



2023/2129(DEC)

13.11.2023

DRAFT OPINION

of the Committee on Employment and Social Affairs

for the Committee on Budgetary Control

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2022 – Commission (2023/2129(DEC))

Rapporteur for opinion: Romana Tomc

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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 into its motion for a resolution:

- having regard to the European Court of Auditors’ Annual report on the implementation of the EU budget for the 2022 financial year;
 - having regard to the European Court of Auditors’ Annual report on EU agencies for the financial year 2022;
1. Is worried by the fact that by the end of 2022, total outstanding commitments reached a record level of over €450 billion; takes note, however, that, according to the Commission, after a further increase to some €460 billion in 2023, the outstanding commitments should decrease during 2024 to 2027 to €314 billion;
 2. Expresses satisfaction that the biggest part of the Union budget spending in 2022 went to the Heading 2 “Cohesion, resilience and values” (EUR 79.1 billion, or 40.4 %);
 3. Recalls that spending under the subheading “Economic, social and territorial cohesion” (Subheading 2a) focuses on reducing development disparities between the different Member States and regions of the EU; stresses the importance of EU cohesion policy in supporting the implementation of the European Pillar of Social Rights and assisting Member States and regions to harness new opportunities and address challenges, such as globalisation, unemployment, industrial change, digitalisation and supporting up and re-skilling and lifelong learning;
 4. Is greatly worried that the overall level of error was material at 4.2 %, compared to 3.0 % in 2021; and is particularly worried that the level of error is mainly driven by ‘Cohesion, resilience and values’, which was the biggest contributor to this rate (2.5 %); recognises that the majority of spending in this area is deemed high-risk expenditure as mainly reimbursement-based and often subject to complex rules; notes that the most common errors under the Cohesion heading were ineligible projects and infringements of internal market rules, in particular non-compliance with public procurement and state aid rules; calls for urgent action to decrease the error rate in the future, especially for the new funding period, and calls on the Commission to assist the agencies to improve their internal procedures in order to ensure compliance with applicable public procurement and state aid rules;
 5. Notes that the EU budget’s loss of purchasing power will affect its expenditure to differing degrees, as parts of the EU budget are fixed costs and they typically correlate with inflation, and these budget items will thus increase more than had been expected at the start of the MFF period; acknowledges that a key example of this is administration costs, which are impacted by inflation; notes that in 2022, the Commission already had to allocate an additional €0.2 billion to heading 7 – European Public Administration – because of rising inflation and energy prices;
 6. Stresses that the Commission should assess the impact on the EU budget of high

inflation continuing over several years and identify tools to mitigate resulting key risks; is of the opinion that in this regard, the Commission should protect the EU budget's ability to meet its legal and contractual commitments, such as rising financing costs;

7. Calls on the Commission to follow up and take necessary action with regards to all errors found by the Court and to request additional financial corrections, where deemed necessary;
8. Takes note of the Commission's commitment to continue its close work with the audit authorities in order to strengthen their capacity to prevent and correct errors, to better document their audit work and therefore to contribute to the assurance process;
9. Asks the Commission to implement as soon as possible all outstanding Court's recommendations.