



EUROPEAN PARLIAMENT

2009 - 2014

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*Committee on Employment and Social Affairs*

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**2009/2068(DEC)**

12.3.2010

## **OPINION**

of the Committee on Employment and Social Affairs

for the Committee on Budgetary Control

on the discharge for implementation of the European Union general budget for the financial year 2008, Section III - Commission and executive agencies (SEC(2009)0189 - C7-0172/2009 - 2009/2068(DEC))

Rapporteur: Ingeborg Gräßle

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## SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the fact that, in the context of the resources allocated to the European Social Fund (ESF), the utilisation rate for commitment appropriations was 100% (EUR 10.6 billion) and for payment appropriations 97.1% (EUR 8.8 billion); acknowledges the Commission's efforts to improve financial management;
2. Draws attention to the general error rate of at least 11% in the Structural Funds; has evidence of a lower rate in the ESF; encourages the Commission to put its own figure on the ESF error rate and to examine the possibility of greater autonomy for the ESF in the forthcoming financing period;
3. Deplores the fact that the Commission's Action Plan for the Improvement of the Management of the Structural Funds<sup>1</sup> is still not ready for assessment; stresses that Italy and Spain accounted for 82% of the financial corrections in the ESF over the period from 2000 to 2006; regards targeted efforts involving the Member States concerned as necessary, together with a graded information and penalties system that would more quickly eliminate errors and, with best and worst practice examples, support the proper utilisation of funds;
4. Recalls that it is for the Directorate-General for Employment, which administers the funds, to adopt appropriate measures to prevent fraud and corruption; welcomes the close cooperation with the European Anti-Fraud Office (OLAF); calls for assurances that national judicial authorities will also continue to investigate and punish instances of fraud in the ESF;
5. Notes that the error rate does not necessarily refer solely to fraud, and calls, therefore, for a clear distinction to be made between instances of fraud and error rates in the future;
6. Welcomes the Commission's efforts to hold all Member States fully to account through annual audit control reports and summary annual reports; calls for an appraisal of the reporting requirements, with a view to ensuring that information is not sought twice; considers the failure to provide accountability reports, or the provision of incomplete reports, by national administrative and control bodies, as well as any contravention of the minimum requirements laid down in the financial regulations, to be unacceptable and punishable; calls, therefore, on the Commission to develop proposals to improve and expand the existing reporting requirements, incorporating a sanctions mechanism;
7. Notes the scope for conflicts of interest between those responsible for managing funding and beneficiaries of funding in the allocation process; calls on the Commission to take

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<sup>1</sup> Communication from the Commission of 19 February 2008 – An action plan to strengthen the Commission's supervisory role under shared management of structural actions (COM(2008)0097).

steps to enforce the rules on the prevention of conflicts of interest in the allocation process by providing national administrations with adequate resources;

8. Underlines the specific needs of target groups and project leaders in the ESF; suggests that the co-financing of projects should also include voluntary activities in non-profit-making organisations and contributions in kind ; calls on project leaders to furnish an updated survey by Member State and by project on the administrative costs of the ESF;
9. Recalls the latest amendments made to the Structural Fund Regulations (Regulations (EC) Nos 1341/2008, 284/2009, 396/2009, 397/2009 and 846/2009) with the aim of simplifying administrative procedures; calls for a report on the effects of these amendments;
10. Notes that such simplification procedures are key to reducing administrative burdens at national, regional and local levels; stresses the importance of ensuring that such procedures do not lead to a higher error rate in the future.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	22.2.2010
<b>Result of final vote</b>	+: 36 -: 0 0: 1
<b>Members present for the final vote</b>	Regina Bastos, Edit Bauer, Milan Cabrnoc, David Casa, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Sergio Gaetano Cofferati, Marije Cornelissen, Tadeusz Cymański, Frédéric Daerden, Karima Delli, Proinsias De Rossa, Frank Engel, Sari Essayah, Richard Falbr, Marian Harkin, Roger Helmer, Nadja Hirsch, Danuta Jazłowiecka, Martin Kastler, Adam Kósa, Jean Lambert, Veronica Lope Fontagné, Olle Ludvigsson, Elizabeth Lynne, Elisabeth Morin-Chartier, Csaba Öry, Siiri Oviir, Konstantinos Poupakis, Sylvana Rapti, Licia Ronzulli, Elisabeth Schroedter, Jutta Steinruck, Traian Ungureanu
<b>Substitute(s) present for the final vote</b>	Vilija Blinkevičiūtė, Marielle Gallo, Joe Higgins, Ria Oomen-Ruijten, Evelyn Regner, Birgit Sippel