintained by which an authorising officer may seek confirmation of an instruction which that officer considers to be irregular or contrary to the principle of sound financial management, and thus be released from any liability. The composition of this panel should be modified when it fulfils this role.***

Amendment

(40) Once the tasks and responsibilities of each financial actor have been defined, they may be held liable only under the conditions laid down in the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union. ***A specific separate interinstitutional panel should be put in place. Since the matter of financial irregularities is linked to the institution's disciplinary powers and therefore intrinsically connected with the institution's administrative autonomy, the interinstitutional character of the panel should be reinforced via its composition.***

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 2

Proposal for a regulation

Recital 164

Text proposed by the Commission

(164) The Commission should be authorised to create and manage Union trust funds for emergency, post-emergency or thematic actions *not only in* external actions *but also in EU-internal actions. Recent events in the European Union show the need for increased flexibility for funding within the EU. As the boundaries between external and internal policies are increasingly blurred, this would also provide a tool for replying to cross-border challenges.* It is necessary to specify the principles applicable to the contributions to **Union** Trust Funds, to clarify the responsibilities of the financial actors and of the Board of the Trust Fund. It is also necessary to define rules ensuring a fair representation of the participating donors in the Board of the Trust Fund and a mandatory positive vote of the Commission for the use of the funds.

Amendment

(164) The Commission should be authorised to create and manage Union trust funds for emergency, post-emergency or thematic actions *for* external actions. It is necessary to specify the principles applicable to the contributions to *those* trust funds, to clarify the responsibilities of the financial actors and of the Board of the Trust Fund. It is also necessary to define rules ensuring a fair representation of the participating donors in the Board of the Trust Fund and a mandatory positive vote of the Commission for the use of the funds.

Or. en

Justification

The rapporteurs do not consider extending the scope of Union trust funds to internal actions appropriate at this time. See further justification in amendments to Art. 227.

Amendment 3

Proposal for a regulation

Recital 252 a (new)

Text proposed by the Commission

Amendment

(252 a) Before proposing a revision of this Regulation, the Commission should carry out an impact assessment, in accordance with the Interinstitutional Agreement of 13 April 2016 on Better Law-Making^{1a}.

^{1a} ***OJ L 123, 12.5.2016, p. 1.***

Or. en

Justification

In accordance with the amendment proposed on Art. 278 a (new), the rapporteurs believe that the significant changes proposed in this mid-term revision of the Financial Regulation were not subject to an impact assessment from the Commission, in contravention of the Interinstitutional Agreement on Better Law-Making. The Rapporteurs therefore consider making an impact assessment compulsory for any future revision of this Regulation.

Amendment 4

Proposal for a regulation

Article 2 – paragraph 1 – point 6

Text proposed by the Commission

Amendment

6. ‘blending operation’ means an action carried out within a blending facility which combines non-repayable forms of support and/or financial instruments from the EU budget and financial instruments from development or other public finance institutions ***as well as from commercial finance institutions and investors.*** Blending operations may include preparatory action leading to potential investments from finance institutions;

6. ‘blending operation’ means an action carried out within a blending facility which combines non-repayable forms of support and/or financial instruments from the EU budget and financial instruments from development or other public finance institutions. Blending operations may include preparatory action leading to potential investments from finance institutions;

Or. en

Justification

As it has been the case under the current Financial Regulation, only banks with a public service mission should be entrusted with the management of EU money. Cf. also Art.

58(1)(c)(vi).

Amendment 5

Proposal for a regulation

Article 2 – paragraph 1 – point 7

Text proposed by the Commission

7. ‘blending facility’ means a facility established as a cooperation framework between the Commission and development or other public finance institutions ***as well as commercial finance institutions and investors*** which aims at achieving certain Union priority objectives and policies in using blending operations and other individual actions;

Amendment

7. ‘blending facility’ means a facility established as a cooperation framework between the Commission and development or other public finance institutions which aims at achieving certain Union priority objectives and policies in using blending operations and other individual actions;

Or. en

Justification

See rapporteurs' AM to par. 6.

Amendment 6

Proposal for a regulation

Article 2 – paragraph 1 – point 21 a (new)

Text proposed by the Commission

Amendment

21 a. 'de-commitment' means the operation by which the authorising officer responsible cancels wholly or partly the reservation of appropriations previously made by means of a budgetary commitment;

Or. en

Justification

Moved from Art. 109(5) for reasons of consistency: all definitions should be in Art. 2.

Amendment 7

Proposal for a regulation

Article 2 – paragraph 1 – point 31 a (new)

Text proposed by the Commission

Amendment

31 a. 'in-kind contributions' means non-financial resources made available free of charge by third parties to a beneficiary;

Or. en

Justification

Reinserted RAP Art. 183(2), which was omitted by the Commission.

Amendment 8

Proposal for a regulation

Article 8 – paragraph 2

Text proposed by the Commission

Amendment

2. No expenditure may be committed or authorised in excess of the authorised appropriations.

2. No expenditure may be committed or authorised in excess of the authorised appropriations, **with the exception of expenditure arising from liability for financial instruments, expenditure from assigned revenue, and buildings expenditure.**

Or. en

Justification

The three-column document provided by the Commission mentions these exceptions. The rapporteurs consider that if these exceptions exist in practice, they should be mentioned explicitly in the Regulation for reasons of transparency.

Amendment 9

Proposal for a regulation

Article 13 – title

Text proposed by the Commission

Amendment

Decommitment of appropriations

Cancellation of appropriations *following a decommitment*

Or. en

Justification

This AM does not change the content, but merely clarifies terminology. In order to render the text as comprehensible as possible, cancellations of appropriations should always be clearly distinguished from de-commitments, the latter denoting the cancellation of reservations of appropriations (= reversal of previous budgetary commitments). This justification also applies to the following rapporteurs' AMs to Art. 13 and 14.

Amendment 10

Proposal for a regulation

Article 13 – paragraph 1

Text proposed by the Commission

Amendment

1. Where **appropriations are decommitted** in any financial year after that in which the **appropriations were committed** as a result of total or partial non-implementation of the actions for which they were earmarked, the appropriations **concerned** shall be cancelled, unless otherwise provided for in **paragraph 3 and** Article 14.

1. Where **budgetary commitments are cancelled in accordance with Article 112** in any financial year after that in which the **commitment was made** as a result of **the** total or partial non-implementation of the actions for which they were earmarked, the appropriations **corresponding to such decommitments** shall **also** be cancelled, unless otherwise provided for in Article 14.

Or. en

Justification

See justification of rapporteurs' AM to title of this Art. The reference to par. 3 is redundant because Art. 14 already mentions Reg. 1303/2013. It is therefore deleted for the sake of clarity.

Amendment 11

Proposal for a regulation

Article 13 – paragraph 2

Text proposed by the Commission

Amendment

2. ***In the case of*** amounts ***which*** have ***to be*** committed ***up to*** 31 March in accordance with Article ***12(2)***, ***where the corresponding appropriations*** are decommitted after ***31 March, they*** shall be cancelled.

2. ***Where*** amounts have ***been*** committed ***by*** 31 March ***of year n+1*** in accordance with Article ***12(2)(a)***, ***but*** are decommitted after ***that deadline, the corresponding appropriations*** shall be cancelled.

Or. en

Justification

See justification of rapporteurs' AM to title of this Art.

Amendment 12

Proposal for a regulation
Article 13 – paragraph 3

Text proposed by the Commission

Amendment

3. ***Appropriations referred to in*** Regulation (EU) No 1303/2013 shall be ***decommitted*** automatically in accordance with that Regulation.

3. ***As regards expenditure operations governed by*** Regulation (EU) No 1303/2013, ***decommitments*** shall be ***made*** automatically in accordance with that Regulation.

Or. en

Justification

See justification of rapporteurs' AM to title of this Art. This paragraph might be better placed in Art. 112 (Time limits for commitments).

Amendment 13

Proposal for a regulation
Article 13 – paragraph 4

Text proposed by the Commission

Amendment

4. ***Appropriations referred to in*** Regulation (EU) No 514/2014 shall be ***decommitted*** automatically in accordance

4. ***As regards expenditure operations governed by*** Regulation (EU) No 514/2014, ***decommitments*** shall be ***made***

with that Regulation.

automatically in accordance with that Regulation.

Or. en

Justification

See justification of rapporteurs' AM to title of this Art. This paragraph might be better placed in Art. 112 (Time limits for commitments).

Amendment 14

**Proposal for a regulation
Article 13 – paragraph 5**

Text proposed by the Commission

Amendment

5. **Paragraphs 1, 2 and 3 of** this Article shall not apply to external assigned revenue referred to in Article 20(2).

5. This Article shall not apply to external assigned revenue referred to in Article 20(2).

Or. en

Justification

Simplification. No change of meaning.

Amendment 15

**Proposal for a regulation
Article 14 – title**

Text proposed by the Commission

Amendment

Making *decommitted* appropriations available again

Making appropriations *corresponding to decommitments* available again

Or. en

Justification

See Art. 13 (title).

Amendment 16

Proposal for a regulation

Article 14 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The *decommitted* appropriations referred to in Regulation (EU) No 1303/2013 and Regulation (EU) No 223/2014³¹ may be made available again in the event of a manifest error attributable solely to the Commission.

³¹ Regulation (EU) N° 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived (OJ L 72, 12.3.2014, p.1)

Amendment

The appropriations *corresponding to decommitments* referred to in Regulation (EU) No 1303/2013 and Regulation (EU) No 223/2014³¹ may be made available again in the event of a manifest error attributable solely to the Commission.

³¹ Regulation (EU) N° 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived (OJ L 72, 12.3.2014, p.1)

Or. en

Justification

See Art. 13 (title).

Amendment 17

Proposal for a regulation

Article 14 – paragraph 2 – introductory part

Text proposed by the Commission

2. The *decommitted* appropriations shall be made available again in the event of:

Amendment

2. The appropriations *corresponding to decommitments* shall be made available again in the event of:

Or. en

Justification

See Art. 13 (title).

Amendment 18

Proposal for a regulation

Article 14 – paragraph 2 – point a

Text proposed by the Commission

(a) the decommitment *of appropriations* from a programme under the arrangements for the implementation of the performance reserve established in Article 20 of Regulation (EU) No 1303/2013;

Amendment

(a) the decommitment from a programme under the arrangements for the implementation of the performance reserve established in Article 20 of Regulation (EU) No 1303/2013;

Or. en

Justification

See Art. 13 (title).

Amendment 19

Proposal for a regulation

Article 14 – paragraph 2 – point b

Text proposed by the Commission

(b) the decommitment *of appropriations* from a programme dedicated to a specific financial instrument in favour of SMEs following the discontinuance of the participation of a Member State in the financial instrument, as referred to in the seventh subparagraph of Article 39(2) of Regulation (EU) No 1303/2013.

Amendment

(b) the decommitment from a programme dedicated to a specific financial instrument in favour of SMEs following the discontinuance of the participation of a Member State in the financial instrument, as referred to in the seventh subparagraph of Article 39(2) of Regulation (EU) No 1303/2013.

Or. en

Justification

See Art. 13 (title).

Amendment 20

Proposal for a regulation

Article 14 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Without prejudice to paragraphs (1) and (2), **decommitted appropriations** made in year n-2 shall be made available again to the European Union Crisis Reserve in the framework of the budgetary procedure for the year n.

Amendment

Without prejudice to paragraphs (1) and (2), **appropriations from year n-2 corresponding to decommitments** made in year n shall be made available again to the European Union Crisis Reserve in the framework of the budgetary procedure for the year n.

Or. en

Justification

See Art. 13 (title).

Amendment 21

Proposal for a regulation

Article 14 – paragraph 4

Text proposed by the Commission

4. The commitment appropriations corresponding to the amount of the **decommitted appropriations** as a result of total or partial non-implementation of the corresponding research projects may also be made available again to the benefit of the research programme the projects belong to or its successor in the context of the annual budgetary procedure.

Amendment

4. The commitment appropriations corresponding to the amount of the **decommitments made** as a result of total or partial non-implementation of the corresponding research projects may also be made available again to the benefit of the research programme the projects belong to or its successor in the context of the annual budgetary procedure.

Or. en

Justification

See Art. 13 (title).

Amendment 22

Proposal for a regulation

Article 15 – paragraph 4 – subparagraph 1

Text proposed by the Commission

If the continuity of action by the Union so require, the Council, acting by qualified majority on a proposal of the Commission, may authorise expenditure in excess of one provisional twelfth but not exceeding the total of four provisional twelfths, ***excluding the one twelfth made automatically available***, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2. It shall forward the decision on authorisation without delay to the European Parliament.

Amendment

If the continuity of action by the Union so require, the Council, acting by qualified majority on a proposal of the Commission, may authorise expenditure in excess of one provisional twelfth but not exceeding the total of four provisional twelfths, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2. It shall forward the decision on authorisation without delay to the European Parliament.

Or. en

Justification

The rapporteurs recommend reverting to the wording of Reg. 966/2012 (allowing for only four provisional twelfths).

Amendment 23

Proposal for a regulation

Article 20 – paragraph 2 – point a

Text proposed by the Commission

(a) financial contributions from Member States, third countries and bodies not set up under the TFEU and the Euratom Treaty to certain actions or programmes financed by the Union as well as to supplementary research and technological development programmes, and managed by the Commission on their behalf;

Amendment

(a) ***specific additional*** financial contributions from Member States, third countries and bodies not set up under the TFEU and the Euratom Treaty to certain actions or programmes financed by the Union as well as to supplementary research and technological development programmes, and managed by the Commission on their behalf;

Or. en

Justification

Clarification to underline that "normal" financial contributions from MS do not constitute external assigned revenue.

Amendment 24

Proposal for a regulation

Article 24 – paragraph 2 – introductory part

Text proposed by the Commission

2. On the basis of specific internal rules Union institutions and bodies may exceptionally accept ***in kind*** corporate sponsoring provided that:

Amendment

2. On the basis of specific internal rules, ***which shall be published on their respective websites***, Union institutions and bodies may exceptionally accept ***in-kind*** corporate sponsoring provided that:

Or. en

Amendment 25

Proposal for a regulation

Article 27 – paragraph 4

Text proposed by the Commission

4. Any institution other than the Commission may, within its own section of the budget, make transfers within articles ***and within each chapter without informing the European Parliament and the Council beforehand. It may also make transfers from one chapter to another of the same title up to a maximum of 10% of the appropriations for the year shown on the line from which the transfer is to be made*** without informing the European Parliament and the Council beforehand.

Amendment

4. Any institution other than the Commission may, within its own section of the budget, make transfers within articles without informing the European Parliament and the Council beforehand.

Or. en

Justification

The Rapporteurs suggest not to dilute further the budgetary authority prerogatives and thus to maintain the provision currently in force (Commission proposed changes reversed).

Amendment 26

Proposal for a regulation

Article 28 – paragraph 1 – subparagraph 1 – point c

Text proposed by the Commission

(c) with regard to operational expenditure, transfer appropriations between chapters within the same title ***or between different titles covered by the same basic act, including the administrative support chapters***, up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made;

Amendment

(c) with regard to operational expenditure, transfer appropriations between chapters within the same title up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made;

Or. en

Justification

Despite the Court of auditors' favourable opinion on this Commission proposed change Rapporteurs consider it would be detrimental to transparency and do not see it as a flexibility issue. The rights of the budgetary authority should not be further diluted.

Amendment 27

Proposal for a regulation

Article 28 – paragraph 1 – subparagraph 2

Text proposed by the Commission

For the purposes of point (c) of the first subparagraph autonomous transfers from the administrative support lines to the corresponding operational lines shall be allowed.

Amendment

deleted

Or. en

(See justification for AM to Article 28 (1) (c))

Amendment 28

Proposal for a regulation

Article 29 – paragraph 2 – subparagraph 1

Text proposed by the Commission

The Commission may submit proposals for transfers of payment appropriations to the funds managed under shared implementation with the exception of the EAGF to the European Parliament and the Council by 10 January of the following financial year. The transfer of the payment appropriations may be made from any item of the budget. ***The six-week period referred to in paragraph 3 shall be reduced to three weeks.***

Amendment

The Commission may submit proposals for transfers of payment appropriations to the funds managed under shared implementation with the exception of the EAGF to the European Parliament and the Council by 10 January of the following financial year. The transfer of the payment appropriations may be made from any item of the budget.

Or. en

Justification

The shortening of the deliberation period proposed by COM is irreconcilable with the EP's and the BUDG Committee's internal procedures.

Amendment 29

Proposal for a regulation

Article 29 – paragraph 7 – point a

Text proposed by the Commission

(a) the transfer represents less than 10% of the appropriations of the line from which the transfer is made ***or*** does not exceed EUR ***5 000 000***;

Amendment

(a) the transfer represents less than 10% of the appropriations of the line from which the transfer is made ***and*** does not exceed EUR ***5 000 000***;

Or. en

Justification

The Commission proposal has the effect of reducing the current Budgetary authority oversight on transfers as it would reduce the scrutiny period available from six to three weeks for some transfers exceeding EUR 5 000 000

Amendment 30

Proposal for a regulation Article 30 – paragraph 3

Text proposed by the Commission

3. Paragraph 1 shall not apply to internal assigned revenue in the event that there are no identified needs allowing such revenue to be used for the purpose for which it is assigned.

Amendment

3. Paragraph 1 shall not apply to internal assigned revenue in the event that there are no identified needs allowing such revenue to be used for the purpose for which it is assigned. ***In such cases, the procedure provided for in Article 29 shall apply.***

Or. en

Justification

The rapporteurs support the additional flexibility as regards internal assigned revenue for which there are no identified needs. However, in these cases the rules for non-autonomous transfers should apply.

Amendment 31

Proposal for a regulation Article 30 – paragraph 5

Text proposed by the Commission

5. ***Transfers from the reserve for the European Globalisation Adjustment Fund shall be deemed approved by the European Parliament and the Council upon the adoption of the decision to mobilise the Fund.***

Amendment

deleted

Or. en

Justification

The budgetary authority oversight should be maintained.

Amendment 32

Proposal for a regulation

Article 31 – paragraph 2 – point c

Text proposed by the Commission

(c) **achievements** shall be reported to the European Parliament and the Council in accordance with point (h) of Article 39(3) and with point (ii) of Article 239(1)(b).

Amendment

(c) **progress in, and problems with, the achievement of those objectives** shall be reported to the European Parliament and the Council in accordance with point (h) of Article 39(3) and with point (ii) of Article 239(1)(b).

Or. en

Amendment 33

Proposal for a regulation

Article 31 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. Objectives referred to in paragraphs 1 and 2 shall be specific, measurable, achievable, relevant and timed. The performance indicators used to monitor their achievement shall be defined down to activity level and shall cover all sectors..

Or. en

Justification

The rapporteurs consider that the 'smart objectives' from the current version of the Financial Regulation are still relevant and should be reinserted in the Commission's proposal.

Amendment 34

Proposal for a regulation

Article 32 – paragraph 3

Text proposed by the Commission

Amendment

3. Retrospective evaluations shall

3. Retrospective evaluations shall

assess the performance of the programme or activity, including aspects such as effectiveness, efficiency, coherence, relevance and EU added value. They shall be undertaken periodically and in sufficient time for the findings to be taken into account in ex-ante evaluations which support the preparation of related programmes and activities.

assess the performance of the programme or activity, including aspects such as effectiveness, efficiency, coherence, relevance and EU added value. ***In so doing, they shall take into account the outcome of the monitoring exercise with performance indicators, as specified in Article 31(2).*** They shall be undertaken periodically and in sufficient time for the findings to be taken into account in ex-ante evaluations which support the preparation of related programmes and activities.

Or. en

Amendment 35

Proposal for a regulation

Article 33 – paragraph 1 – subparagraph 4

Text proposed by the Commission

In the case of multiannual operations, the financial statement shall contain the foreseeable schedule of annual requirements in terms of appropriations and posts, including for external staff, and an evaluation of their medium-term financial impact.

Amendment

In the case of multiannual operations, the financial statement shall contain the foreseeable schedule of annual requirements in terms of appropriations and posts, including for external staff, and an evaluation of their medium-term ***and long-term*** financial impact.

Or. en

Amendment 36

Proposal for a regulation

Article 34 – paragraph 2 – point a (new)

Text proposed by the Commission

Amendment

(a) the attainment of performance objectives, as specified in Article 31(2);

Or. en

Amendment 37

Proposal for a regulation Article 34 – paragraph 3 – point e

Text proposed by the Commission

(e) procedures for monitoring effectiveness and efficiency **and for follow-up of identified internal control weaknesses and exceptions;**

Amendment

(e) procedures for monitoring effectiveness and efficiency;

Or. en

Justification

The follow-up of identified internal control weaknesses is an important aspect and should consequently be dealt with in a separate point - see the following rapporteurs' AM below.

Amendment 38

Proposal for a regulation Article 34 – paragraph 3 – point e a (new)

Text proposed by the Commission

Amendment

(e a) procedures for follow-up of identified internal control weaknesses and exceptions.

Or. en

Justification

See point (e) above.

Amendment 39

Proposal for a regulation Article 39 – paragraph 3 – point h – point iii

Text proposed by the Commission

(iii) updates in achieving programme objectives;

Amendment

(iii) updates in achieving programme objectives **as specified in Article 31;**

Amendment 40

Proposal for a regulation

Article 39 – paragraph 4 – subparagraph 1 – point i

Text proposed by the Commission

(i) the total amount of provisions for risks and liabilities, as well as any information on the financial risk exposure of the Union;

Amendment

(i) the total amount of provisions for risks and liabilities, as well as any information on the financial risk exposure of the Union, ***including any contingent liability***;

Or. en

Amendment 41

Proposal for a regulation

Article 39 – paragraph 4 – subparagraph 1 – point k

Text proposed by the Commission

(k) the performance of the financial instrument, including the investments realised, the target leverage effect ***and*** the achieved leverage effect;

Amendment

(k) the performance of the financial instrument, including the investments realised, the target leverage effect, the achieved leverage effect ***and the amount of private capital attracted so far***;

Or. en

Amendment 42

Proposal for a regulation

Article 39 – paragraph 6

Text proposed by the Commission

6. Where the Commission makes use of Union Trust Funds, it shall attach to the draft budget a working document on the activities supported by ***Union*** Trust Funds,

Amendment

6. Where the Commission makes use of Union trust funds ***for external actions***, it shall attach to the draft budget a working document on the activities supported by ***those*** trust funds, on their implementation,

on their implementation *and performance*.

their performance and their management costs.

Or. en

Justification

See justification for amendments to Art. 227.

Amendment 43

Proposal for a regulation

Article 39 – paragraph 9 – introductory part

Text proposed by the Commission

Amendment

9. The working document referred to in paragraph **6** shall also:

9. The working document referred to in paragraph **8** shall also:

Or. en

Justification

Correction.

Amendment 44

Proposal for a regulation

Article 42 – paragraph 3

Text proposed by the Commission

Amendment

3. The Commission shall, except in duly justified exceptional circumstances submit its draft amending budgets simultaneously to the European Parliament and the Council by **15 October** at the latest of each financial year. It may attach an opinion to the requests for amending budgets from the other institutions.

3. The Commission shall, except in duly justified exceptional circumstances submit its draft amending budgets simultaneously to the European Parliament and the Council by **1 September** at the latest of each financial year. It may attach an opinion to the requests for amending budgets from the other institutions.

Or. en

Justification

Reinserted previous deadline from Art. 41(3) of Reg. 966/2012.

Amendment 45

Proposal for a regulation
Article 48 – paragraph 1

Text proposed by the Commission

The Commission section of the budget may include a "negative reserve" limited to a maximum amount of EUR **400 000 000**. Such a reserve, which shall be entered in a separate title, shall comprise payment appropriations only.

Amendment

The Commission section of the budget may include a "negative reserve" limited to a maximum amount of EUR **200 000 000**. Such a reserve, which shall be entered in a separate title, shall comprise payment appropriations only.

Or. en

Justification

Reinserted previous amount from Art. 47 of Reg. 966/2012, as has been suggested by the ECA (see par. 53 of Opinion No 1/2017).

Amendment 46

Proposal for a regulation
Article 50 – paragraph 1 – point a – point vi

Text proposed by the Commission

(vi) appropriate remarks on each subdivision, as set out in Article 45(1). The budget remarks shall include the references of the basic act, where one exists as well as all appropriate explanations concerning the nature and purpose of the appropriations;

Amendment

(vi) appropriate remarks on each subdivision, as set out in Article 45(1), ***including highlighted additional remarks voted by the European Parliament and the Council***. The budget remarks shall include the references of the basic act, where one exists, as well as all appropriate explanations concerning the nature and purpose of the appropriations;

Or. en

Justification

The AM is intended to prevent situations where the outcome of the budgetary trilogues is not adequately reflected in the remarks in the final budget, as it has been the case in the past.

Amendment 47

Proposal for a regulation

Article 57 – paragraph 1

Text proposed by the Commission

1. *The Commission shall confer on the other institutions **the requisite powers** for the implementation of the sections of the budget relating to them.*

Amendment

1. The other institutions **shall be responsible** for the implementation of the sections of the budget relating to them.

Or. en

Justification

Clarification - there is no actual Commission decision conferring such powers.

Amendment 48

Proposal for a regulation

Article 57 – paragraph 2

Text proposed by the Commission

2. The **Commission** may conclude agreements with **the other Union institutions** in order to facilitate the implementation of appropriations, in particular administrative ones governing the provision of services, supply of products, execution of works or the implementation of building contracts.

Amendment

2. The **Union institutions** may conclude agreements with **each** other in order to facilitate the implementation of appropriations, in particular administrative ones governing the provision of services, supply of products, execution of works or the implementation of building contracts.

Or. en

Amendment 49

Proposal for a regulation

Article 57 – paragraph 3

Text proposed by the Commission

3. Such service-level agreements may also be agreed upon between **departments of the** Union institutions, Union bodies, European offices, bodies or persons entrusted with implementation of specific actions in the CFSP pursuant to Title V of the TEU and the Office of the Secretary General of the Board of Governors of the European schools. Those agreements shall enable the recovery of costs incurred as a result of their implementation.

Amendment

3. Such service-level agreements may also be agreed upon between Union institutions, Union bodies, European offices, bodies or persons entrusted with implementation of specific actions in the CFSP pursuant to Title V of the TEU and the Office of the Secretary General of the Board of Governors of the European schools. Those agreements shall enable the recovery of costs incurred as a result of their implementation. ***The annual activity report referred to in Article 73(9) shall contain information about any such agreement.***

Or. en

Justification

The AM limits the scope of the empowerment and adds a provision on reporting.

Amendment 50

Proposal for a regulation

Article 58 – paragraph 2 – subparagraph 1

Text proposed by the Commission

However, the Commission may delegate its powers of budget implementation concerning the operational appropriations of its own section to the Heads of Union delegations and, in order to ensure business continuity during their absence, to the deputy Heads of Delegations. When Heads of Union delegations act as subdelegated authorising officers of the Commission and their deputies in the absence of the latter, they shall apply the Commission rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other subdelegated authorising officer of the Commission.

Amendment

However, the Commission may delegate its powers of budget implementation concerning the operational appropriations of its own section to the Heads of Union delegations and, in order to ensure business continuity during their absence ***from the country where their Delegation is based,*** to the deputy Heads of Delegations. When Heads of Union delegations act as subdelegated authorising officers of the Commission and their deputies in the absence of the latter, they shall apply the Commission rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other subdelegated authorising

officer of the Commission.

Or. en

Justification

Clarification.

Amendment 51

Proposal for a regulation

Article 58 – paragraph 3 – subparagraph 1

Text proposed by the Commission

The EEAS may exceptionally delegate its powers of budget implementation concerning the administrative appropriations of its own section to Commission staff of the delegation where this is necessary in order to ensure the continuity in the administration of Delegations in the absence of the EEAS competent authorising officer. In the exceptional cases where Commission staff of Union Delegations act as sub-delegated authorising officers of the EEAS, they shall apply the EEAS internal rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other sub-delegated authorising officer of the EEAS.

Amendment

The EEAS may exceptionally delegate its powers of budget implementation concerning the administrative appropriations of its own section to Commission staff of the delegation where this is necessary in order to ensure the continuity in the administration of Delegations in the absence of the EEAS competent authorising officer ***from the country where his/her Delegation is based***. In the exceptional cases where Commission staff of Union Delegations act as sub-delegated authorising officers of the EEAS, they shall apply the EEAS internal rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other sub-delegated authorising officer of the EEAS.

Or. en

Justification

Clarification.

Amendment 52

Proposal for a regulation

Article 61 – paragraph 1 – point c – point iii

Text proposed by the Commission

Amendment

(iii) the European Investment Bank or the European Investment Fund (**'the EIB group'**);

(iii) the European Investment Bank (**'EIB'**) or the European Investment Fund;

Or. en

Justification

Since the composition of the "EIB group" might change in the future, it is better to refer to the EIB and the EIF separately.

Amendment 53

Proposal for a regulation

Article 61 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Amendment

The Commission is responsible for the implementation of the budget in accordance with Article 317 TFEU and shall not delegate implementation of the budget to third parties, where such tasks involve **a large measure of** discretion implying political choices.

The Commission is responsible for the implementation of the budget in accordance with Article 317 TFEU and shall not delegate implementation of the budget to third parties, where such tasks involve **any** discretion implying political choices.

Or. en

Justification

Tasks involving discretion implying political choices should always be carried out by an official or other servant of the Union.

Amendment 54

Proposal for a regulation

Article 62 – paragraph 8 – subparagraph 2

Text proposed by the Commission

Amendment

In order to promote best practices in the implementation of the Structural Funds, the Cohesion Fund, the European Agricultural

In order to promote best practices in the implementation of the Structural Funds, the Cohesion Fund, the European Agricultural

Fund for Rural Development, the EAGF and the European Fisheries Fund, the Commission may, for information purposes, make available a methodological guide setting out its own control strategy and approach, including checklists, and best practice examples to bodies responsible for management and control activities. That guide shall be updated whenever necessary.

Fund for Rural Development, the EAGF and the European **Maritime and** Fisheries Fund, the Commission may, for information purposes, make available a methodological guide setting out its own control strategy and approach, including checklists, and best practice examples to bodies responsible for management and control activities. That guide shall be updated whenever necessary.

Or. en

Justification

Correction.

Amendment 55

Proposal for a regulation Article 62 – paragraph 9

Text proposed by the Commission

9. Resources allocated to Member States under shared implementation may also be used in combination with operations and instruments carried out under Regulation 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013.

Amendment

9. Resources allocated to Member States under shared implementation may also be used in combination with operations and instruments carried out under Regulation 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013. ***In so doing, the applicable maximum co-financing rate shall always be respected.***

Or. en

Amendment 56

Proposal for a regulation Article 63 – paragraph 1

Text proposed by the Commission

1. "European offices" are administrative structures set up by the Commission or by the Commission with one or more institutions to perform specific cross-cutting tasks, provided that that can be justified by a cost-benefit study and an assessment of the associated risks.

Amendment

1. "European offices" are administrative structures set up by the Commission or by the Commission with one or more institutions to perform specific cross-cutting tasks, provided that that can be justified by a cost-benefit study and an assessment of the associated risks **and subject to approval by the European Parliament and the Council.**

Or. en

Amendment 57

**Proposal for a regulation
Article 63 – paragraph 2 – point b**

Text proposed by the Commission

(b) may perform non-obligatory tasks authorised by their Management Committees **having** considered the costs-benefits and associated risks for the parties involved. For the performance of these tasks the office may receive delegation of authorising officer powers, or may conclude ad hoc service-level agreements with the Union institutions, Union bodies, other European offices or third parties.

Amendment

(b) may perform non-obligatory tasks authorised by **the European Parliament and the Council after** their Management Committees **have** considered the costs-benefits and associated risks for the parties involved. For the performance of these tasks the office may receive delegation of authorising officer powers, or may conclude ad hoc service-level agreements with the Union institutions, Union bodies, other European offices or third parties.

Or. en

Amendment 58

**Proposal for a regulation
Article 69 – paragraph 2**

Text proposed by the Commission

2. The framework financial regulation shall be based on the principles and rules

Amendment

2. The framework financial regulation shall be based on the principles and rules

set out in this Regulation.

set out in this Regulation, ***taking into account the specificities of the bodies referred to in paragraph 1.***

Or. en

Amendment 59

Proposal for a regulation Article 69 – paragraph 6

Text proposed by the Commission

6. An independent external auditor shall verify that the annual accounts of each of the bodies referred to in paragraph 1 of this Article properly present the income, expenditure and financial position of the relevant body prior to the consolidation in the Commission's final accounts. Unless otherwise provided in the basic act referred to in paragraph 1 of this Article, the Court of Auditors shall ***prepare*** a Specific ***Annual Report on*** each body in line with the requirements of Article 287(1) TFEU. In preparing this report, the Court shall consider the audit work performed by the independent external auditor and the action taken in response to the auditor's findings.

Amendment

6. An independent external auditor shall verify that the annual accounts of each of the bodies referred to in paragraph 1 of this Article properly present the income, expenditure and financial position of the relevant body prior to the consolidation in the Commission's final accounts. ***The independent external auditor may also verify that all income has been received and all expenditure incurred in a lawful and regular manner.*** Unless otherwise provided in the basic act referred to in paragraph 1 of this Article, the Court of Auditors shall ***report annually on the audit results and issue a specific declaration of assurance for*** each body ***falling within the scope of this Article*** in line with the requirements of Article 287(1) TFEU ***in a single consolidated audit report.*** In preparing this report, the Court shall consider the audit work performed by the independent external auditor and the action taken in response to the auditor's findings.

Or. en

Justification

See justification to rapporteur's amendment on par. 6 a (new).

Amendment 60

Proposal for a regulation

Article 69 – paragraph 6 a (new)

Text proposed by the Commission

Amendment

6 a. All aspects of the independent external audits, including the auditor's reported findings, shall remain under the full responsibility of the Court of Auditors.

Or. en

Justification

The proposed amendments to par. 6 of Art. 69 would replace the specific annual reports produced by the ECA on each of the bodies set up under the TFEU and Euratom Treaty, with a single consolidated audit report which would include a specific declaration of assurance for each body. The ECA assessment on the legality and regularity of expenditure may be prepared by the independent external auditor referred to in par. 6, under the guidance of the Court where necessary.

Amendment 61

Proposal for a regulation

Article 70 – paragraph 5

Text proposed by the Commission

Amendment

Paragraphs 2, 3 **and** 4 of Article 69 shall apply to public-private partnership bodies.

Paragraphs 2 **to** 6 of Article 69 shall apply to public-private partnership bodies.

Or. en

Justification

The same rules applying to bodies set up under the TFEU and Euratom Treaty in Art. 69 should also apply to public-private partnerships.

Amendment 62

Proposal for a regulation

Article 73 – paragraph 1

Text proposed by the Commission

1. The authorising officer shall be responsible in each institution for implementing revenue and expenditure in accordance with the principle of sound financial management and for ensuring compliance with the requirements of legality and regularity and equal treatment of recipients of a programme.

Amendment

1. The authorising officer shall be responsible in each institution for implementing revenue and expenditure in accordance with the principle of sound financial management, ***for ensuring the reliability, completeness and correctness of the reported information on performance***, and for ensuring compliance with the requirements of legality and regularity and equal treatment of recipients of a programme.

Or. en

Justification

The rapporteurs consider that Art. 73 of the Commission proposal does not sufficiently take into account performance, and should therefore extend the responsibility of the accounting officer to cover the reliability, completeness and correctness of the information on performance given to him or her. Moreover, the text proposed in Art. 73(5) could be understood as allowing more limited performance reporting than is currently foreseen.

Amendment 63

Proposal for a regulation

Article 73 – paragraph 5 – subparagraph 1

Text proposed by the Commission

Each operation shall be subject at least to an ex ante control relating to the operational and financial aspects of the operation, ***on the basis of a multiannual control strategy which takes risk into account. The purpose of the ex ante controls is to prevent errors and irregularities before the authorisation of operations.***

Amendment

Each operation shall be subject at least to an ex ante control relating to the operational and financial aspects of the operation, ***in order to prevent errors and irregularities before the authorisation of operations and to ensure the attainment of the objectives of the operation.***

Or. en

Amendment 64

Proposal for a regulation

Article 73 – paragraph 5 – subparagraph 2

Text proposed by the Commission

The extent in terms of frequency and intensity of the ex ante controls shall be determined by the authorising officer responsible taking into account the results of prior controls as well as risk-based **and cost-effectiveness** considerations. ***In case of doubt***, the authorising officer responsible for validating the relevant operations shall request complementary information or perform an on-the-spot control in order to obtain reasonable assurance as part of the ex ante control.

Amendment

The extent in terms of frequency and intensity of the ex ante controls shall be determined by the authorising officer responsible taking into account the results of prior controls as well as risk-based, ***cost-effectiveness and performance*** considerations. ***On the basis of his/her own risk analysis***, the authorising officer responsible for validating the relevant operations shall request complementary information or perform an on-the-spot control in order to obtain reasonable assurance as part of the ex ante control.

Or. en

Amendment 65

Proposal for a regulation

Article 73 – paragraph 6 – subparagraph 1

Text proposed by the Commission

The authorising officer by delegation may put in place ex post controls to detect and correct errors and irregularities ***or*** operations after they have been authorised. Such controls may be organised on a sample basis according to risk and shall take account of the results of prior controls **and** cost-effectiveness considerations.

Amendment

The authorising officer by delegation may put in place ex post controls to detect and correct errors and irregularities ***of*** operations after they have been authorised. Such controls may be organised on a sample basis according to risk and shall take account of the results of prior controls ***as well as*** cost-effectiveness ***and performance*** considerations.

Or. en

Amendment 66

Proposal for a regulation

Article 73 – paragraph 8 – subparagraph 1

Text proposed by the Commission

If a member of staff, involved in the financial management and control of transactions, considers that a decision he or she is required by his or her superior to apply or to agree to is irregular or contrary to the principle of sound financial management or the professional rules which that member of staff is required to observe, he or she shall inform his or her hierarchical superior accordingly. If the member of staff does so in writing, the hierarchical superior shall reply in writing. If the hierarchical superior fails to take action or confirms the initial decision or instruction and the member of staff believes that such confirmation does not constitute a reasonable response to his or her concern, the member of staff shall inform the authorising officer by delegation in writing. If that officer does not reply within a reasonable time given the circumstances of the case and, in any event, within a month at most, the member of staff shall inform the relevant panel referred to in Article **139**.

Amendment

If a member of staff, involved in the financial management and control of transactions, considers that a decision he or she is required by his or her superior to apply or to agree to is irregular or contrary to the principle of sound financial management or the professional rules which that member of staff is required to observe, he or she shall inform his or her hierarchical superior accordingly. If the member of staff does so in writing, the hierarchical superior shall reply in writing. If the hierarchical superior fails to take action or confirms the initial decision or instruction and the member of staff believes that such confirmation does not constitute a reasonable response to his or her concern, the member of staff shall inform the authorising officer by delegation in writing. If that officer does not reply within a reasonable time given the circumstances of the case and, in any event, within a month at most, the member of staff shall inform the relevant panel referred to in Article **90**.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 67

Proposal for a regulation

Article 73 – paragraph 9 – subparagraph 1 – point a

Text proposed by the Commission

(a) the information contained in the report presents a true and fair view;

Amendment

(a) the information contained in the report presents a true and fair view, **and in particular the information on performance is reliable, complete and correct**;

Justification

See justification for the amendment to par. 1 of this article.

Amendment 68**Proposal for a regulation****Article 73 – paragraph 9 – subparagraph 2***Text proposed by the Commission*

The annual activity report shall include information on the operations carried out, by reference to the objectives set in the strategic plans, the risks associated with those operations, the use made of the resources provided and the efficiency and effectiveness of internal control systems. This includes an overall assessment of the costs and benefits of controls and information on the extent to which the operational expenditure authorised contributes to the achievement of EU strategic objectives and generates EU added value. The Commission shall prepare a summary of the annual activity reports for the preceding year.

Amendment

The annual activity report shall include information on the operations carried out, by reference to the objectives set in the strategic plans ***and information on the overall performance of those operations***, the risks associated with those operations, the use made of the resources provided and the efficiency and effectiveness of internal control systems. This includes an overall assessment of the costs and benefits of controls and information on the extent to which the operational expenditure authorised contributes to the achievement of EU strategic objectives and generates EU added value. The Commission shall prepare a summary of the annual activity reports for the preceding year.

Or. en

Justification

See justification for the amendment to par. 1 of this article.

Amendment 69**Proposal for a regulation****Article 73 – paragraph 9 – subparagraph 2 a (new)***Text proposed by the Commission**Amendment*

The annual activity reports of the authorising officers and, where

applicable, authorising officers by delegation of the institutions, offices, bodies and agencies shall be published on the website of the respective institution, office, body or agency in an easily accessible way no later than 1 July each year for the preceding year, subject to duly justified confidentiality and security considerations.

Or. en

Justification

Reinserted fourth subparagraph from Art. 66(9) of Reg. 966/2012, which was deleted by the Commission.

Amendment 70

**Proposal for a regulation
Article 75 – paragraph 2**

Text proposed by the Commission

2. If Heads of Union delegations find themselves in a situation as referred to in Article 73(8), they shall refer the matter to the panel referred to in Article **139**. In the event of any illegal activity, fraud or corruption which may harm the interests of the Union, they shall inform the authorities and bodies designated by the applicable legislation.

Amendment

2. If Heads of Union delegations find themselves in a situation as referred to in Article 73(8), they shall refer the matter to the panel referred to in Article **90**. In the event of any illegal activity, fraud or corruption which may harm the interests of the Union, they shall inform the authorities and bodies designated by the applicable legislation.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 71

**Proposal for a regulation
Article 79 – paragraph 2**

Text proposed by the Commission

2. The accounting officer may diverge from those standards if he or she considers this necessary in order to give a ***fair presentation*** of the assets and liabilities, charges, income and cash flow. Where an accounting rule diverges materially from those standards, the notes to the financial statements shall disclose this fact and the reasons for it.

Amendment

2. The accounting officer may diverge from those standards if he or she considers this necessary in order to give a ***true and fair view*** of the assets and liabilities, charges, income and cash flow. Where an accounting rule diverges materially from those standards, the notes to the financial statements shall disclose this fact and the reasons for it.

Or. en

Justification

"True and fair view" is the commonly accepted terminology.

Amendment 72

**Proposal for a regulation
Article 80 – paragraph 2**

Text proposed by the Commission

2. The accounting officers shall obtain from authorising officers all the information necessary for the production of accounts which give a ***fair presentation*** of the institutions' financial situation and of budgetary implementation. The authorising officers shall guarantee the reliability of that information.

Amendment

2. The accounting officers shall obtain from authorising officers all the information necessary for the production of accounts which give a ***true and fair view*** of the institutions' financial situation and of budgetary implementation. The authorising officers shall guarantee the reliability of that information.

Or. en

Justification

"True and fair view" is the commonly accepted terminology.

Amendment 73

**Proposal for a regulation
Article 80 – paragraph 3 – subparagraph 1**

Text proposed by the Commission

Amendment

Before the adoption of the accounts by the institution, or body referred to in Article 69, the accounting officer shall sign them off, thereby certifying that he or she has reasonable assurance that the accounts give a **fair presentation** of the financial situation of the institution or body referred to in Article 69.

Before the adoption of the accounts by the institution, or body referred to in Article 69, the accounting officer shall sign them off, thereby certifying that he or she has reasonable assurance that the accounts give a **true and fair view** of the financial situation of the institution or body referred to in Article 69.

Or. en

Justification

"True and fair view" is the commonly accepted terminology.

Amendment 74

Proposal for a regulation

Article 80 – paragraph 10 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

Each institution shall decide in which department the supporting documents are to be kept.

Or. en

Justification

Reinserted last paragraph from RAP Art. 64. Sentence was omitted by the Commission.

Amendment 75

Proposal for a regulation

Article 83 – paragraph 4 – subparagraph 1

Text proposed by the Commission

Amendment

The accounting officer may only make payments if the payee's legal entity and payment details have first been entered in a common file by institution for which

deleted

he/she is responsible.

Or. en

Justification

For logical reasons the first subparagraph should be moved after the second: the payment is made after the commitment has been entered into.

Amendment 76

Proposal for a regulation

Article 83 – paragraph 4 – subparagraph 2

Text proposed by the Commission

Before entering into a commitment towards a third party, the authorising officer shall establish the legal entity and payment details of payees and enter them in the common file by institution for which the accounting officer is responsible in order to ensure transparency, accountability and proper payment implementation.

Amendment

Before entering into a commitment towards a third party, the authorising officer shall ***confirm the payee's identity***, establish the legal entity and payment details of payees and enter them in the common file by institution for which the accounting officer is responsible in order to ensure transparency, accountability and proper payment implementation.

Or. en

Justification

Reinserted from RAP Art. 63.

Amendment 77

Proposal for a regulation

Article 83 – paragraph 4 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

The accounting officer may only make payments if the payee's legal entity and payment details have first been entered in a common file by the institution for which he/she is responsible.

Justification

For logical reasons the first subparagraph has been moved after the second: the payment is made after the commitment has been entered into.

Amendment 78

Proposal for a regulation
Article 86 – paragraph 2

Text proposed by the Commission

2. Bank accounts for the imprest shall be opened by the accounting officer, who shall also authorise delegated signatures on them on the basis of a justified proposal from the authorising officer.

Amendment

2. Bank accounts for the imprest shall be opened **and monitored** by the accounting officer, who shall also authorise delegated signatures on them on the basis of a justified proposal from the authorising officer.

Or. en

Justification

Reinserted provision from RAP Art. 69(1).

Amendment 79

Proposal for a regulation
Article 90 – paragraph 1 – introductory part

Text proposed by the Commission

1. Without prejudice to the powers of the European Anti-Fraud Office, any infringement of a provision of the Financial Regulation or of a provision relating to financial management or the checking of operations resulting from an act or omission of a member of staff shall be referred to **the panel referred to in Article 139 of this Regulation** for an opinion by any of the following:

Amendment

1. Without prejudice to the powers of the European Anti-Fraud Office, any infringement of a provision of the Financial Regulation or of a provision relating to financial management or the checking of operations resulting from an act or omission of a member of staff shall be referred to **a joint specialised financial irregularities panel** for an opinion by any of the following:

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 80

Proposal for a regulation

Article 90 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

If the information is brought to the panel's attention by a whistle-blower, the information shall be handled by the panel in accordance with the rules of procedure for providing information in the event of serious irregularities ("whistleblowing") in force at the Commission and/or at the institution, body or office to which the whistle-blower belongs.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 81

Proposal for a regulation

Article 90 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1 a. The panel referred to in paragraph 1 shall be composed of:

(a) a standing high-level independent Chair appointed by the Commission;

(b) a representative from six different Union institutions, European offices or Union bodies referred to in Article 69.

The composition of the panel shall ensure the appropriate legal and technical expertise. The appointment of the members of the panel shall take into account the need for avoiding any conflict of interests. The panel shall be assisted by

a permanent secretariat, provided by the Commission, which shall ensure the continuous administration of the panel.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 82

Proposal for a regulation Article 90 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1 b. The term of office of the members of the panel referred to in paragraph 1a(b) shall be three years and shall be renewable.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 83

Proposal for a regulation Article 90 – paragraph 1 c (new)

Text proposed by the Commission

Amendment

1 c. The Chair of the panel shall be chosen from among former members of the Court of Auditors, the Court of Justice of the European Union or former officials who have had at least the rank of Director-General in a Union institution other than the Commission. The Chair shall be selected on the basis of his or her personal and professional qualities, extensive experience in legal and financial matters and proven competence,

independence and integrity. His or her term of office shall be five years and shall not be renewable. The Chair shall be appointed as special adviser within the meaning of Article 5 of the Conditions of Employment of Other Servants of the European Union. The Chair shall preside at all sessions of the panel and shall be independent in the performance of his or her duties. The Chair shall not have a conflict of interests between his or her duties as Chair and any other official duties.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 84

**Proposal for a regulation
Article 90 – paragraph 1 d (new)**

Text proposed by the Commission

Amendment

1 d. The rules of procedure of the panel shall be adopted by the Commission.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 85

**Proposal for a regulation
Article 90 – paragraph 2**

Text proposed by the Commission

Amendment

2. In the cases referred in paragraph 1, the panel referred to in Article 139 of

2. The panel shall be competent to determine whether a financial irregularity

this Regulation shall be competent to determine whether a financial irregularity has occurred. ***On the basis of the opinion of the panel referred to in Article 139 for cases referred to in paragraph 1, the institution concerned shall decide whether to initiate proceedings for disciplinary action or payment of compensation. If the panel detects systemic problems, it shall make a recommendation to the authorising officer and to the authorising officer by delegation, unless the latter is the member of staff involved, as well as to the internal auditor.***

has occurred.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 86

Proposal for a regulation Article 90 – paragraph 4

Text proposed by the Commission

Amendment

4. Where the panel gives the opinion referred to in paragraph 1, it shall have the composition laid down in Article 139(2) and two additional members:

deleted

***(a) a representative of the appointing authority in charge of disciplinary matters of the institution or body concerned, and
(b) another member appointed by the staff committee of the institution or body concerned. The appointment of those additional members shall take into account the need for avoiding any conflict of interests.***

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 87

**Proposal for a regulation
Article 90 – paragraph 5**

Text proposed by the Commission

5. ***Where the panel gives the opinion referred to in Article paragraph 1, it shall be addressed to the disciplinary Board established by each institution or body in accordance to its internal rules.***

Amendment

5. ***The panel's opinion shall be addressed to the appointing authority in charge of disciplinary matters of the institution, office or body concerned.***

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 88

**Proposal for a regulation
Article 90 – paragraph 5 a (new)**

Text proposed by the Commission

Amendment

5 a. On the basis of the panel's opinion, the institution concerned shall decide whether to initiate proceedings for disciplinary action or payment of compensation. If the panel detects systemic problems, it shall make a recommendation to the authorising officer and to the authorising officer by delegation, unless the latter is the member of staff involved, as well as to the internal auditor.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 89

Proposal for a regulation

Article 90 – paragraph 5 b (new)

Text proposed by the Commission

Amendment

5 b. If, on examining a case, the panel deems that the matter comes under the remit of OLAF, it shall immediately forward the case to the Director of OLAF and inform the appointing authority of the institution, office or body concerned accordingly. As from the day of transmittal, the case is withdrawn from the panel's consideration.

Or. en

Justification

The Commission's proposal to merge the panel dedicated to the early detection and exclusion system with the panel dealing with financial irregularities is not justified given the differing objectives of the panels. A specific joint panel should be put in place with a reinforced interinstitutional character. Furthermore, the text proposed by the Commission is not compliant with the provisions on disciplinary proceedings laid down in Annex IX of the Staff Regulations. No disciplinary proceedings can be launched without either an OLAF report or an administrative inquiry having taken place.

Amendment 90

Proposal for a regulation

Article 91 – paragraph 1

Text proposed by the Commission

Amendment

1. An authorising officer by delegation or subdelegation who receives a binding instruction which he considers to be irregular or contrary to the principle of sound financial management, in particular because the instruction cannot be carried out with the resources allocated to him,

1. An authorising officer by delegation or subdelegation who receives a binding instruction which he considers to be irregular or contrary to the principle of sound financial management, in particular because the instruction cannot be carried out with the resources allocated to him,

shall, in writing, so inform the authority from which he received the delegation or subdelegation. If the instruction is confirmed in writing and that confirmation is received in good time and is sufficiently clear, in that it refers explicitly to the points which the authorising officer by delegation or subdelegation has challenged, the authorising officer by delegation or subdelegation may not be held liable. He shall carry out the instruction, unless it is manifestly illegal or constitutes a breach of the relevant safety standards.

shall, in writing, so inform the authority from which he received the delegation or subdelegation. If the instruction is confirmed in writing and that confirmation is received in good time and is sufficiently clear, in that it refers explicitly to the points which the authorising officer by delegation or subdelegation has challenged, the authorising officer by delegation or subdelegation may not be held liable. He shall carry out the instruction, unless it is manifestly illegal or constitutes a breach of the relevant safety standards. ***The authorising officer by delegation shall report on each such case under the heading "Confirmation of instructions pursuant to Article 91 of the Financial Regulation" in the annual activity report referred to in Article 73(9).***

Or. en

Amendment 91

Proposal for a regulation

Article 108 – paragraph 2 – subparagraph 2 – point c

Text proposed by the Commission

(c) for contributions to trust funds referred to in Article 227 the appropriations reserved for the trust fund for the year together with the amounts planned over its duration;

Amendment

(c) for contributions to trust funds referred to in Article 227 the appropriations reserved for the trust fund for the year together with the amounts planned over its duration, ***as well as the share of funding from sources other than the Union budget,***

Or. en

Amendment 92

Proposal for a regulation

Article 108 – paragraph 2 – subparagraph 2 – point e

Text proposed by the Commission

Amendment

(e) for financial instruments: the amount allocated to the financial instrument;

(e) for financial instruments: the amount allocated to the financial instrument ***and the targeted share of private capital to be attracted;***

Or. en

Amendment 93

Proposal for a regulation

Article 108 – paragraph 2 – subparagraph 2 – point g

Text proposed by the Commission

Amendment

(g) for contributions to blending facilities: the amount allocated to the blending facility ***and*** the list of entities participating in the blending facility;

(g) for contributions to blending facilities: the amount allocated to the blending facility, the list of entities participating in the blending facility ***and their respective financial contribution;***

Or. en

Amendment 94

Proposal for a regulation

Article 109 – paragraph 3 – subparagraph 1 – point c

Text proposed by the Commission

Amendment

(c) verify the conditions according to which payment is due.

(c) verify the conditions according to which payment is due. ***Cost estimates cannot imply the fulfilment of such conditions.***

Or. en

Amendment 95

Proposal for a regulation

Article 109 – paragraph 5

Text proposed by the Commission

Amendment

5. The de-commitment is the operation whereby the responsible authorising officer cancels wholly or partly the reservation of appropriations previously made with a budgetary commitment. *deleted*

Or. en

Justification

For reasons of consistency, this paragraph is moved to Art. 2 (definitions).

Amendment 96

Proposal for a regulation

Article 111 – paragraph 4 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

The commitments referred to in the first subparagraph shall be deducted from the global provisional commitment referred to paragraph 2.

Or. en

Justification

Technical correction (moved from paragraph 5).

Amendment 97

Proposal for a regulation

Article 111 – paragraph 5

Text proposed by the Commission

Amendment

5. The commitments referred to in the first sub-subparagraph shall be deducted from the global provisional commitment referred to paragraph 1. *deleted*

Justification

Technical correction (moved to paragraph 4).

Amendment 98

**Proposal for a regulation
Article 112 – paragraph 4**

Text proposed by the Commission

4. Any parts of budgetary commitments which have not been executed by payments six months after the final date for implementation shall be decommitted ***in accordance with Article 13.***

Amendment

4. Any parts of budgetary commitments which have not been executed by payments six months after the final date for implementation shall be decommitted.

Or. en

Justification

The reference makes no sense because Art. 13 deals with the cancellation of appropriations following a decommitment, and not the decommitment procedure as such.

Amendment 99

**Proposal for a regulation
Article 113 – paragraph 5 – subparagraph 3 a (new)**

Text proposed by the Commission

Amendment

For grants under direct implementation of more than EUR 5 000 000 financing external actions, no more than two pre-financing payments shall remain uncleared throughout the duration of the action.

Or. en

Justification

Reinserted second subparagraph from Art. 184(4) of Reg. 966/2012, which was omitted by the Commission.

Amendment 100

Proposal for a regulation

Article 116 – paragraph 4 – subparagraph 2

Text proposed by the Commission

That annual report shall also mention any systemic problems detected by the panel set up pursuant to Article **139** *where it gives the opinion referred to under Article 90.*

Amendment

That annual report shall also mention any systemic problems detected by the panel set up pursuant to Article 90.

Or. en

Justification

See rapporteur's amendment to Art. 90 par. 5 b (new).

Amendment 101

Proposal for a regulation

Article 116 – paragraph 5

Text proposed by the Commission

5. The internal auditor shall, during the elaboration of his report, particularly focus on the overall compliance with the **principle** of sound financial management and shall ensure that appropriate measures have been taken in order to steadily improve and enhance **its** application.

Amendment

5. The internal auditor shall, during the elaboration of his report, particularly focus on the overall compliance with the **principles** of sound financial management **and performance**, and shall ensure that appropriate measures have been taken in order to steadily improve and enhance **their** application.

Or. en

Amendment 102

Proposal for a regulation Article 116 – paragraph 8

Text proposed by the Commission

8. Each year the institution shall draft a report containing a summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations and forward it to the European Parliament and the Council as provided for in Article 239.

Amendment

8. Each year the institution shall draft a report containing a **meaningful** summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations and forward it to the European Parliament and the Council as provided for in Article 239.

Or. en

Amendment 103

Proposal for a regulation Article 120 a (new)

Text proposed by the Commission

Amendment

Article 120 a

Internal audit committees

- 1. Each institution shall establish an internal audit committee tasked with monitoring the quality of the internal audit work and ensuring that audit recommendations are properly taken into account and followed up by its services.**
- 2. The majority of the internal audit committee's membership shall be independent of the institution.**
- 3. The activities of the internal audit committees should in particular:**
 - (a) help to improve the adequacy and effectiveness of risk management and internal control;**
 - (b) promote the principles of good governance and their application to decision-making;**

- (c) support the quality of the internal audits;*
 - (d) raise awareness of the need for robust risk management and internal control;*
 - (e) ensure the recommendations of internal and external audits are implemented; and*
 - (f) assist in embedding the values of ethical governance, including effective arrangements for countering fraud and corruption.*
- 4. The annual report of the internal auditor referred to in Article 116(4) shall contain appropriate information about the mandate, operations, activities, and outcomes of the internal audit committee.*

Or. en

Justification

In accordance with the ECA (see par. 14-15 of Opinion No 1/2017), international best practice in the area of public sector governing bodies requires the establishment of an internal audit committee, which is composed of a majority of independent members whose remit covers financial reporting, irregularities and risk management.

Amendment 104

Proposal for a regulation

Article 121 – paragraph 1 – subparagraph 1 – point -a (new)

Text proposed by the Commission

Amendment

- (-a) financing not linked to costs of the relevant operations based on:*
 - (i) either the fulfilment of conditions set out in sector specific legislation or Commission Decisions, or*
 - (ii) the achievement of results measured by reference to the previously set milestones or through performance indicators;*

Justification

In order to embed a 'performance culture' within this Regulation, the rapporteurs suggest that the forms of Union contribution should first look to the achievement of results before considering other criteria.

Amendment 105**Proposal for a regulation****Article 121 – paragraph 1 – subparagraph 1 – point e**

Text proposed by the Commission

Amendment

(e) financing not linked to costs of the relevant operations based on: ***deleted***

i) either the fulfilment of conditions set out in sector specific legislation or Commission Decisions or

ii) the achievement of results measured by reference to the previously set milestones or through performance indicators;

Justification

Moved to par. (-a).

Amendment 106**Proposal for a regulation****Article 121 – paragraph 1 – subparagraph 2 a (new)**

Text proposed by the Commission

Amendment

The authorising officer by delegation shall report on Union contributions established pursuant to paragraph 1 points (e) and (f) of this Article under the heading "Union contributions pursuant to Article 121(1)(e) and (f) of the Financial Regulation" in the annual

activity report referred to in Article 73(9).

Or. en

Justification

This provision will strengthen the budgetary authority's oversight of these novel types of funding.

Amendment 107

**Proposal for a regulation
Article 122**

Text proposed by the Commission

Amendment

Article 122

deleted

Cross-reliance on assessment

The Commission may rely in full or in part on assessments made by itself or other entities, including donors, insofar as these assessments were made with regard to conditions equivalent to those set out in this Regulation for the applicable method of budget implementation. To this end, the Commission shall promote the recognition of internationally accepted standards or international best practices.

Or. en

Justification

This new provision goes against the principle of sound financial management and should therefore be deleted.

Amendment 108

**Proposal for a regulation
Article 123 – paragraph 1**

Text proposed by the Commission

Amendment

Where an audit based on internationally accepted standards providing reasonable

Where an audit based on internationally accepted standards providing reasonable

assurance has been conducted by an independent auditor on the financial statements and reports setting out the use of the Union contribution, that audit **shall** form the basis of the overall assurance, as further specified, where appropriate, in sector specific rules.

assurance has been conducted by an independent auditor on the financial statements and reports setting out the use of the Union contribution, **and where that Union contribution accounts for less than 50 % of the total funding available**, that audit **may, subject to a decision of the authorising officer responsible**, form the basis of the overall assurance, as further specified, where appropriate, in sector specific rules.

Or. en

Justification

In line with the principle of sound financial management, additional safeguards should be put in place for cross-reliance on audits.

Amendment 109

Proposal for a regulation Article 125 – paragraph 1

Text proposed by the Commission

Resources allocated to Member States under shared implementation may, **at their** request, be transferred to instruments established under this Regulation or under **sector specific** Regulations. The Commission shall implement these resources in accordance with point (a) or (c) of Article 61(1), where possible for the benefit of the Member State concerned. **In addition resources allocated to Member States under shared implementation may at their request be used to enhance the risk-bearing capacity of the EFSI. In such cases, EFSI rules shall apply.**

Amendment

Resources allocated to Member States under shared implementation may, **with the agreement of the European Parliament and the Council following a request from the Member State concerned**, be transferred to instruments established under this Regulation or under **sector-specific** Regulations. The Commission shall implement these resources in accordance with point (a) or (c) of Article 61(1), where possible for the benefit of the Member State concerned. **In doing so, the maximum co-financing rate laid down in sector-specific legislation shall always be respected.**

Or. en

Justification

Without this Art., the resources in question would be returned to the Union budget if they are not used before the due date. No provision appears to have been put in place for the involvement of the budgetary authority. This Art. could allow transfers not only between Member States, but also between titles of the budget, and could change the allocation of resources under MFF headings. Furthermore, resources allocated under shared implementation are not intended for the same objectives as those of EFSI, and it is not clear how the enhancements to the risk-bearing capacity would be achieved.

Amendment 110

Proposal for a regulation Article 126 – paragraph 2

Text proposed by the Commission

2. The financial framework partnership agreement shall specify the forms of financial cooperation, the common objectives of the cooperation as well as the principles governing such cooperation between the Commission and persons and entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries. These agreements shall also ***reflect the extent to which the Commission may rely*** on the systems and the procedures of the persons or entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries, including audit procedures.

Amendment

2. The financial framework partnership agreement shall specify the forms of financial cooperation, the common objectives of the cooperation as well as the principles governing such cooperation between the Commission and persons and entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries. These agreements shall also

(a) ensure the quality of implementation, and that the objectives of the Union intervention are reached, and

(b) reflect on the systems and the procedures of the persons or entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries ***to reach those objectives***, including audit procedures.

Or. en

Justification

These additional safeguards will help in ensuring that financial framework partnerships have

an added value for the EU.

Amendment 111

Proposal for a regulation Article 126 – paragraph 3

Text proposed by the Commission

3. With a view to **optimise** costs and benefits of audits and facilitate coordination, audit or verification agreements may be concluded with persons and entities implementing funds pursuant to point (c) of Article 61(1) or beneficiaries of grants. ***In the case of the European Investment Bank the tripartite agreement concluded with the Commission and the European Court of Auditors shall apply.***

Amendment

3. With a view to **optimising** costs and benefits of audits and facilitate coordination, audit or verification agreements may be concluded with persons and entities implementing funds pursuant to point (c) of Article 61(1) or beneficiaries of grants. ***Such agreements shall not restrict the access of the Court of Auditors to information necessary for the audit of Union funds.***

Or. en

Justification

The reference to the tripartite agreement provided in Art. 287(3) of the TFEU is redundant. In the interest of clarity, it should be specified that the audit or verification agreements referred to in this paragraph should not restrict the ECA's access to information necessary to perform its duties.

Amendment 112

Proposal for a regulation Article 126 – paragraph 4 – point c

Text proposed by the Commission

(c) the duration of the partnership may not exceed four years save in duly justified cases;

Amendment

(c) the duration of the partnership may not exceed four years save in duly justified cases ***which shall be clearly indicated in the annual activity report referred to in Article 73(9);***

Or. en

Justification

The AM strengthens the budgetary authority's oversight of these partnership agreements.

Amendment 113

**Proposal for a regulation
Article 126 – paragraph 6**

Text proposed by the Commission

6. In the case of financial framework partnership **agreement** implemented through specific grants the verification of the operational and financial capacity referred to in Article 191 shall be performed before signature of the financial framework partnership agreement. **The Commission may** rely on an equivalent verification of the financial and operational capacity carried out by other donors.

Amendment

6. In the case of financial framework partnership **agreements** implemented through specific grants, the verification of the operational and financial capacity referred to in Article 191 shall be performed before signature of the financial framework partnership agreement. **Only where the share borne by the Union budget accounts for less than 50 % of the total funding may the Commission** rely on an equivalent verification of the financial and operational capacity carried out by other donors.

Or. en

Justification

In line with the principle of sound financial management, additional safeguards should be put in place for cross-reliance on verifications. See also rapporteurs' AM to Art. 123(1).

Amendment 114

**Proposal for a regulation
Article 126 – paragraph 8**

Text proposed by the Commission

8. The Commission shall endeavour to harmonise its reporting requirements with those of other donors.

Amendment

deleted

Or. en

Justification

This new provision risks undermining the rules on reporting contained in title XIII and should therefore be deleted.

Amendment 115

Proposal for a regulation

Article 132 – paragraph 1 – point f a (new)

Text proposed by the Commission

Amendment

(f a) the entity has its registered office and its centre of main interests in different jurisdictions, thereby circumventing its obligations arising from fiscal or social law, or any other legal obligations applicable in the jurisdiction of their centre of main interests (letterbox company).

Or. en

Justification

Frequently, letterbox companies are set up with the purpose of circumventing fiscal, legal or social obligations applicable in the State of their centre of main interests, which runs counter to the financial interests of the EU and the purpose of EU funding. This AM is based on a suggestion made to the rapporteurs by the Bundesnotarkammer (German Federal Chamber of Notaries).

Amendment 116

Proposal for a regulation

Article 142 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. The Commission shall report regularly to the European Parliament and to the Council on the progress in the implementation of e-Government.

Or. en

Justification

Reinserted third paragraph from Art. 95 of Reg. 966/2012, which was deleted by the Commission.

Amendment 117

Proposal for a regulation

Article 144 – paragraph 2 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

The Commission shall report regularly to the European Parliament and to the Council on the progress of the implementation of this paragraph.

Or. en

Justification

Reinserted second subparagraph from Art. 111 of Reg. 966/2012, which was deleted by the Commission.

Amendment 118

Proposal for a regulation

Article 147 – paragraph 1 – subparagraph 1 – introductory part

Text proposed by the Commission

Amendment

1. Except for low value contracts and low value grants, the authorising officer responsible may, if proportionate and subject to ***a risk-analysis***, require a guarantee to be submitted:

1. Except for low value contracts and low value grants, the authorising officer responsible may, if proportionate and subject to ***his/her risk analysis***, require a guarantee to be submitted:

Or. en

Justification

The AM clarifies that it must be the authorising officer's own risk analysis.

Amendment 119

Proposal for a regulation

Article 148 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

The guarantee shall be valid for a period sufficiently long to allow it to be activated.

Or. en

Justification

Reinserted from RAP Art. 206(2). Sentence was omitted by the Commission.

Amendment 120

Proposal for a regulation

Article 149 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. The entities and persons entrusted pursuant to point (c) of Article 61(1) shall prevent, detect, correct and notify the Commission of irregularities and fraud when executing tasks relating to the implementation of the budget. To that end, they shall carry out, in accordance with the principle of proportionality, ex ante and ex post controls including, as appropriate, on-the-spot checks on representative and risk-based samples of transactions, to ensure that the actions financed from the budget are effectively carried out and implemented correctly. They shall also recover funds unduly paid, exclude from access to Union funds or impose financial penalties and bring legal proceedings where necessary in that regard.

Or. en

Justification

Reinserted Art. 60(3) of Reg. 966/2012, which was deleted by the Commission.

Amendment 121

Proposal for a regulation

Article 149 – paragraph 4 – subparagraph 1 – point d

Text proposed by the Commission

(d) apply appropriate rules and procedures for providing financing to third parties including *appropriate* review procedures, rules for recovering funds unduly paid and rules for excluding from access to funding;

Amendment

(d) apply appropriate rules and procedures for providing financing to third parties including *transparent, non-discriminatory, efficient and effective* review procedures, rules for recovering funds unduly paid and rules for excluding from access to funding;

Or. en

Amendment 122

Proposal for a regulation

Article 149 – paragraph 4 – subparagraph 2

Text proposed by the Commission

In addition, in agreement with the entities or persons, the Commission may assess other rules and procedures such as the administration cost accounting practices of the entities. On the basis on the results of this assessment the Commission may decide to rely on those rules and procedures.

Amendment

In addition, in agreement with the entities or persons, the Commission may assess other rules and procedures such as the administration cost accounting practices of the entities. On the basis on the results of this assessment the Commission may decide to rely on those rules and procedures. *The annual activity report referred to in Article 73(9) shall contain information about any such decision.*

Or. en

Amendment 123

Proposal for a regulation

Article 149 – paragraph 5

Text proposed by the Commission

5. Where these entities or persons comply only in part with the requirements referred to in paragraph 4, the Commission shall take appropriate supervisory measures ensuring the protection of the Union's financial interests. These measures shall be specified in the relevant agreements.

Amendment

5. Where these entities or persons comply only in part with the requirements referred to in paragraph 4, the Commission shall take appropriate supervisory measures ensuring the protection of the Union's financial interests. These measures shall be specified in the relevant agreements. ***The annual activity report referred to in Article 73(9) shall contain information about any such measure.***

Or. en

Amendment 124

Proposal for a regulation

Article 150 – paragraph 1 – subparagraph 5

Text proposed by the Commission

The obligations set out in this paragraph shall be without prejudice to agreements concluded with the EIB **group**, international organisations and third countries. With regard to the management declaration, such agreements shall include at least the obligation of those entities to provide the Commission annually with a statement that, during the financial year concerned, the Union contribution was used and accounted for in compliance with the requirements set out in paragraphs 3 and 4 of Article 149 and with the obligations laid down in such agreements. Such statement may be incorporated in the final report if the action implemented is limited to 18 months.

Amendment

The obligations set out in this paragraph shall be without prejudice to agreements concluded with the EIB, ***the European Investment Fund***, international organisations and third countries. With regard to the management declaration, such agreements shall include at least the obligation of those entities to provide the Commission annually with a statement that, during the financial year concerned, the Union contribution was used and accounted for in compliance with the requirements set out in paragraphs 3 and 4 of Article 149 and with the obligations laid down in such agreements. Such statement may be incorporated in the final report if the action implemented is limited to 18 months.

Or. en

Justification

See rapporteurs' AM to Art. 61(1)(c)(iii).

Amendment 125

**Proposal for a regulation
Article 150 – paragraph 6**

Text proposed by the Commission

6. All contribution agreements, financing agreements and guarantee agreements shall be made available ***to the European Parliament and the Council at their request.***

Amendment

6. All contribution agreements, financing agreements and guarantee agreements shall be made available ***in the annual activity report referred to in Article 73(9).***

Or. en

Amendment 126

**Proposal for a regulation
Article 153 – paragraph 2**

Text proposed by the Commission

2. Where financial instruments are implemented within a blending facility Title X ***applies.***

Amendment

2. Where financial instruments are implemented within a blending facility ***and they account for more than 50% of the total funding, Title X shall apply to the whole operation.***

Or. en

Justification

While the rapporteurs support the general aim of simplification behind this new provision, one should avoid the situation where an entire blending operation is governed by rules for financial instruments even though they account only for a small fraction of the funding.

Amendment 127

**Proposal for a regulation
Article 153 – paragraph 2 – subparagraph 1 a (new)**

Text proposed by the Commission

Amendment

Where grants are implemented within a blending facility and they account for more than 50 % of the total funding, Title VIII shall apply to the whole operation.

Or. en

Justification

While the rapporteurs support the general aim of simplification behind this new provision, one should avoid the situation where an entire blending operation is governed by rules for financial instruments even though they account only for a small fraction of the funding.

Amendment 128

Proposal for a regulation Article 175 – paragraph 2

Text proposed by the Commission

Amendment

2. Where possible and appropriate, lump sums, unit costs or flat rates shall be determined in such a way as to allow their payment upon achievement of concrete outputs.

2. Where possible and appropriate, lump sums, unit costs or flat rates shall be determined in such a way as to allow their payment upon achievement of concrete outputs, ***provided that appropriate measures have been taken to ensure the adequateness of the respective amounts with regard to the required output.***

Or. en

Justification

Additional safeguard.

Amendment 129

Proposal for a regulation Article 175 – paragraph 3

Text proposed by the Commission

Amendment

3. Unless provided otherwise in the

3. Unless provided otherwise in the

basic act, the use of lump sums, unit costs or flat-rate financing shall be authorised by the authorising officer responsible, who shall act in accordance with a predetermined procedure established within each institution.

basic act, the use of lump sums, unit costs or flat-rate financing shall be authorised by the authorising officer responsible, who shall act in accordance with a predetermined procedure established within each institution. ***The authorising officer responsible shall report in his/her annual activity report referred to in Article 73(9) on any such authorisation granted.***

Or. en

Amendment 130

Proposal for a regulation Article 175 – paragraph 4 – point e

Text proposed by the Commission

(e) description of the conditions for ensuring that the principle of sound financial management is respected and the co-financing ***principle is*** reasonably complied with;

Amendment

(e) description of the conditions for ensuring that the principle of sound financial management is respected and the co-financing ***and no-profit principles are*** reasonably complied with;

Or. en

Justification

The 'no-profit principle' should be reinstated as one of the general principles applicable to grants.

Amendment 131

Proposal for a regulation Article 175 – paragraph 6

Text proposed by the Commission

6. The authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 7 % of total eligible direct costs for the action. A higher flat rate may be authorised by a

Amendment

6. The authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 7 % of total eligible direct costs for the action. A higher flat rate may be authorised by a

reasoned Commission decision.

reasoned Commission decision. ***The authorising officer responsible shall report in his/her annual activity report referred to in Article 73(9) on any such decision taken, the flat rate authorised, the amounts involved, and the reasons leading to that decision.***

Or. en

Justification

The AM will help the budgetary authority scrutinise the use of this exception by the authorising officers.

Amendment 132

Proposal for a regulation Article 175 – paragraph 8

Text proposed by the Commission

8. Beneficiaries may declare personnel costs for the work carried out by volunteers under an action or work programme, on the basis of unit costs authorised in accordance with paragraphs 1 to 6.

Amendment

8. Beneficiaries may declare personnel costs for the work carried out by volunteers under an action or work programme ***as an accounting item***, on the basis of unit costs authorised in accordance with paragraphs 1 to 6.

Or. en

Justification

It is part of the concept of volunteering that work carried out by volunteers is unpaid. Therefore, in order to avoid any possible misinterpretation, it should be clarified that this declaration is an accounting tool and does not lead to the remuneration of volunteer work. This AM is based on a suggestion made to the rapporteurs by the Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege (German Social Welfare Organisations).

Amendment 133

Proposal for a regulation Article 176 – paragraph 3

Text proposed by the Commission

3. When authorising single lump sums the authorising officer responsible shall comply with Article 175.

Amendment

3. When authorising single lump sums the authorising officer responsible shall comply with Article 175 **and with the applicable co-financing rules, in particular as regards the maximum co-financing rate for the overall action or work programme.**

Or. en

Amendment 134

Proposal for a regulation

Article 177 – paragraph 1 – subparagraph 2

Text proposed by the Commission

The amounts of lump sums, unit costs or flat-rate financing determined ex ante by application of the method authorised by the authorising officer responsible or the Commission in accordance with Article 175 shall **not** be challenged by ex-post controls without prejudice to the right of the authorising officer responsible to reduce the grant in accordance with paragraph 4 of Article 127. Where lump sums, unit costs or flat rates are established on the basis of the usual cost accounting practices of the beneficiary paragraph 2 of Article 179 shall apply.

Amendment

The amounts of lump sums, unit costs or flat-rate financing determined ex ante by application of the method authorised by the authorising officer responsible or the Commission in accordance with Article 175 shall **only** be challenged by ex-post controls **in case of reasonable doubt**, without prejudice to the right of the authorising officer responsible to reduce the grant in accordance with paragraph 4 of Article 127. Where lump sums, unit costs or flat rates are established on the basis of the usual cost accounting practices of the beneficiary paragraph 2 of Article 179 shall apply.

Or. en

Amendment 135

Proposal for a regulation

Article 178 – paragraph 1

Text proposed by the Commission

The method for determining lump sums, unit costs or flat rates, the underlying data and the resulting amounts shall be assessed periodically, and, where appropriate, adjusted in accordance with Article 175.

Amendment

The method for determining lump sums, unit costs or flat rates, the underlying data and the resulting amounts, ***as well as the adequateness of those amounts with regard to the output delivered***, shall be assessed periodically, and, where appropriate, adjusted in accordance with Article 175.

Or. en

Amendment 136

**Proposal for a regulation
Article 180 – paragraph 2 – point b**

Text proposed by the Commission

(b) where the estimated eligible costs include costs for volunteers' work referred to in paragraph 8 of Article 175, the grant shall not exceed the estimated eligible costs other than the costs for volunteers' work.

Amendment

(b) where the estimated eligible costs include costs for volunteers' work referred to in paragraph 8 of Article 175, the grant shall not exceed the estimated eligible costs other than the costs for volunteers' work ***or 75% of the total estimated eligible costs, whichever is lower.***

Or. en

Justification

The AM is meant to prevent a situation where a very small in-kind contribution leads to a de facto co-financing rate of almost 100%.

Amendment 137

**Proposal for a regulation
Article 182 – paragraph 1 – point e a (new)**

Text proposed by the Commission

Amendment

(e a) no-profit.

Justification

See justification for Art. 182 a (new).

Amendment 138

Proposal for a regulation

Article 183 – paragraph 3 – introductory part

Text proposed by the Commission

3. Following the publication referred to in paragraphs 1 and 2, ***when requested by*** the European Parliament and the Council, ***the Commission shall forward a report to them*** on:

Amendment

3. Following the publication referred to in paragraphs 1 and 2, ***the Commission shall forward a report to*** the European Parliament and the Council on:

Or. en

Amendment 139

Proposal for a regulation

Article 183 – paragraph 3 – point c

Text proposed by the Commission

(c) the average duration of the procedure from date of closure of the call for proposals to the award of a grant;

Amendment

(c) the average duration of the procedure from date of closure of the call for proposals to the award of a grant, ***as well as the duration of the slowest and the fastest procedure, respectively;***

Or. en

Amendment 140

Proposal for a regulation

Article 183 – paragraph 3 – point d a (new)

Text proposed by the Commission

Amendment

(d a) any grant awarded to the EIB or

*the European Investment Fund in
accordance with point (g) of Article 188;*

Or. en

Amendment 141

**Proposal for a regulation
Article 183 – paragraph 3 – point d b (new)**

Text proposed by the Commission

Amendment

*(d b) any blending operation in
accordance with Article 153 that involves
a grant.*

Or. en

Amendment 142

**Proposal for a regulation
Article 185 – title**

Text proposed by the Commission

Amendment

Principle of non-cumulative award and **no**
double funding

Principle of non-cumulative award and
prohibition of double funding

Or. en

Justification

Linguistic AM.

Amendment 143

**Proposal for a regulation
Article 185 – paragraph 1 – subparagraph 3 a (new)**

Text proposed by the Commission

Amendment

*An action to which a grant may be
allocated from the budget must be clearly
defined. An action may not be split into*

different actions for the purpose of evading the financing rules laid down in this Regulation.

Or. en

Justification

Reinserted RAP Art. 176.

Amendment 144

Proposal for a regulation

Article 185 – paragraph 4 – introductory part

Text proposed by the Commission

4. Paragraphs 1, **2 and 3** shall not apply to:

Amendment

4. Paragraphs 1 **and 2** shall not apply to:

Or. en

Justification

There should be no exceptions to the prohibition of double funding.

Amendment 145

Proposal for a regulation

Article 186 – paragraph 2 – subparagraph 2 – point b – introductory part

Text proposed by the Commission

(b) in the event of extreme urgency for measures referred to in **points (a) or (b)** of Article 188 whereby an early engagement by the Union would be of major importance. In these cases the costs incurred by a beneficiary before the date of submission of the application shall be eligible for Union financing under the following conditions:

Amendment

(b) in the event of extreme urgency for measures referred to in **point (a)** of Article 188 whereby an early engagement by the Union would be of major importance. In these cases the costs incurred by a beneficiary before the date of submission of the application shall be eligible for Union financing under the following conditions:

Or. en

Justification

The derogation from the principle of non-retroactivity should be strictly limited to humanitarian aid and related cases.

Amendment 146

Proposal for a regulation

Article 186 – paragraph 2 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

The authorising officer by delegation shall report on each of those cases under the heading "Derogations from the principle of non-retroactivity pursuant to Article 186 of the Financial Regulation" in the annual activity report referred to in Article 73(9).

Or. en

Amendment 147

Proposal for a regulation

Article 186 a (new)

Text proposed by the Commission

Amendment

Article 186 a

No-profit principle

- 1. Grants shall not have the purpose or effect of producing a profit within the framework of the action or the work programme of the beneficiary ('no-profit principle').***
- 2. Profit shall be defined as a surplus of receipts over eligible costs incurred by the beneficiary, when a request is made for payment of the balance.***
- 3. The receipts referred to in paragraph 2 shall be limited to income generated by the action or work programme, as well as financial contributions specifically assigned by***

donors to the financing of the eligible costs.

In the case of an operating grant, amounts dedicated to the building up of reserves shall not be taken into account for verifying compliance with the no-profit principle.

4. Paragraph 1 shall not apply to:

(a) actions the objective of which is the reinforcement of the financial capacity of a beneficiary, or actions which generate an income to ensure their continuity after the period of Union financing provided for in the grant decision or agreement;

(b) study, research or training scholarships paid to natural persons;

(c) other direct support paid to natural persons most in need, such as unemployed persons and refugees;

(d) grants based on flat rates and/or lump sums and/or unit costs where these comply with the conditions set out in Article 175;

(e) low value grants.

5. Where a profit is made, the Commission shall be entitled to recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary in carrying out the action or work programme.

Or. en

Justification

The 'no-profit principle' for grants is a key principle in public financial management. The Commission itself considers that the default option for funding revenue-generating projects should be the use of financial instruments rather than grants, therefore the retention of this principal in relation to grants is necessary.

Amendment 148

Proposal for a regulation

Article 187 – paragraph 1 – point c

Text proposed by the Commission

(c) the arrangements for Union financing, in particular the forms of grant;

Amendment

(c) the arrangements for Union financing, ***specifying all types of Union contributions***, in particular the forms of grant;

Or. en

Amendment 149

Proposal for a regulation

Article 187 – paragraph 2 – subparagraph 1 – point a

Text proposed by the Commission

(a) for informing all applicants of the outcome of the evaluation of their application, a maximum of ***six*** months from the final date for submission of complete proposals;

Amendment

(a) for informing all applicants of the outcome of the evaluation of their application, a maximum of ***four*** months from the final date for submission of complete proposals;

Or. en

Justification

This deadline should be shortened for the benefit of all participants.

Amendment 150

Proposal for a regulation

Article 187 – paragraph 2 – subparagraph 3

Text proposed by the Commission

The authorising officer by delegation shall report in his or her annual activity report on the average time taken to inform applicants and to sign grant agreements. In the event of the periods referred to in the first subparagraph being exceeded, the

Amendment

The authorising officer by delegation shall report in his or her annual activity report on the average time taken to inform applicants and to sign grant agreements, ***as well as the longest and the shortest period, respectively***. In the event of the periods

authorising officer by delegation shall give reasons and, where not duly justified in accordance with the second subparagraph, shall propose remedial action.

referred to in the first subparagraph being exceeded, the authorising officer by delegation shall give reasons and, where not duly justified in accordance with the second subparagraph, shall propose remedial action.

Or. en

Amendment 151

Proposal for a regulation Article 188 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) to bodies with a de jure or de facto monopoly or to bodies designated by the Member States, under their responsibility, where those Member States are in a de jure or de facto monopoly situation; **deleted**

Or. en

Justification

The Commission proposal foresees the possibility to award direct grants to entities mandated by the Member States to the cases of a de facto or de jure monopoly or where direct beneficiaries have been chosen for their technical competencies. The rapporteurs are not sufficiently convinced that the risk of extending grants without a call for proposals is justified in this case.

Amendment 152

Proposal for a regulation Article 189 – paragraph 1 – point e – subparagraph 1 – introductory part

Text proposed by the Commission

Amendment

**(e) a description of the action or work programme and an estimated budget
*which, where possible:***

**(e) a description of the action or work programme and an estimated budget,
*which:***

Or. en

Amendment 153

Proposal for a regulation Article 189 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2 a. *The applicant shall indicate the sources and amounts of Union funding received or applied for the same action or part of the action or for its functioning during the same financial year as well as any other funding received or applied for the same action.*

Or. en

Justification

Reinserted from RAP Art. 196(4).

Amendment 154

Proposal for a regulation Article 192 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(b a) *to enable an evaluation thereof.*

Or. en

Amendment 155

Proposal for a regulation Article 200 – paragraph 5 – subparagraph 2 – introductory part

Text proposed by the Commission

Amendment

Following the publication *when requested* by the European Parliament and the Council, *the Commission shall forward them a report* on:

Following the publication, *the Commission shall forward a report to* the European Parliament and the Council on:

Amendment 156

Proposal for a regulation Article 201 – paragraph 1

Text proposed by the Commission

1. The Union may establish financial instruments or provide budgetary guarantees or financial assistance backed by the general budget by means of a basic act.

Amendment

1. The Union may establish financial instruments or provide budgetary guarantees or financial assistance backed by the general budget by means of a basic act *where these prove to be the best way to achieve the Union objectives.*

Or. en

Amendment 157

Proposal for a regulation Article 202 – paragraph -1 (new)

Text proposed by the Commission

Amendment

-1. Financial instruments shall be used in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination, equal treatment and subsidiarity, and in accordance with their objectives and, where applicable, the duration established in the basic act for those financial instruments.

Or. en

Justification

Reinserted Art. 140(1) of Reg. 966/2012, which was deleted by the Commission.

Amendment 158

Proposal for a regulation

Article 202 – paragraph 1 – point g

Text proposed by the Commission

(g) provide for any remuneration of the implementing entities or counterparts involved in the implementation to be performance based. Performance based fees shall comprise administrative fees to remunerate the entity or counterpart for the work carried out in the implementation of a financial instrument or budgetary guarantee and, where appropriate, policy related incentives to promote the achievement of the policy objectives or incentivise the financial performance of the financial instrument or budgetary guarantee. Exceptional expenses may be reimbursed;

Amendment

(g) provide for any remuneration of the implementing entities or counterparts involved in the implementation to be performance based. Performance based fees shall comprise administrative fees to remunerate the entity or counterpart for the work carried out in the implementation of a financial instrument or budgetary guarantee and, where appropriate, policy related incentives to promote the achievement of the policy objectives or incentivise the financial performance of the financial instrument or budgetary guarantee. Exceptional expenses may be reimbursed ***in duly justified cases***;

Or. en

Amendment 159

Proposal for a regulation

Article 203 – paragraph 2

Text proposed by the Commission

2. Budgetary guarantees and financial assistance may generate a contingent liability for the Union ***exceeding*** the financial assets provided to cover the financial liability of the Union.

Amendment

2. Budgetary guarantees and financial assistance may generate a contingent liability for the Union ***which shall in no case exceed*** the financial assets provided to cover the financial liability of the Union.

Or. en

Justification

This new provision proposed by the Commission is contrary to Art. 140(3) of Reg. 966/2012, which states that contingent liabilities for the EU budget are excluded. Therefore, at least additional safeguards should be put in place.

Amendment 160

Proposal for a regulation

Article 204 – paragraph 8 – point a

Text proposed by the Commission

(a) as a result of calls on a budgetary guarantee, the level of provisions for that budgetary guarantee falls below **30%** of the provisioning rate provided for in paragraph 1, **or** it may fall below **that rate** within a year according to a risk assessment by the Commission;

Amendment

(a) as a result of calls on a budgetary guarantee, the level of provisions for that budgetary guarantee falls below **50 %** of the provisioning rate provided for in paragraph 1, **and again where it falls below 30 %, or where** it may fall below **any of these rates** within a year according to a risk assessment by the Commission;

Or. en

Amendment 161

Proposal for a regulation

Article 204 – paragraph 8 – point b a (new)

Text proposed by the Commission

Amendment

(b a) the amount of private capital leveraged is lower than the amount of the contributions from public sources.

Or. en

Amendment 162

Proposal for a regulation

Article 206 – paragraph 4 – subparagraph 2

Text proposed by the Commission

Amendment

An independent evaluation of the adequacy of the guidelines shall be carried out every three years.

An independent evaluation of the adequacy of the guidelines shall be carried out every three years **and transmitted to the European Parliament and the Council.**

Or. en

Amendment 163

Proposal for a regulation Article 207 – paragraph 1

Text proposed by the Commission

The Commission shall report annually on financial instruments, budgetary guarantees, financial assistance, contingent liabilities and the common provisioning fund in accordance with Article 242.

Amendment

The Commission shall report annually on financial instruments, ***including on the financial instruments governed by Article 210***, budgetary guarantees, financial assistance, contingent liabilities and the common provisioning fund in accordance with Article 242.

Or. en

Justification

The reporting requirements for financial instruments under shared implementation should be the same as for those under direct and indirect implementation.

Amendment 164

Proposal for a regulation Article 208 – paragraph 1

Text proposed by the Commission

1. Notwithstanding Article 201(1), financial instruments may be established, in duly justified cases, without being authorised by means of a basic act, provided that such instruments are included in the budget in accordance with point (e) of Article 50(1).

Amendment

deleted

Or. en

Amendment 165

Proposal for a regulation Article 208 – paragraph 2 – subparagraph 1

Text proposed by the Commission

Amendment

Where financial instruments are combined within a single agreement with complementary support from the Union budget, including grants, **this Title** shall apply to the whole measure. The reporting shall be carried out in accordance with Article 242.

Where financial instruments are combined within a single agreement with complementary support from the Union budget, including grants, **the rules applicable to the funding method accounting for more than 50 % of the total funding** shall apply to the whole measure. The reporting **on the financial instrument part of the funding** shall be carried out in accordance with Article 242.

Or. en

Amendment 166

**Proposal for a regulation
Article 208 – paragraph 4**

Text proposed by the Commission

Amendment

4. Where the Union participates in a financial instrument as a minority stakeholder, the Commission shall ensure compliance with this Title in accordance with the principle of proportionality, on the basis of the size and value of the participation of the Union in the instrument. Notwithstanding the foregoing, the Commission shall ensure compliance with Article 124.

deleted

Or. en

Amendment 167

**Proposal for a regulation
Article 213 – paragraph 1**

Text proposed by the Commission

Amendment

1. Financial assistance by the Union to Member States or third countries shall take

1. Financial assistance by the Union to Member States or third countries shall **be**

the form of a loan or a credit line or any other instrument deemed appropriate to ensure the effectiveness of the support. To this end, the Commission shall be empowered, in the relevant basic act, to borrow the necessary funds on behalf of the Union on the capital markets or from financial institutions.

subject to pre-defined conditions and take the form of a loan or a credit line or any other instrument deemed appropriate to ensure the effectiveness of the support. To this end, the Commission shall be empowered, in the relevant basic act, to borrow the necessary funds on behalf of the Union on the capital markets or from financial institutions.

Or. en

Amendment 168

Proposal for a regulation Article 213 – paragraph 4

Text proposed by the Commission

4. The financial assistance shall be directly implemented by the Commission.

Amendment

4. The financial assistance shall be directly implemented by the Commission, ***who shall report regularly to the European Parliament and the Council on the fulfilment of conditions and the evolution of financial assistance.***

Or. en

Amendment 169

Proposal for a regulation Article 213 – paragraph 5 – point a

Text proposed by the Commission

(a) ensuring that the beneficiary country regularly checks that the financing provided has been properly used, takes appropriate measures to prevent irregularities and fraud, and, if necessary, takes legal action to recover any funds provided under the Union financial assistance that have been misappropriated;

Amendment

(a) ensuring that the beneficiary country regularly checks that the financing provided has been properly used ***and that the conditions have been fulfilled***, takes appropriate measures to prevent irregularities and fraud, and, if necessary, takes legal action to recover any funds provided under the Union financial assistance that have been misappropriated;

Amendment 170**Proposal for a regulation
Article 215 – paragraph 7***Text proposed by the Commission*

7. If a European political foundation within the meaning of Regulation (EU, Euratom) No 1141/2014 realises a surplus of income over expenditure at the end of a financial year in which it received an operating grant, the part of that surplus corresponding to up to 25 % of the total income for that year may be carried over to the following year provided that it is used before the end of the first quarter of that following year.

Amendment

7. If a European political foundation within the meaning of Regulation (EU, Euratom) No 1141/2014 realises a surplus of income over expenditure at the end of a financial year in which it received an operating grant, the part of that surplus corresponding to up to 25 % of the total income for that year may, ***by derogation from the no-profit principle laid down in Article [186a]***, be carried over to the following year provided that it is used before the end of the first quarter of that following year.

Or. en

*Justification**Technical adjustment following the reintroduction of the no-profit principle.***Amendment 171****Proposal for a regulation
Article 219 – paragraph 1 – point -a (new)***Text proposed by the Commission**Amendment*

(-a) financing not linked to costs of the relevant operations based on either of the following:

i) the fulfilment of certain conditions ex ante;

ii) the achievement of results measured by reference to the previously set milestones or through performance indicators.

Justification

See justification for amendments to Art. 121.

Amendment 172

Proposal for a regulation

Article 219 – paragraph 1 – point e

Text proposed by the Commission

Amendment

(e) financing not linked to costs of the relevant operations based on either of the following:

deleted

i) the fulfilment of certain conditions ex ante;

ii) the achievement of results measured by reference to the previously set milestones or through performance indicators.

Or. en

Justification

See justification for amendments to Art. 121.

Amendment 173

Proposal for a regulation

Article 227 – title

Text proposed by the Commission

Amendment

Trust Funds

Union trust funds for external actions

Or. en

Justification

See rapporteur's amendment to par. 1 of this article.

Amendment 174

Proposal for a regulation Article 227 – paragraph 1

Text proposed by the Commission

1. For emergency, post-emergency or thematic actions, the Commission may create, ***after informing*** the European Parliament and the Council, trust funds under an agreement concluded with other donors. The constitutive act of each trust fund shall define the objectives of the trust fund. The Commission ***decision*** establishing the trust fund shall include a description of the fund's objectives, the justification for its creation in accordance with paragraph 3, an indication of its duration and the preliminary agreements with other donors.

Amendment

1. For emergency, post-emergency or thematic actions, the Commission may create, ***with the agreement of*** the European Parliament and the Council, trust funds ***for external actions*** under an agreement concluded with other donors. The constitutive act of each trust fund shall define the objectives of the trust fund. The Commission ***proposal*** establishing the trust fund shall include a description of the fund's objectives, the justification for its creation in accordance with paragraph 3, an indication of its duration and the preliminary agreements with other donors.

Or. en

Justification

Union trust funds in operation are marked by a lack of oversight by the EP and issues regarding commitments from the Union's budget being matched by other donors. Until these matters are resolved the rapporteurs consider it premature to extend their use to internal policies. Furthermore, project implementing organisations experience problems in trust funds with the co-financing of projects and therefore oppose their use within the Union. This AM takes into account suggestions from the Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege (German Social Welfare Organisations).

Amendment 175

Proposal for a regulation Article 227 – paragraph 2

Text proposed by the Commission

2. The Commission shall submit its draft ***decisions*** concerning the establishment, the extension and the liquidation of a Union trust fund to the ***competent committee where provided for in the basic act under which the Union contribution to the Union trust fund is***

Amendment

2. The Commission shall submit its draft ***proposals*** concerning the establishment, the extension and the liquidation of a Union trust fund to the ***European Parliament and the Council.***

provided.

Or. en

Justification

See justification of rapporteurs' AM to par. 1.

Amendment 176

Proposal for a regulation
Article 228 – title

Text proposed by the Commission

Amendment

Implementation of trust funds

Implementation of **Union** trust funds **for external actions**

Or. en

Justification

See justification for amendments to Art. 227.

Amendment 177

Proposal for a regulation
Article 230 – paragraph 1

Text proposed by the Commission

Amendment

1. For values below the thresholds laid down in Article 169(1) remunerated external experts, for assisting the institutions in the evaluation of grant applications, projects and tenders, and for providing opinions and advice in specific cases, may be selected on the basis of the procedure laid down in paragraph 3.

1. For values below the thresholds laid down in Article 169(1) remunerated external experts, for assisting the institutions in the evaluation of grant applications, projects and tenders, and for providing opinions and advice in specific cases, may be selected on the basis of the procedure laid down in paragraph 3. **They shall be subject to a Union tax.**

Or. en

Amendment 178

Proposal for a regulation

Article 234 – paragraph 1 – introductory part

Text proposed by the Commission

The annual accounts shall be prepared for each financial year which shall run from 1 January to 31 December. These accounts shall ***be comprised of***:

Amendment

The annual accounts shall be prepared for each financial year which shall run from 1 January to 31 December. These accounts shall ***comprise***:

Or. en

Justification

See rapporteur's amendment on Art. 234 par. 1, subpar. 1 (new).

Amendment 179

Proposal for a regulation

Article 234 – paragraph 1 – point a

Text proposed by the Commission

(a) the financial statements, which present financial information in accordance with the accounting rules referred to in Article 79;

Amendment

(a) the ***consolidated*** financial statements, which present ***the consolidation of the*** financial information ***contained in the financial statements of the institutions financed by the budget, those of the bodies referred to in Article 69 and of other bodies whose accounts are required to be consolidated*** in accordance with the accounting rules referred to in Article 79;

Or. en

Justification

See rapporteur's amendment on Art. 234 par. 1, subpar. 1 (new).

Amendment 180

Proposal for a regulation

Article 234 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) the **budget** accounts which present the information contained in the **budget** accounts of the institutions;

(b) the **aggregated budgetary** accounts which present the information contained in the **budgetary** accounts of the institutions;

Or. en

Justification

See rapporteur's amendment on Art. 234 par. 1, subpar. 1 (new).

Amendment 181

Proposal for a regulation

Article 234 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) ***the consolidated annual accounts which present, in accordance with the accounting rules referred to in Article 79 and in particular with the materiality principle, the consolidation of the financial information contained in the financial statements and the budget accounts of the bodies referred to in Article 69 and of other bodies meeting the accounting consolidation criteria.***

deleted

Or. en

Justification

See rapporteur's amendment on Art. 234 par. 1, subpar. 1 (new).

Amendment 182

Proposal for a regulation

Article 234 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1 a. The Commission shall publish annually a long-term cash flow forecast

spanning a seven- to ten-year time horizon, including information on budgetary ceilings, payment needs, capacity constraints and, where applicable, potential decommitments.

Or. en

Justification

In line with the suggestions of the ECA (see Opinion No 1/2017), the rapporteurs suggest to 'restructure' the accounts, with the inclusion of a long-term cash flow forecast to assist stakeholders in assessing future payment requirements and budgetary priorities. The existing definition of the annual accounts is also retained.

Amendment 183

**Proposal for a regulation
Article 235 – paragraph 3**

Text proposed by the Commission

3. The accounting officer shall, after the close of the financial year and up to the date of transmission of the general accounts, make any adjustments which, without involving disbursement or collection in respect of that year, are necessary for a **fair presentation** of those accounts. Such adjustments shall comply with the accounting rules referred to in Article 79.

Amendment

3. The accounting officer shall, after the close of the financial year and up to the date of transmission of the general accounts, make any adjustments which, without involving disbursement or collection in respect of that year, are necessary for a **true and fair view** of those accounts. Such adjustments shall comply with the accounting rules referred to in Article 79.

Or. en

Justification

"True and fair view" is the commonly accepted terminology.

Amendment 184

**Proposal for a regulation
Article 237 – paragraph 1**

Text proposed by the Commission

1. The accounting officers of *the other* institutions and bodies *referred to in Article 234* shall send their provisional accounts *to the accounting officer of the Commission and* to the Court of Auditors by 1 March of the following year.

Amendment

1. The accounting officers of *all Union* institutions and bodies shall send their provisional accounts to the Court of Auditors by 1 March of the following year.

Or. en

Justification

See rapporteur's amendments to Art. 237 par. 3 a (new).

Amendment 185

**Proposal for a regulation
Article 237 – paragraph 3**

Text proposed by the Commission

3. The accounting officer of the Commission shall consolidate those provisional accounts with the Commission's provisional accounts and shall send, via electronic means, to the Court of Auditors, by 31 March of the following year, the *provisional accounts of the Commission and the* consolidated provisional accounts of the Union.

Amendment

3. The accounting officer of the Commission shall consolidate those provisional accounts with the Commission's provisional accounts and shall send, via electronic means, to the Court of Auditors, by 31 March of the following year, the consolidated provisional accounts of the Union.

Or. en

Justification

See rapporteur's amendments to Art. 237 par. 3 a (new).

Amendment 186

**Proposal for a regulation
Article 237 – paragraph 3 a (new)**

Text proposed by the Commission

Amendment

3 a. The consolidated provisional accounts of the Union shall also include an estimation of the level of error in Union expenditure based on a consistent methodology.

Or. en

Justification

In accordance with suggestions made by the ECA (see par. 13 and 108 of Opinion No 1/2017), the rapporteurs consider that the ECA should also cover the provisional accounts of the Union.

Amendment 187

Proposal for a regulation Article 238 – paragraph 1

Text proposed by the Commission

Amendment

1. The Court of Auditors shall, by **1 June**, make its observations on the provisional accounts of the institutions **other than the Commission** and each body referred to in Article 234, and, by **15 June**, make its observations on **the provisional accounts of the Commission and** the consolidated provisional accounts of the Union.

1. The Court of Auditors shall, by **15 May of year n+1**, make its observations on the provisional accounts of the institutions and each body referred to in Article 234, and, by **1 June of year n+1**, make its observations on the consolidated provisional accounts of the Union.

Or. en

Justification

See rapporteur's amendment to Art. 238 par. 2 - subpar. 2.

Amendment 188

Proposal for a regulation Article 238 – paragraph 2 – subparagraph 1

Text proposed by the Commission

The accounting officers of the other institutions and bodies referred to in Article 234 shall send, by **15 June**, the required accounting information for consolidation purposes to the accounting officer of the Commission, in the manner and format laid down by the latter.

Amendment

The accounting officers of the other institutions and bodies referred to in Article 234 shall send, by **1 June**, the required accounting information for consolidation purposes to the accounting officer of the Commission, in the manner and format laid down by the latter.

Or. en

Justification

See rapporteur's amendment to Art. 238 par. 2 - subpar. 2.

Amendment 189

Proposal for a regulation

Article 238 – paragraph 2 – subparagraph 2

Text proposed by the Commission

The institutions other than the Commission, and each of the bodies referred to in Article 234, shall send their final accounts to the accounting officer of the Commission, the Court of Auditors, the European Parliament and the Council by **1 July**.

Amendment

The institutions other than the Commission, and each of the bodies referred to in Article 234, shall send their final accounts to the accounting officer of the Commission, the Court of Auditors, the European Parliament and the Council by **15 June. By the same date, after approving its own final accounts, the Commission shall transmit them electronically to the European Parliament, the Council and the Court of Auditors.**

Or. en

Justification

The rapporteurs consider that there is scope to shorten the proposed timescale with regard to the approval and transmission of the final accounts.

Amendment 190

Proposal for a regulation

Article 239 – paragraph 1 – introductory part

Text proposed by the Commission

1. By 31 **July** of the following year the Commission shall communicate to the European Parliament and the Council an integrated set of financial and accountability reports which includes:

Amendment

1. By 31 **March** of the following year the Commission shall communicate to the European Parliament and the Council an integrated set of financial and accountability reports which includes:

Or. en

Justification

Moving the date for the transmission of these reports from 30 June to 31 July, thus after the start of the summer recess, is irreconcilable with the EP's and the CONT Committee's internal procedures. On the contrary, the rapporteurs suggest advancing the deadline to 31 March.

Amendment 191

Proposal for a regulation

Article 239 – paragraph 1 – point a

Text proposed by the Commission

a) the consolidated annual accounts as referred to in Article 238;

Amendment

a) the consolidated annual accounts as referred to in Article 238 **with a long-term cash flow forecast**;

Or. en

Justification

See rapporteur's amendment to Art. 239 par. 1 - point c.

Amendment 192

Proposal for a regulation

Article 239 – paragraph 1 – point b – introductory part

Text proposed by the Commission

b) **the annual management and**

Amendment

b) **a single accountability** report

performance report providing for:

providing for:

Or. en

Justification

See rapporteur's amendment to Art. 239 par. 1 - point c.

Amendment 193

Proposal for a regulation

Article 239 – paragraph 1 – point b – point i a (new)

Text proposed by the Commission

Amendment

(i a) a governance statement, providing information on the key governance systems of the Union;

Or. en

Justification

See rapporteur's amendment to Art. 239 par. 1 - point c.

Amendment 194

Proposal for a regulation

Article 239 – paragraph 1 – point b – point i b (new)

Text proposed by the Commission

Amendment

(i b) an evaluation of the progress towards the achievement of policy objectives which have been monitored with performance indicators referred to in Article 31;

Or. en

Justification

See rapporteur's amendment to Art. 239 par. 1 - point c.

Amendment 195

Proposal for a regulation

Article 239 – paragraph 1 – point b – point i c (new)

Text proposed by the Commission

Amendment

(i c) an assessment of the extent to which spending is affected by irregularities with its own estimate of the level of error and, separately, the amount of Union expenditure it envisages to recuperate as recoveries or financial corrections linked to the financial year concerned;

Or. en

Justification

See rapporteur's amendment to Art. 239 par. 1 - point c.

Amendment 196

Proposal for a regulation

Article 239 – paragraph 1 – point b – point ii a (new)

Text proposed by the Commission

Amendment

(ii a) a report on the role and conclusions of the internal audit committee as referred to in Article 120 a.

Or. en

Justification

See rapporteur's amendment to Art. 239 par. 1 - point c.

Amendment 197

Proposal for a regulation

Article 239 – paragraph 1 – point c

Text proposed by the Commission

Amendment

c) the report on the preventive and corrective actions covering the EU budget, which shall present the financial impact of the actions taken to protect the EU budget from expenditure in breach of law;

c) the report on the preventive and corrective actions covering the EU budget, which shall ***provide for an estimate of the level of irregularity present in the initial or approved claims for reimbursement*** and present the financial impact of the actions taken to protect the EU budget from expenditure in breach of law;

Or. en

Justification

The rapporteurs believe that the consolidated accounts should be accompanied by a single accountability report providing accounting information, a governance statement, a broad overview of spending and activities of the Union, an evaluation of the progress towards achieving objectives set, an assessment to the extent in which spending is affected by irregularities, as well as a report on the role and conclusions of the internal audit committee.

Amendment 198

Proposal for a regulation

Article 239 – paragraph 1 – point e

Text proposed by the Commission

Amendment

e) the report on the internal audits as referred to in Article ***116(7)***;

e) the report on the internal audits as referred to in Article ***116(4)***;

Or. en

Justification

Correction.

Amendment 199

Proposal for a regulation

Article 241 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Amendment

They shall make the report available to the

They shall make the report available to the

European Parliament, the Council and the Court of Auditors, by **31** March of the following financial year.

European Parliament, the Council and the Court of Auditors, by **1** March of the following financial year.

Or. en

Justification

Consistent alignment of reporting duties.

Amendment 200

Proposal for a regulation
Article 244 – title

Text proposed by the Commission

Amendment

Reporting on Trust Funds

Reporting on **Union** trust funds **for external actions**

Or. en

Justification

See rapporteur's amendments to Art. 227.

Amendment 201

Proposal for a regulation
Article 244 – paragraph 1

Text proposed by the Commission

Amendment

In accordance with Article **39(5)**, the Commission shall report annually to the European Parliament and to the Council on the activities supported by Union Trust Funds, on their implementation and performance, as well as on their accounts.

In accordance with Article **39(6)**, the Commission shall report annually to the European Parliament and to the Council on the activities supported by **the** Union trust funds **for external actions**, on their implementation and performance, as well as on their accounts.

Or. en

Justification

See rapporteur's amendments to Art. 227.

Amendment 202

**Proposal for a regulation
Article 247 – paragraph 1**

Text proposed by the Commission

1. The examination by the Court of Auditors of whether all revenue has been received and all expenditure incurred in a lawful and proper manner shall have regard to the Treaties, the budget, this Regulation, the delegated acts adopted pursuant to this Regulation and all other acts adopted pursuant to the Treaties. This examination **shall** take account of the multiannual character of programmes and related supervisory and control systems.

Amendment

1. The examination by the Court of Auditors of whether all revenue has been received and all expenditure incurred in a lawful and proper manner shall have regard to the Treaties, the budget, this Regulation, the delegated acts adopted pursuant to this Regulation and all other acts adopted pursuant to the Treaties. This examination **may** take account of the multiannual character of programmes and related supervisory and control systems.

Or. en

Justification

As pointed out by the ECA (see par. 106-108 of Opinion No 1/2017), the newly introduced wording from the Commission impinges on the Court's audit methodology, which is a matter for the Court to decide.

Amendment 203

**Proposal for a regulation
Article 249 – paragraph 1 – subparagraph 1**

Text proposed by the Commission

The Commission, the other institutions, the bodies administering revenue or expenditure on the Union's behalf and recipients shall afford the Court of Auditors all the facilities and give it all the information which the Court of Auditors considers necessary for the performance of its task. They shall place at the disposal of the Court of Auditors all documents

Amendment

The Commission, the other institutions, the bodies administering revenue or expenditure on the Union's behalf and recipients shall afford the Court of Auditors all the facilities and give it all the information which the Court of Auditors considers necessary for the performance of its task. They shall place at the disposal of the Court of Auditors, **at its request**, all

concerning the award and performance of contracts financed by the budget and all accounts of cash or materials, all accounting records or supporting documents, and also administrative documents relating thereto, all documents relating to revenue and expenditure, all inventories, all organisation charts of departments, which the Court of Auditors considers necessary for auditing the budgetary and financial outturn report on the basis of records or on-the-spot auditing and, for the same purposes, all documents and data created or stored electronically.

documents concerning the award and performance of contracts financed by the budget and all accounts of cash or materials, all accounting records or supporting documents, and also administrative documents relating thereto, all documents relating to revenue and expenditure, all inventories, all organisation charts of departments, which the Court of Auditors considers necessary for auditing the budgetary and financial outturn report on the basis of records or on-the-spot auditing and, for the same purposes, all documents and data created or stored electronically. ***The right of access of the Court of Auditors shall include access to the IT system used for the management of revenue and expenditure subject to its audit.***

Or. en

Justification

See rapporteur's amendment to Art. 249 par. 7.

Amendment 204

Proposal for a regulation Article 249 – paragraph 7

Text proposed by the Commission

7. Use of integrated computer systems shall not have the effect of reducing access by the Court of Auditors to the supporting documents.

Amendment

7. Use of integrated computer systems shall not have the effect of reducing access by the Court of Auditors to the supporting documents. ***Whenever technically possible, electronic access to data and documents necessary for the audit shall be given to the Court of Auditors for use on its own premises.***

Or. en

Justification

The rapporteurs propose amendments to Art. 249 in order to ensure the ECA has a clear right of access to IT system necessary to perform its audit.

Amendment 205

Proposal for a regulation Article 250 – paragraph 1

Text proposed by the Commission

1. The Court of Auditors shall transmit to the Commission and the institutions concerned, by **15** June, any observations which are, in its opinion, such that they should appear in the annual report. ***Those observations shall remain confidential and shall be subject to an adversarial procedure.*** Each institution shall address its reply to the Court of Auditors by 15 October. The replies of institutions other than the Commission shall be sent to the Commission at the same time.

Amendment

1. The Court of Auditors shall transmit to the Commission and the institutions concerned, by **30** June, any observations which are, in its opinion, such that they should appear in the annual report ***to enable the institutions concerned to comment upon them. Those observations shall remain confidential.*** Each institution shall address its reply to the Court of Auditors by 15 October. The replies of institutions other than the Commission shall be sent to the Commission at the same time.

Or. en

Justification

The Commission proposes to change the deadline for the ECA to submit its observations to the Commission and the institutions concerned from 30 June to 15 June. However, a corresponding change has not been proposed in respect of receiving information from the Commission. To better reflect the purpose and the nature of the adversarial procedure, additional text enabling the institutions concerned to comment on the Court's observations has been added.

Amendment 206

Proposal for a regulation Article 250 – paragraph 3 – subparagraph 2

Text proposed by the Commission

The Court of Auditors shall take all necessary steps to ensure that the replies of each institution to its observations are

Amendment

deleted

published next to or after each observation to which they relate.

Or. en

Justification

The prerogatives of the ECA in how they draft and present their special reports should be maintained rather than predetermined by this proposal.

Amendment 207

Proposal for a regulation

Article 251 – paragraph 1 – subparagraph 1

Text proposed by the Commission

The Court of Auditors shall transmit to the institution or the body concerned any observations which are, in its opinion, such that they should appear in a special report. *Those observations shall remain confidential and shall be subject to an adversarial procedure.*

Amendment

The Court of Auditors shall transmit to the institution or the body concerned any observations which are, in its opinion, such that they should appear in a special report *to enable the institution or the body concerned to comment upon them. Those observations shall remain confidential.*

Or. en

Amendment 208

Proposal for a regulation

Article 251 – paragraph 1 – subparagraph 3 a (new)

Text proposed by the Commission

Amendment

Upon request of the Court of Auditors or the institution or the body concerned, the replies may be examined by the European Parliament.

Or. en

Justification

In order to increase the transparency of the procedure, particularly in cases of delay, the replies of the institution or the body concerned may be subject to consideration by the

Amendment 209

Proposal for a regulation

Article 251 – paragraph 1 – subparagraph 6

Text proposed by the Commission

The Court of Auditors shall take all necessary steps to ensure that the replies to its observations from each institution or body concerned are published ***next to or after each observation to which they relate, and publish the timeline for the drawing up of*** the special report.

Amendment

The Court of Auditors shall take all necessary steps to ensure that the replies to its observations from each institution or body concerned are published ***together with*** the special report.

Or. en

Justification

The prerogatives of the ECA in how they draft and present their special reports should be maintained rather than predetermined in this proposal.

Amendment 210

Proposal for a regulation

Article 278 a (new)

Text proposed by the Commission

Amendment

Article 278 a

Impact assessment

The Commission shall perform an impact assessment before publishing a proposal to revise this Regulation.

Or. en

Justification

See justification for amendment to Recital 252 a (new).

EXPLANATORY STATEMENT

1. The Commission proposal

The Financial Regulation sets out the principles and procedures governing the establishment and spending of the European Union (EU) budget and the control of the EU funds.

The present legislative proposal forms an integral part of the mid-term review/revision of the multiannual financial framework (MFF) 2014-2020. The Commission proposes in a single act a revision of the general financial rules accompanied by corresponding changes to the sectorial financial rules set out in 15 legislative acts concerning multiannual programmes. The Commission's two main objectives are simplification and flexibility.

The Commission's focus is presented to be on:

- Simplification for recipients of EU funds;
- Cross reliance on audit, assessment or authorisation, and harmonisation of reporting requirements;
- Allowing the application of only one set of rules to hybrid actions or in the case of combination of measures or instruments;
- More effective use of financial instruments;
- More flexible budget management;
- Focus on results and streamlining of reporting; and
- Simpler and leaner EU administration.

Further details on the proposed changes can be found in the Commission's explanatory statement.

2. Co-rapporteurs' position

The co-rapporteurs share the broad objectives put forward by the Commission. They welcome some of the changes proposed by the Commission and consider that they may lead to simplification in managing and receiving EU funds. However, the Commission's proposals are very ambitious and the co-rapporteurs regret that the Commission has proposed such a tight timetable to agree said changes.

Furthermore, as pointed out by the Court of Auditors in its opinion 1 /2017 "detailed rules are not a substitute for sound governance and management. In order to be successful, these changes will need to be put in practice by responsible staff and monitored by governing bodies". For this reason, it is regrettable that the proposal under examination has not been preceded by any impact assessment. To prevent this in the future, the co-rapporteurs suggest an amendment that will ensure that future substantial changes to the financial regulation are accompanied by an impact assessment.

The co-rapporteurs' number one priority is simplification for recipients of EU funds, so they are supportive of the Commission's simplification agenda. To that end, they welcome the Commission's aim to create a single rulebook for recipients. Nevertheless, by trying to cut so much wording from the Financial Regulation and Rules of Application the co-rapporteurs consider that the Commission has in fact created ambiguity in some areas. Therefore, the co-rapporteurs propose to re-instate wording in a number of areas.

Whilst the co-rapporteurs are supportive of simplification, they consider that the Commission uses 'simplification' to justify abandoning principles that have governed the EU budget process for a long period. Most notably, the co-rapporteurs consider that removing the no-profit principle is a step too far. The rapporteurs therefore propose to re-instate the no-profit principle.

The co-rapporteurs also consider that the Commission proposal to open the possibility to create Internal Trust Funds before any conclusions could yet be drawn from their use in external policies is premature. The 'galaxy' of instruments surrounding the EU budget has grown in recent years. The further it grows, the less transparent the budget becomes, and the less control the budgetary authority has over it.

The co-rapporteurs welcome a number of the Commission's proposed measures on flexibility. However, the co-rapporteurs remain hesitant to embrace so-called flexibility rules that infringe upon long-established principles. A balance ought to be struck between flexibility, sound financial management and the rights of the budgetary authority.

The co-rapporteurs welcome the steps taken by the Commission in the pursuit of a Budget Focused on Results. A number of amendments are suggested by the co-rapporteurs to further embed performance into spending decisions. The goal of a Budget Focused on Results is not fully achieved in this revision, but it is a step in the right direction.

The co-rapporteurs support the Commission's aim for increasing cross-reliance on audits. Nevertheless, the co-rapporteurs consider it appropriate that the Commission maintain the right to audit if it deems necessary. Furthermore, the Commission should be made to audit funds and projects where EU money makes up more than 50%.

Finally, the co-rapporteurs propose a number of changes on reporting requirements. These are aimed at streamlining reporting requirements, reducing the number of reports and ensuring the budgetary authorities have sufficient time to prepare the discharge.