DRAFT REPORT

on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies

Committee on Budgetary Control

Rapporteur: Jorgo Chatzimarkakis
## CONTENTS

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the general budget of the European Union general the financial year 2009, Section III – Commission</td>
</tr>
<tr>
<td>2</td>
<td>7. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Education, Audiovisual and Culture Executive Agency for the financial year 2009</td>
</tr>
<tr>
<td>3</td>
<td>9. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Executive Agency for Competitiveness and Innovation for the financial year 2009</td>
</tr>
<tr>
<td>4</td>
<td>12. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Executive Agency for Health and Consumers for the financial year 2009</td>
</tr>
<tr>
<td>5</td>
<td>15. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Trans-European Transport Network Executive Agency for the financial year 2009</td>
</tr>
<tr>
<td>6</td>
<td>18. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2009</td>
</tr>
<tr>
<td>7</td>
<td>20. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2009</td>
</tr>
<tr>
<td>8</td>
<td>22. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION on the closure of the accounts of the general budget of the European Union for the financial year 2009, Section III – Commission</td>
</tr>
<tr>
<td>9</td>
<td>24. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION with observations forming an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies</td>
</tr>
</tbody>
</table>
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION


The European Parliament,

– having regard to the general budget of the European Union for the financial year 2009¹,

– having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)²,


– having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission’s management achievements in 2009' (COM(2010)0281),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994)),

– having regard to the Commission's report on Member States' replies to the Court of Auditors' 2009 annual report (COM(2010)0000),

– having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2009, together with the institutions' replies³, and to the Court of Auditors' special reports,

– having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union⁴,

– having regard to the Commission communication of 26 May 2010 entitled "More or less controls? Striking the right balance between the administrative costs of control and the risk of error" (COM(2010)0261), and to the Commission staff working documents accompanying that communication (SEC(2010)0640 and SEC(2010)0641),

– having regard to the report of the Court of Auditors on the annual accounts of the European Schools for the financial year 2009 together with the Schools' replies,

– having regard to the Council's recommendation of ... (0000/2010 – C7-0000/2010),

– having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the

¹ OJ L 69, 13.3.2009.
⁴ OJ C 308, 12.11.2010, p. 129.
European Union and Articles 179a and 180b of the Euratom Treaty,


– having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. ............... the Commission discharge in respect of the implementation of the general budget of the European Union for the financial year 2009;

2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies, and in its resolution on conclusions concerning the special reports issued by the Court of Auditors⁴;

3. Instructs its President to forward this Decision, and the resolution that forms an integral part of it, to the Council, the Commission, the Court of Justice of the European Union, and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

⁴ Texts adopted, P7_TA(2011)0000 (2010/2204(INI))
The European Parliament,

- having regard to the general budget of the European Union for the financial year 2009¹,
- having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)²,
- having regard to the final annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2009,
- having regard to the Commission communication of 2 June 2010 entitled "Synthesis of the Commission’s management achievements in 2009" (COM(2010)0281),
- having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),
- having regard to the Court of Auditors' report on the annual accounts of the Education, Audiovisual and Culture Executive Agency for the financial year 2009, together with the Agency's replies³,
- having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union⁴,
- having regard to the Council's recommendation of ...... (0000/2010 – C7-0000/2010),
- having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,

¹ OJ L 69, 13.3.2009.
⁴ OJ C 308, 12.11.2010, p. 129.
Council Regulation (EC) No 1525/2007 of 17 December 2007\(^1\), and in particular Articles 55, 145, 146 and 147 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^2\), and in particular Article 14(3) thereof,


– having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. ............... the Director of the Education, Audiovisual and Culture Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2009;

2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Education, Audiovisual and Culture Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

\(^4\) OJ L 24, 27.1.2005, p. 35.
3. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Executive Agency for Competitiveness and Innovation for the financial year 2009

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2009¹,
– having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)²,
– having regard to the final annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2009,
– having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission’s management achievements in 2009' (COM(2010)0281),
– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),
– having regard to the Court of Auditors' report on the annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2009, together with the Agency's replies³,
– having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union⁴,
– having regard to the Council's recommendation of ...... (0000/2010 – C7-0000/2010),
– having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,

¹ OJ L 69, 13.3.2009.
⁴ OJ C 308, 12.11.2010, p. 129.
Council Regulation (EC) No 1525/2007 of 17 December 2007\(^1\), and in particular Articles 55, 145, 146 and 147 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^2\), and in particular Article 14(3) thereof,


– having regard to Commission Decision 2004/20/EC of 23 December 2003 setting up an executive agency, the 'Intelligent Energy Executive Agency', to manage Community action in the field of energy in application of Council Regulation (EC) No 58/2003\(^4\),


– having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. .............. the Director of the Executive Agency for Competitiveness and Innovation discharge in respect of the implementation of the Agency’s budget for the financial year 2009;

2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;

\(^5\) OJ L 140, 1.6.2007, p. 52.
3. Instructs its President to forward this decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Executive Agency for Competitiveness and Innovation, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).
4. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Executive Agency for Health and Consumers for the financial year 2009

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2009¹,

– having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)²,

– having regard to the final annual accounts of the Executive Agency for Health and Consumers for the financial year 2009,


– having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission’s management achievements in 2009' (COM(2010)0281),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),

– having regard to the Court of Auditors’ report on the annual accounts of the Executive Agency for Health and Consumers for the financial year 2009, together with the Agency's replies³,

– having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union⁴,

– having regard to the Council's recommendation of ...... (0000/2010 – C7-0000/2010),

– having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,


¹ OJ 69, 13.3.2009.
⁴ OJ C 308, 12.11.2010, p. 129.
Council Regulation (EC) No 1525/2007 of 17 December 2007\(^1\), and in particular Articles 55, 145, 146 and 147 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^2\), and in particular Article 14(3) thereof,


– having regard to Commission Decision 2004/858/EC of 15 December 2004 setting up an executive agency, the 'Executive Agency for the Public Health Programme', for the management of Community action in the field of public health — pursuant to Council Regulation (EC) No 58/2003\(^4\),


– having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. ............... the Director of the Executive Agency for Health and Consumers discharge in respect of the implementation of the Agency's budget for the financial year 2009;

2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;

\(^1\) OJ L 3437, 12.2007, p. 9.
\(^5\) OJ L 173, 3.7.2008, p. 27.
3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Executive Agency for Health and Consumers, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).
5. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Trans-European Transport Network Executive Agency for the financial year 2009 (SEC(2010)0963 – C7-0211/2010 – 2010/2142(DEC))

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2009\(^1\),

– having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)\(^2\),

– having regard to the final annual accounts of the Trans-European Transport Network Executive Agency for the financial year 2009,


– having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission’s management achievements in 2009' (COM(2010)0281),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),

– having regard to the Court of Auditors' report on the annual accounts of the Trans-European Transport Network Executive Agency for the financial year 2009, together with the Agency's replies\(^3\),

– having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union\(^4\),

– having regard to the Council's recommendation of ...... (0000/2010 – C7-0000/2010),

– having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,


\(^1\) OJ L 69, 13.3.2009.
\(^3\) OJ C 338, 14.2.2010, p. 77.
\(^4\) OJ 308, 12.11.2010, p. 129.
Council Regulation (EC) No 1525/2007 of 17 December 2007\(^1\), and in particular Articles 55, 145, 146 and 147 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^2\), and in particular Article 14(3) thereof,


– having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. ............... the Director of the Trans-European Transport Network Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2009;

2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;

---

3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Trans-European Transport Network Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).
6. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the European Research Council Executive Agency for the financial year 2009

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2009¹,

– having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)²,

– having regard to the final annual accounts of the European Research Council Executive Agency for the financial year 2009,


– having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission’s management achievements in 2009' (COM(2010)0281),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),

– having regard to the Court of Auditors' report on the annual accounts of the European Research Council Executive Agency for the financial year 2009, together with the Agency's replies³,

– having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union⁴,

– having regard to the Council's recommendation of ...... (0000/2010 – C7-0000/2010),

– having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,


¹ OJ L 69, 13.3.2009.
⁴ OJ C 308, 12.11.2010, p. 129.

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^3\), and in particular Article 14(3) thereof,


– having regard to Commission Decision 2008/37/EC of 14 December 2007 setting up the European Research Council Executive Agency for the management of the specific Community programme Ideas in the field of frontier research in application of Council Regulation (EC) No 58/2003\(^5\),

– having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management,

1. ............... the Director of the European Research Council Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2009;

2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the European Research Council Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

---

\(^5\) OJ L 9, 12.1.2008, p. 15
7. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the Research Executive Agency for the financial year 2009

The European Parliament,

having regard to the general budget of the European Union for the financial year 2009¹,

having regard to the annual accounts of the European Union for the financial year 2009
(SEC(2010)0963 – C7-0211/2010)²,

having regard to the final annual accounts of the Research Executive Agency for the
financial year 2009,

having regard to the Commission's report on the follow-up to the discharge for the 2008
financial year (COM(2010)0650), and to the Commission staff working documents

having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the
Commission’s management achievements in 2009' (COM(2010)0281),

having regard to the Commission's annual report to the discharge authority on internal
audits carried out in 2009 (COM(2010)0447), and to the Commission staff working
document accompanying that report (SEC(2010)0994),

having regard to the Court of Auditors' report on the annual accounts of the Research
Executive Agency for the financial year 2009, together with the Agency's replies³,

having regard to the statement of assurance as to the reliability of the accounts and the
legality and regularity of the underlying transactions, provided by the Court of Auditors
pursuant to Article 287 of the Treaty on the Functioning of the European Union⁴,

having regard to the Council's recommendation of ...... (0000/2010 – C7-0000/2010),

having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty
on the European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the
European Union and Articles 179a and 180b of the Euratom Treaty,

Financial Regulation applicable to the general budget of the European Communities⁵ as
amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006⁶ and

¹ OJ L 69, 13.3.2009.
⁴ OJ C 308, 12.11.2010, p. 129.
Council Regulation (EC) No 1525/2007 of 17 December 2007\(^1\), and in particular Articles 55, 145, 146 and 147 thereof,

- having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes\(^2\), and in particular Article 14(3) thereof,

- having regard to Commission Regulation (EC) No 1653/2004\(^3\) of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003, and in particular the first and second paragraphs of Article 66 thereof,

- having regard to Commission Decision 2008/46/EC of 14 December 2007 setting up the Research Executive Agency for the management of certain areas of the specific Community programmes People, Capacities and Cooperation in the field of research in application of Council Regulation (EC) No 58/2003\(^4\),

- having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

- having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),

A. whereas under Article 17(1) of the Treaty on European Union the Commission shall execute the budget and manage programmes and shall do so, under Article 317 of the Treaty on the Functioning of the European Union in cooperation with the Member States on its own responsibility, having regard to the principle of sound financial management;

1. ............... the Director of the Research Executive Agency discharge in respect of the implementation of the Agency's budget for the financial year 2009;

2. Sets out its observations in the resolution that forms an integral part of the Decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2009, Section III – Commission and executive agencies;

3. Instructs its President to forward this Decision, together with the Decision on discharge in respect of the implementation of the European Union general budget for the financial year 2009, section III – Commission and the resolution that forms an integral part of those Decisions, to the Director of the Research Executive Agency, the Council, the Commission, the Court of Justice of the European Union and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).


8. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the general budget of the European Union for the financial year 2009, Section III – Commission

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2009¹,

– having regard to the annual accounts of the European Union for the financial year 2009 (SEC(2010)0963 – C7-0211/2010)²,


– having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of the Commission’s management achievements in 2009' (COM(2010)0281),

– having regard to the Commission's annual report to the discharge authority on internal audits carried out in 2009 (COM(2010)0447), and to the Commission staff working document accompanying that report (SEC(2010)0994),

– having regard to the Commission's report on Member States' replies to the Court of Auditors' 2009 annual report (COM(2010)0000),

– having regard to the Annual Report of the Court of Auditors on the implementation of the budget concerning the financial year 2009, together with the institutions' replies³, and to the Court of Auditors' special reports,

– having regard to the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions, provided by the Court of Auditors pursuant to Article 287 of the Treaty on the Functioning of the European Union⁴,

– having regard to the Council's recommendation of ...... (0000/2010 – C7-0000/2010),

– having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the European Union and Articles 179a and 180b of the Euratom Treaty,


¹ OJ L 69, 13.3.2009.
⁴ OJ C 308, 12.11.2010, p. 129.
Council Regulation (EC) No 1525/2007 of 17 December 2007¹, and in particular Articles 55, 145, 146 and 147 thereof,

– having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes², and in particular Article 14 (2) and (3) thereof,

– having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),

A. whereas under Article 318 of the Treaty on the Functioning of the European Union the Commission shall submit the accounts relating to the implementation of the budget and establish a financial statement of the assets and liabilities of the Union,

1. .......... the closure of the accounts of the general budget of the European Union for the financial year 2009;

2. Instructs its President to forward this Decision, and the resolution that forms an integral part of it, to the Council, the Commission, the Court of Justice of the European Union, and the Court of Auditors, and to arrange for their publication in the Official Journal of the European Union (L series).

9. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

with observations forming an integral part of the Decisions on discharge in respect of
the implementation of the general budget of the European Union for the financial year
2009, Section III – Commission and executive agencies

The European Parliament,

– having regard to the general budget of the European Union for the financial year 2009\(^1\),
– having regard to the annual accounts of the European Union for the financial year 2009
(SEC(2010)0963 – C7-0211/2010)\(^2\),
– having regard to the Commission's report on the follow-up to the discharge for the 2008
financial year (COM(2010)0650), and to the Commission staff working documents
– having regard to the Commission communication of 2 June 2010 entitled 'Synthesis of
the Commission’s management achievements in 2009' (COM(2010)0281),
– having regard to the Commission's annual report to the discharge authority on internal
audits carried out in 2009 (COM(2010)0447), and to the Commission staff working
document accompanying that report (SEC(2010)0994),
– having regard to the Commission's report on Member States' replies to the Court of
Auditors' 2009 annual report (COM(2010)0000),
– having regard to the Annual Report of the Court of Auditors on the implementation of the
budget concerning the financial year 2009, together with the institutions' replies\(^3\), and to
the Court of Auditors' special reports,
– having regard to the statement of assurance as to the reliability of the accounts and the
legality and regularity of the underlying transactions, provided by the Court of Auditors
pursuant to Article 287 of the Treaty on the Functioning of the European Union\(^4\),
– having regard to the Commission communication of 26 May 2010 entitled "More or less
controls? Striking the right balance between the administrative costs of control and the
risk of error" (COM(2010)0261), and to the Commission staff working documents
accompanying that communication (SEC(2010)0640 and (SEC(2010)0641),
– having regard to the Council's recommendation of ...... (0000/2010 – C7-0000/2010),
– having regard to Articles 274, 275 and 276 of the EC Treaty, Article 17(1) of the Treaty
on European Union, Articles 317, 318 and 319 of the Treaty on the Functioning of the
EU and Articles 179a and 180b of the Euratom Treaty,

\(^1\) OJ L 69, 13.3.2009.
\(^3\) OJ C 303, 9.11.2010, p. 1
\(^4\) OJ C 308, 12.11.2010, p. 129.

having regard to Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, and in particular Article 14 (2) and (3) thereof,

having regard to Rule 76 of, and Annex VI to, its Rules of Procedure,

having regard to the report of the Committee on Budgetary Control and the opinions of the other committees concerned (A7-0000/2010),

A. whereas the Barroso I Commission had a strategic objective to obtain an unqualified statement of assurance from the Court of Auditors by 2009 and whereas this objective which was not achieved has been reconfirmed for the current mandate,

B. whereas the Treaty of Lisbon has enhanced the Commission's role by providing that it shall execute the budget and manage programmes (Article 17 of the Treaty on European Union) and it shall do so on its own responsibility (Article 317 of the Treaty on the Functioning of the European Union) - regardless of the method of implementation applied - and that the Member States shall cooperate with the Commission to ensure that the appropriations are used in accordance with the principles of sound financial management,

C. whereas the Treaty of Lisbon has also provided that the Commission shall submit an evaluation report on the Union's finances based on the results achieved (Article 318 of the Treaty on the Functioning of the European Union),

D. whereas European citizens expect taxpayers' money to be used correctly, efficiently and usefully and whereas the question of the 'size' of the Union budget has to be discussed on the basis of the objectives to be achieved,

E. whereas not only the Commission but also the Member States have to be held accountable for the fact that the Court of Auditors has, thus far, not been able to issue an unqualified Statement of Assurance,

F. whereas mandatory national management declarations issued and signed at ministerial level and duly audited by an independent auditor are a necessary and indispensable step to counter the current lack of ownership and the widespread perception of financial mismanagement at European level,

G. whereas the current multi-level assurance system does not yet guarantee the compliance of Union spending with the requirements of legality, regularity and sound financial

---

management provided for by the Treaty on the Functioning of the European Union and the Financial Regulation,

H. whereas independent states - not regions - are members of the Union and whereas the state, even if its structure is federal, bears a responsibility to the outside world and the Union,

I. whereas the "accountability" process is instrumental to good management, improving delivery and analysis, allowing for changes to be made to management and strategy and for better use being made of scarce resources and whereas, as observed by the Council, an accurate and accountable use of the EU resources is one of the essential means to reinforce the trust of European citizens¹,

J. whereas there is a need to move away from the current 'culture of entitlements' and to take decisive measures towards implementing a culture of accountability at both national and European level and to address both compliance and performance issues in order to reinforce the legitimacy of the Union,

K. whereas the Commission and the Court of Auditors must be provided with assurance evidence in the form of a Statement of Assurance from international organisations implementing Union assistance,

L. whereas improving the financial management of the Union, the quality of spending and the arrangements for holding the Commission to account for its management of funds is a high priority and a key objective for Parliament to be achieved during the revision of the Financial Regulation, the new multiannual financial framework and the budget reform,

M. whereas concrete proposals for an efficient implementation of regular, tripartite meetings between the Presidents of Parliament, the Council and the Commission - as provided for in Article 324 of the Treaty on the Functioning of the European Union shall be drawn up so as to ensure good cooperation between those institutions,

N. whereas simplification and better regulation must be reinforced by more efficient management in the Commission and the Member States,

O. whereas the role of the Court of Auditors is to check information, not to produce it, and whereas the Court of Auditors' ability to carry out its responsibilities effectively under the Treaty on the Functioning of the European Union should in no way be constrained,

P. whereas the Court of Auditors' mandate to audit the use of Union funds includes the audit of public-private partnership bodies,

Q. whereas the Member States should consider the efficiency of the Union's present external audit arrangements,

R. whereas simplification of sectoral legislation - for instance through standardisation and the establishment of one set of procurement rules - is necessary to achieve a significant improvement in performance and reduction of cumbersome bureaucracy,

S. whereas the Commission’s role is also to provide guidance to the Member States and spread good practice among national bodies continuously,

A. OVERALL FINDINGS

Accounts

1. Notes that the annual accounts of the Union present fairly, in all material respects, the financial position of the Union as of 31 December 2009 and the results of operations and cash flows;

2. Invites the Commission to eliminate the risk of misstatements in the accounts in the future by dealing with the weaknesses identified by the Court of Auditors without delay;

Legality and regularity

3. Notes that in the present understanding of "shared management" most of the management functions are carried out by national bodies not directly accountable at Union level and over which the Commission has no authority;

4. Recalls that the Member States have primary responsibility for day-to-day management and control of Union expenditure and that national bodies initiate and process files for Union financial support and validate the reimbursement claims presented to the Commission;

5. Notes the Court of Auditors' opinion on the legality and regularity of the transactions underlying the accounts according to which payments for the policy groups 'Agriculture and natural resources', 'Cohesion', 'Research, energy and transport', 'External Aid, development and enlargement' and 'Education and citizenship' are materially affected by error and that the supervisory and control systems are "partially effective" in preventing or detecting and correcting the reimbursement of overstated or ineligible costs (Statement of Assurance, paragraph X);

6. Notes that the most likely error rate estimated by the Court of Auditors for the policy groups 'Agriculture and natural resources' (EUR 56 318 000 000), 'Research, energy and transport' (EUR 7 966 000 000), 'External Aid, development and enlargement' (EUR 6 596 000 000) and 'Education and Citizenship' (EUR 2 153 000 000) is between 2 % and 5 %;

7. Notes that the most likely error rate estimated by the Court of Auditors for the policy group 'Cohesion' (EUR 23 081 000 000 reimbursed certified expenditure) is above 5 %;

8. Notes further that the Court of Auditors' audit results show a very marginal increase in its estimate of the most likely error rate concerning the payments for the policy group
'Agriculture and natural resources' and a significant decrease in its estimate of the most likely error rate concerning the payments for the policy group 'Cohesion';

9. Notes the reduction in the most likely error rate due to specific circumstances; warns against premature conclusions as long as the Member States' supervisory and control systems are only "partially effective"; regrets that this fundamental problem continues to exist;

10. Recalls its repeated invitations to the Commission to present a proposal for the introduction of mandatory national management declarations (NMDs) issued and signed at ministerial level and duly audited by an independent auditor so as far as such declarations are a necessary and indispensable first step to improve the efficiency of national systems and to enhance national accountability for the use of Union money;

11. Regrets that the Commission uses secondary legislation as an instrument to reduce its responsibility and underlines that 'shared management' is not the same as 'shared responsibilities';

Recovery and correction mechanisms

12. Recalls that in implementing the Union budget the Commission has final responsibility for ensuring that amounts incorrectly paid are recovered and that weaknesses in the Member States' management and control systems are corrected;

13. Recalls that since the 2005 discharge procedure Parliament has encouraged the Commission and the Member States to take the necessary steps to ensure completeness and accuracy of the information available with the aim of providing reliable evidence to allow the Court of Auditors to assess the effectiveness of multi-annual correction mechanisms;

14. Welcomes that the Commission in Note 6 of the Annual Accounts of the European Union, financial year 2009 has responded to Parliament's requests by including more detailed information about recoveries and financial corrections than it has done in the past;

15. Further notes the important difference between 'recovery' (sums incorrectly received are repaid by the recipient) and 'financial correction' (addressing weaknesses in the system the financial consequences of which are borne by the national taxpayer);

16. Draws attention to the fact that for the policy group 'Cohesion' a total amount of EUR 2 332 000 000 of corrections still remain to be implemented at year-end 2009 (Annual Report, point 1.44);

17. Notes that the Court of Auditors concludes that reliable annual information about the overall effects of corrective mechanisms is not available, partly because the Commission does not always receive complete and reliable information from the Member States;

18. Invites the Member States to improve their systems for reporting corrections to the Commission, and the Commission to refine the financial reporting guidelines to ensure
that all relevant information about the operation of the multi-annual correction mechanisms is appropriately disclosed in the accounts;

19. Believes that unspent Union funds should not be returned to the Member States if a Member State has not paid back to the Union amounts incorrectly received and invites the Commission to take into account any financial correction not yet paid by the Member States before returning unspent annual budget appropriations to the Member States;

20. Notes that under the present system, which does not include fines, the Member States seem to have limited interest in developing efficient control systems that could result in a reduction of their share of Union spending;

21. Accordingly, does not fully agree with the Commission's statement that financial corrections represent "a strong incentive for Member States to improve their management and control systems and thus to prevent or detect and recover irregular payments to final beneficiaries" (Annual Accounts of the European Union, financial Year 2009, Note 6, page 100);

22. Notes that financial corrections are an indicator of whether a policy has been implemented according to established rules and that the regular and increasing number of financial corrections could indicate not only that the Commission is fulfilling its supervisory role in a more stringent way but also that financial corrections have only had a limited effect as a preventive and structural measure; further notes that the Member States' efforts to create efficient systems is directly proportional to the efficiency of the Commission's supervision;

**Member State responsibility and transparency**

23. Notes with concern the slow pace of improvements to the financial management of Union funds; recalls that recovery orders made against the Member States can be an indicator of financial management performance;

24. Invites the Commission to publish in the Synthesis Report an assessment of the strengths and weaknesses of individual Member States' management and control systems on the basis of the audit work it already performs as well as other relevant available information and to establish a "scoreboard" on the quality of controls per Member State and policy area according to the following model:

<table>
<thead>
<tr>
<th>Member State A</th>
<th>Policy area A</th>
<th>Policy area B</th>
<th>Policy area C</th>
<th>Etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member State B</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member State C</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
25. Notes that the present declaration of assurance (DAS) is an expression of the quality of the financial management in the Union overall, and that it does not contain information on error rates in individual Member States;

26. Believes that it is of utmost importance to analyse if certain errors occur in all the Member States with more or less the same frequency, if so, the solution would be Union-wide action, however, if certain errors are mainly located in specific Member States or regions, other solutions should be envisaged;

27. Believes that a 'scoreboard' on the quality of controls per Member State and policy area as requested would be an important element in such an analysis and invites the Commission to follow-up on this request without delay;

28. In addition, invites the Commission to publish in the Synthesis Report clear and unequivocal information on the value of recovery orders made against individual Member States as well as a systematic presentation of the results of recovery and correction mechanisms;

29. Notes that many Member States are undertaking difficult fiscal adjustments to their domestic budgets, and that value for money, efficiency and transparency have become increasingly important in domestic public spending;

30. Considers that ensuring sound financial management should help to deliver value for money as regards both domestic budgets as well as the Union's budget; believes, accordingly, that the principles of value for money and transparency should be at the heart of all actions to improve the financial management of Union funds;

31. Requests, accordingly, the Commission make the Member States' annual summaries publicly available and upgrade the information provided in these summaries to present a meaningful picture of the Member States' financial management performance; underlines that making the Member States' annual summaries publicly available should be considered as a step towards NMDs and not as a goal in itself:

Tolerable risk of errors

32. Believes that control systems cannot aim at zero risk in all spending areas, not only because it would be extremely expensive, but also because it is unlikely that zero risk in all spending areas will ever be achieved; accepts that a certain risk of error will always exist when implementing Union spending programmes;

33. Notes that this discussion is only taking place at the European level and recalls that "error rates" for national administrations' implementation of national programmes are not known;

34. Invites the Commission to identify weaknesses in present management and control systems as well as to analyse the cost and benefits of various possible changes; underlines that where it is difficult to obtain a sufficiently high level of compliance with scheme rules, a number of options such as: simplification of the rules, re-designing the
programme, tightening controls, tolerating a higher level of non-compliance or terminating the programme, are possible;

35. Underlines that any comparison between the estimated benefits and costs of controls must be based on a reasonable belief that controls are being applied in an efficient and effective manner; further underlines that this is currently not the case as demonstrated by the Court of Auditors for many years when stating that management and control systems are still only partially effective;

36. Regrets that the Commission uses the notion 'tolerable risk of error' exclusively as a basis to decide what level of irregular use of funds should be considered as acceptable ex-post; takes the view that a forward-looking approach to a possible introduction of a 'tolerable risk of error' would include in the Financial Regulation a requirement for the Commission to match spending proposals with an assessment of the irregularity risks;

**Commission's Internal Audit Service (IAS)**

37. Notes that 'internal audit' in the Commission is carried out by the horizontal IAS and the vertical Internal Audit Capabilities (IAC) in each Directorate-General; believes that this model can only be efficient if the work carried out by the IAC is reliable; notes, however, that an IAS audit of the IAC audit results could be perceived as a policing activity and would harm the relationship between the IAS and the IAC;

38. Invites the Commission, accordingly, to carry out an external quality review of all the IAC in the Commission and to inform Parliament of the results;

39. Notes the IAS annual report to the discharge authority (COM(2010)0447) on internal audits carried out in 2009 and that the Commission's internal auditor is of the opinion that an overview at the level of the institution is necessary if common processes such as risk analysis and business continuity management are to be effective in protecting the institution as a whole and in order to ensure sound financial management of investments in information technology systems through economies of scale and by providing common solutions to common requirements;

40. Invites the Commission to make appropriate bodies responsible for obtaining this overview and for making appropriate recommendations whilst taking care not to reduce responsibility for the implementation of each process; recommends that the Commission's governance framework be adapted to allow for enhanced institutional overview; would appreciate being informed in a timely manner about developments in this matter;

41. Invites the IAS to allocate part of its resources to an examination of whether the spending by the main DGs is efficient, economical and effective and thereby completing the current financial and compliance audits;

42. Further invites the IAS to audit the methodology to be used for the production of the Article 318 of the Treaty on the Functioning of the European Union evaluation report and to assess the work done;

**Single audit**
43. Urges the introduction of a single audit model whereby audits are carried out, recorded and reported to a common standard - as proposed by the Court of Auditors in its Opinion 2/2004 and repeatedly supported by Parliament - where each level of control builds on the preceding one, with a view to reducing the burden on the auditee and enhancing the quality of audit activities but without undermining the independence of the audit bodies concerned; believes that internal controls should provide reasonable assurance on the legality and regularity of transactions, and compliance with the principles of economy, efficiency and effectiveness and underlines that controls should be coordinated to avoid unnecessary duplication; draws attention to the fact that the Court of Auditors is the external auditor of the Union and therefore not an element of internal control;

44. Invites the Commission to present a report on the feasibility of introducing a single audit model applicable to the Union budget putting to an end the current juxtaposition of national and Union internal control systems;

**Transparency**

45. Notes the Court of Justice's decision in the combined cases of Volker and Markus Schecke (C93 and 93/09); stresses the validity of the principle of transparency under Article 30(3) of the Financial Regulation and calls on the Commission to swiftly propose substitutes to the provisions which were held invalid by the Court of Justice either in the Financial Regulation, sectoral legislation or any other act; invites the Commission to monitor the Member States' obligation to publish the data;

**Permanent crisis mechanism**

46. Notes the conclusions of the European Council of 28 - 29 October 2010 (EUCO 25/1/10) and that the "Heads of State or Government agree on the need for Member States to establish a permanent crisis mechanism to safeguard the financial stability of the euro area";

47. Invites the Council and the Member States to give due consideration to the following issues when devising a permanent crisis mechanism:

- appropriate arrangements for public external audit and accountability for the permanent crisis mechanism shall be established;
- the reliability of data and statistics shall be ensured;
- responsibility and reporting arrangements shall be clear and all actors whose liabilities will be involved shall also be involved in the establishment of the mechanism;

**The European Schools**

48. Welcomes that the Court of Auditors did not find errors that might call into question the reliability of the accounts that it audited and the legality and regularity of the transactions underlying those accounts;
49. Invites the Office of the Secretary-General of the European Schools to ensure without delay a thorough follow-up of the Court of Auditors' 2008 and 2009 recommendations;

Reform of the Staff Regulations of Officials of the European Communities

50. Notes that, since the entry into force of the Treaty of Lisbon, the Ordinary Legislative Procedure applies to the Staff Regulations; invites the Commission to modernise the staff Regulations and to adapt the working conditions for the institutions' staff in such a way that Union's institutions will continue to be attractive places to work and pursue a career in; is worried that the number of candidates from certain Member States has already decreased dramatically and believes that possibilities for personal and professional development shall play a major role in this modernisation process;

B. SPECIFIC FINDINGS

Agriculture and natural resources - EUR 56 300 000 000

51. Welcomes the fact that the Commission has succeeded in bringing the error rate down to around 2 % in recent years;

52. Takes the view that the Court of Auditors' conclusions on the regularity of 2009 transactions do not call into question the overall trend in recent years;

53. Recalls that for agriculture and rural development practically all expenditure is carried out under shared management;

54. Notes that on the basis of its audit results the Court of Auditors estimates that the most likely error rate for 'Agriculture and natural resources', which accounts for nearly half of the budget, is between 2 % and 5 %;

55. Also notes that in 2009, out of 241 transactions examined, 66 (27 %) were affected by error and that 42 (64 %) of these transactions were affected by quantifiable errors notably concerning eligibility and accuracy errors, resulting from over-declaration of eligible land;

56. Notes the improvements of the Integrated Administration and Control System (IACS) in Greece following Parliament's continuous attention;

57. Recalls, however, that the Court of Auditors in recent years has found the effectiveness of the IACS adversely affected by inaccurate data in the databases, incomplete cross checks or incorrect or incomplete follow-up of anomalies;

58. Notes that for its 2009 audit of eight paying agencies, the Court of Auditors found the systems to be effective in ensuring the regularity of payments in only one agency, partially effective in four agencies, and ineffective in the remaining three agencies;

59. Notes the Court of Auditors' conclusion that the supervisory and control systems for Agriculture and natural resources were, at best, partially effective in ensuring the regularity of payments;
60. Further notes that the Court of Auditors concludes that the IACS needs significant improvements in three out of eight paying agencies audited;

61. Also notes that the Court of Auditors found that the Annual Activity Report and the declaration given by the Director General for Agriculture provided only partially fair assessment of financial management in relation to the regularity of payments;

62. Invites the Commission:

− to improve the reliability and completeness of the data recorded in the Land Parcel Identification System (LPIS),

− to ensure that all the IACS databases provide a reliable and full audit trail for all modifications made.

− to clarify and further enforce the rules so that Union direct aid is not paid to claimants who have neither used the land for farming nor maintained it in Good Agricultural and Environmental Conditions (GAEC),

− to review and improve the guidelines as regards the work to be performed by certification bodies, in particular the work related to the validation of the Member States' control and inspection statistics,

− to keep Parliament regularly updated about the progress of the work;

Cohesion - EUR 35 500 000 000

63. Recalls that management of Cohesion spending is shared with the Member States, that expenditure takes place through a large number of multi-annual operational programmes (OPs), that the Commission approves OPs on the basis of proposals from the Member States and that the Member States choose the individual projects to be included in the OPs;

64. Notes that the Court of Auditors estimates that the most likely error rate for the Cohesion policy area is above 5 %;

65. Notes the complexity of the regulatory framework of Cohesion, requiring conformity with both national requirements and a variety of Union policies and rules, such as those relating to public procurement and State aid, the large number of authorities responsible for the implementation of Cohesion policy in the Member States and the even larger number of beneficiaries and recipients of Community support;

66. Notes that a major proportion of the estimated error rate is attributable to eligibility errors and serious failures to respect public procurement rules; further notes that the non-respect of public procurement rules alone accounts for 43 % of all quantifiable errors and forms approximately three-quarters of the estimated error rate;
67. Notes that infringements of procurement procedures reveal a failure to complete the Union internal market and that the reason for these irregularities could be a conflict of interest between the Union and the Members States;

68. Further notes that diversity of interests will, without doubt, have an influence on the effective implementation of the Member States' control obligations in so far as Union expenditure returns, at the same time, national contributions to the Union budget;

69. Is worried that the Court of Auditors also found a significant number of shortcomings in tendering and contracting procedures;

70. Notes that for at least 30 % of the errors found by the Court of Auditors sufficient information was available for the Member State authorities in charge of implementing the OPs to have detected and corrected the error prior to certifying the expenditure to the Commission;

71. Believes that this finding seriously questions the efficiency of a system in which the Member States hold the main responsibly for the accuracy of the declared expenditure;

72. Recalls that management verifications are key controls to prevent irregularities, and notes that for 11 of the 16 OPs audited, the verifications carried out by managing authorities of the Member States were only partially compliant with the regulatory requirements;

73. Notes that, overall, the supervisory and control systems for the 2007-2013 programming period were only partially in compliance with the audited key provisions of the regulatory framework;

74. Recalls that the Commission’s role includes providing guidance to the Member States and developing good practices among national bodies; believes that some DGs could improve their performance in this respect;

75. Stresses that the Member States’ administrations are, to a high degree, stakeholders of policies they implement in shared management; emphasises in that respect that shared management between the Commission and the Member States depends upon an atmosphere of mutual respect and recognition between the administrations concerned; underlines that such an atmosphere, to a large degree, can be created in day-to-day management and resulting contacts between the Commission and the Member States’ administrations;

76. Calls upon the Commission to intensify the contacts with the Member States’ administrations for the purpose of a mutual exchange of information to tackle pending questions without delay;

77. Is very worried about the continually low standard of some Member States' management and control systems and the slow rate of progress in improving those systems;

78. Invites the Commission to include in the Financial Regulation a request for mandatory NMDs issued and signed at ministerial level and duly audited by an independent auditor as a first vital step towards greater national accountability for Union expenditure; takes the view that without introducing this instrument the Commission will not be able to
fulfil its duty to supervise the Member States and to ensure an effective functioning of the national management and control systems;

79. Draws attention to its Rules of Procedure, in particular to Annex VI, Article 6(3) thereof, according to which the President, on the basis of a report by the committee responsible for budgetary control, acting on behalf of Parliament, "may bring an action before the Court of Justice against the institution concerned, pursuant to Article 265 of the Treaty on the Functioning of the European Union, for failure to comply with the obligations deriving from the comments accompanying the discharge decision or the other resolutions concerning implementation of expenditure"; recalls, in addition, the need to ensure an efficient implementation of regular, tripartite meetings under the budgetary procedure as mentioned in Article 324 of the Treaty on the Functioning of the European Union.

80. Regrets that the certifying bodies under Council Regulation (EC) n.º 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund\(^1\) are lacking coherent and clear auditing standards; calls on the Commission to set up a working group with the Member States to prepare uniform auditing standards in order to further enhance the audit work of the certifying/auditing bodies;

**Research, energy and transport - EUR 8 000 000 000**

81. Recalls that the majority of expenditure for this policy group is implemented by the Commission under direct centralised management and, increasingly, by indirect centralised management through agencies and Joint Undertakings;

82. Notes that the most likely error rate estimated by the Court of Auditors for this policy area is between 2 % and 5 %;

83. Further notes that the Court of Auditors found that management and control systems were only partially effective in ensuring the regularity of transactions;

84. Notes that the main source of error in this policy group remains the reimbursement of overstated personnel and indirect costs to research projects;

85. Recalls that FP6 beneficiaries' cost statements submitted for reimbursement shall be accompanied by an audit certificate issued by an independent auditor certifying that (s)he has reasonable assurance that the declared costs meet the eligibility requirements;

86. Notes that the Court of Auditors found errors in 43 % of the audited cost statements - both in 2009 as well as in 2008 - which had received an unqualified opinion from the certifying auditor before submission for reimbursement;

87. Notes that while the Commission substantially increased the amount of ineligible costs recovered during 2009, the outstanding recoverable amounts showed a similar increase and have almost tripled to EUR 31 500 000;

---

\(^1\) OJ L 210, 31.7.2006, p. 25.
88. Invites the Commission to ensure that the independent auditors who have incorrectly certified cost statements are made aware of the eligibility criteria for declared costs, to review the operation of the system for the certification of beneficiaries' costing methodologies, to reduce the backlog in recovering undue amounts paid and to impose sanctions where necessary, to further simplify the research funding rules and to ensure full accountability for the proper use of Union money;

89. Further invites the Commission to ensure that the IAS exercises the same powers over the bodies set up by the Union having a legal personality and receiving contributions from the budget (Union Joint Undertakings) (as those which it exercises over Commission departments, in accordance with Article 185(3) of the Financial Regulation);

90. Believes that the FP8 should be based on a radical change of view including the introduction of a bonus system partially replacing the current upfront payment system and better access to venture capital in order to enhance efficiency;

**External aid, Development and Enlargement - EUR 6 600 000 000**

91. Recalls that the majority of the expenditure in this policy area is subject to direct centralised management by Commission services either from Commission Headquarters or at the Union Delegations level ("European Union Delegations" after the entry into force of the Treaty on the Functioning of the European Union);

92. Notes that the most likely error rate estimated by the Court of Auditors for the audited domain is between 2 % and 5 %;

93. Further notes that the Court of Auditors' overall assessment of supervisory and control systems is that they are only partially effective;

94. Also notes that the Court of Auditors found that the Annual Activity Report and the declaration given by the Director General for EuropeAid give a only partially fair assessment of financial management in relation to regularity;

95. Invites DG RELEX to complete its ex-post control methodology and promptly address related recommendations made by the internal auditor;

96. Invites DG ELARG to develop and put in place mechanisms to facilitate the analysis and follow-up of the results of the verification missions carried out and to devote sufficient resources to the analysis of the outstanding final declarations submitted by the Member States that have recently joined the Union, but relating to the pre-accession period;

97. Invites DG ECHO to improve the assessments of proposals' documentation for humanitarian aid actions (such as the introduction of standardised evaluation reports);

98. Further invites the Commission to inform international organisations that future Union assistance will be subject to the delivery of assurance evidence in the form of a Statement of Assurance;

**Education and Citizenship - EUR 2 200 000 000**
99. Recalls that the majority of expenditure in this area is managed by indirect centralised management or through shared management;

100. Welcomes the Commission's positive role in this area by providing guidance to the Member States and encourages the Commission to continue to spread good practice amongst national bodies;

101. Notes that the Court of Auditors found the error rate for closures to be between 2% and 5% and that the supervisory and control systems for this policy area were only partially effective in ensuring the regularity of closures made in 2009;

102. Is worried that 29 of the 120 closures audited (24%) contained quantifiable errors;

103. Is worried that the supervisory and control systems at Commission level in 2009 left undetected and uncorrected a significant number of errors in the closures made that year;

104. Invites the Commission to continue to reinforce the checks on closures to ensure that errors are detected and corrected and prevent the reoccurrence of previously identified errors;

**Economic and Financial Affairs - EUR 7 000 000 000**

105. Recalls that the main programmes in this policy group are parts of the Seventh and Sixth Framework Programmes (FP) for research and technological development (EUR 222 000 000), the linked funding of Union agencies (EUR 116 000 000), the Guarantee Fund for external actions (EUR 92 000 000) and the Competitiveness and Innovation Framework Programme (CIP) which followed the Multiannual Programme for Enterprise and Entrepreneurship (MAP) (EUR 175 000 000);

106. Recalls further that the majority of the actions under FP6, FP7 and CIP are funded through a grant agreement with the Commission, and that grants are paid out as follows: an advance when the grant agreement is signed, followed by interim and final payments which reimburse eligible expenditure on the basis of cost statements submitted by the beneficiaries;

107. Notes that the main risk to regularity is that eligible costs in the cost statements are overstated and that this is not detected by the Commission's supervisory and control systems and that the Court of Auditors assesses as "high" the risk to regularity of payments made on the basis of cost statements;

108. Notes the illustrative examples mentioned by the Court of Auditors as regards:

- the Sixth Framework Programme where serious deficiencies in the cost statements were neither detected by the firm which provided the audit certificate nor during the two ex-post controls carried out by another external audit firm on behalf of the Commission,

- the Seventh Framework Programme where a beneficiary applied a methodology for the calculation of personnel costs which did not comply with either the FP6 or the FP7
rules, and, accordingly, for one project audited, the costs declared were overcharged by more than 17% and that the same methodology was applied to another 13 projects,

- the European Space Agency (ESA) - Joint management - where the Court of Auditors noted the inclusion of costs which should not be funded by the Community, or costs which were insufficiently supported for an amount of close to 10% of the audited sample, as well as serious weaknesses in the procurement rules and procedures;

109. Notes with concern that the Court of Auditors continues to detect errors in payments for which an unqualified opinion has been issued by the approved auditor and that the Court of Auditors considers audit certification as only partially effective in identifying errors in the declared costs;

110. Notes that the Court of Auditors concludes that payments in this policy group were free from material errors but also that the Court of Auditors recommends that attention be paid to the type and extent of errors found in research framework expenditure; notes that while two supervisory and control systems out of three for this policy group were assessed as effective, one system was only partially effective in ensuring the regularity of payments;

111. Invites the Commission:

- to encourage beneficiaries to submit their cost calculation methodology for ex-ante certification,
- to raise the certifying auditors' awareness of expenditure eligibility rules to improve the reliability of the audit certificates they issue,
- to further improve the quality of its ex-ante controls on the procurement procedures and interim/final payments and ensure that ex-post controls functions are covered by work programmes;

Option 1: If postponement is supported chapter E falls

C. REASONS FOR POSSIBLE POSTPONEMENT

112. Informs the European taxpayers that the reasons for postponement of the discharge for the financial year 2009 are as follows:

- the Barroso I Commission's strategic objective to obtain an unqualified statement of assurance from the Court of Auditors by 2009 was not achieved,
- payments from the budget continue to be materially affected by error for the policy groups 'Agriculture and natural resources', 'Cohesion', 'Research, energy and transport', 'External Aid, development and enlargement' and 'Education and Culture' (Statement of Assurance, page 12),
- supervisory and control systems are only partially effective in preventing or detecting and correcting the reimbursement of overstated or ineligible costs (Statement of Assurance, page 12),
- overall the most likely error rate is between 2% and 5% (Annual Report 1.25) and for Cohesion the most likely error rate is estimated to be "above 5%" (Annual Report 4.19),

- reliable annual information about the effects of corrective mechanisms is not available (Annual Report 1.46),

- the focus actually given to the legality and regularity of the spending does not help inform the legislator and the public as to whether the money has been spent effectively, thus undermining accountability as well as decisions on the allocation of resources,

- the Commission has not taken any serious steps to explain the need of the introduction of NMDs to the Member States despite many invitations to do so from Parliament,

- the Commission has not given sufficient follow-up to Parliament's request in paragraph 65 of its 2003 discharge report\textsuperscript{1} to produce estimates of error rates by sector and Member State, using the findings of the audit work it already carries out as well as an analysis of the quality of the information presented by the Member States, and to publish the results in such a way as to provide a clear view of the quality of the Member States' administrative systems; recalls that the Commission in its follow-up report stated that "The recommendation is not accepted"\textsuperscript{2},

- the President of the European Commission recognised that "sometimes the Commission does not have all the necessary instruments to engage with the Member States as early as possible with regard to the way in which European Union funding is spent at national level"\textsuperscript{3};

D. FURTHER ACTION TO BE TAKEN AND DOCUMENTS TO BE PRESENTED

113.Calls on the Commission to present to Parliament's competent committee before the end of April 2011 an action plan in which the Commission commits to and sets a deadline for:

a) introduction of mandatory NMDs duly signed by the national finance minister according to the following steps:

a.i) an analysis of the quality, completeness, objectivity, relevance and usefulness of existing NMDs including an assessment of the added value of the information given as well as possible shortcomings in them;


a.ii) the drawing up of guidelines on the definition of common key aspects of such declarations ensuring that they will be useful for both the Commission and the Court of Auditors;

a.iii) the establishment of a roadmap indicating the date at which the Member States shall have completed the main steps in the process of introducing NMDs, the date at which complete, reliable and useful NMDs will be a condition for receiving Union funds as well as the date for introducing in the Financial Regulation mandatory NMDs;

Explanation

a.iv) since 2005, Parliament has asked the Commission to present a proposal for the introduction of mandatory NMDs; Parliament underlines that not only the Union manager but also the national manager should be held to account for the spending in as far as about 80 % of the budget is implemented by national authorities;

a.v) consequently, Parliament has repeatedly requested that each national finance minister should issue and sign a national management declaration as to the use of the funds. Parliament also suggested that the national audit institution or another independent auditor should audit the finance minister's national management declaration; to audit a declaration issued by a national ministry would normally fall under the mandate of any independent national audit institution;

a.vi) NMDs are to be understood as an instrument facilitating greater national accountability for Union spending by giving both national parliaments and national audit institutions an opportunity to participate in ensuring legality, regularity and performance of Union spending; NMDs are an instrument which will allow national institutions and Union institutions to work together while fully respecting each others' roles and responsibilities;

a.vii) the Commission's proposal on the financial rules applicable to the annual budget of the Union (COM(2010)0815, Article 56) envisages the introduction of management declarations at managerial level; Parliament considers this proposal to be a step towards NMDs which is the final objective;

b) the completion of the Commission's governance structure by ideally adding the signature of the responsible Commissioner to the Director-General's Annual Activity Report and ideally having the Synthesis Report - which also shall include a "scoreboard" on the quality of controls per Member State and policy area - signed by the President of the European Commission

b.i) by analogy with the call for establishment of NMDs at political level, in order to complete the Commission's governance structure it may have to undertake a strengthening of procedures to allow the College to adopt the Synthesis Report and to allow individual Commissioners' involvement and participation in the preparation of the Director-General's Annual Activity Report which includes the following measures applicable for the financial year 2010:
- the transmission to Parliament's competent committee and publication of the minutes from the meeting at which the College adopts the Synthesis Report in the presence of the Commission's Internal Auditor,

- the transmission to Parliament's competent committee of the declaration from the Director-General about his meeting with the responsible Commissioner explaining clearly and completely the content of their deliberations on the Annual Activity Reports as well as any reservations;

**Explanation**

b.ii) both the Director-General's Annual Activity Report as well as the College of Commissioners' Synthesis Report are important elements to allow the Commission to give account to the discharge authority; to bridge the gap between the Director-General's individual assurance declarations and the College's institutional assurance declaration, the Director-General's Annual Activity Report should ideally be co-signed by the competent Commissioner, and the Synthesis Report, which is adopted by the College of Commissioners, should ideally be signed by the President of the Commission or the Commissioner with responsibility for budgetary control matters, only in this way would Parliament get an overall 'institutional' assurance statement to accompany the 'departmental' assurance statements which are what Parliament receives under the current accountability structure;

b.iii) the addition of these signatures should in no way dilute the direct responsibility of each Director-General or other authorising officers by delegation;

c) **the introduction of automatic interruption and automatic suspension of payments as soon as evidence suggests a significant deficiency in the functioning of management and control systems**

c.i) the process leading up to the achievement of this objective shall include:

- the transmission to Parliament's competent committee of information clearly showing all interruptions and suspensions of payments so far, as well as the reasons for these decisions,

- a description of clear, unequivocal criteria applicable for all Directorates-General and leaving no room for interpretation of future interruptions/suspensions of payments as well as lifting interruptions/suspensions of payments whereby an automatic mechanism without prior decision on the managerial or political level shall be created,

- the inclusion of the automatic mechanism for interruption and lifting of payments in the Financial Regulation and development of comprehensive guidelines for the Member States in order to help national authorities avoid misunderstandings and irregularities;

**Explanation**
c.ii) the total financial corrections confirmed in 2009 for structural actions alone amount to EUR 7,719,000,000 (Annual Accounts of the European Union, Financial Year 2009, page 112); however, only EUR 5,387,000,000 (7,719,000,000 - 2,332,000,000) (page 103) was implemented and registered in the accounts; considers that the gap between the amounts to be corrected and the amounts actually corrected makes it necessary to introduce an automatic suspension, without a decision of the Commission, of payments as soon as evidence suggests a significant deficiency in the functioning of the management and control systems;

d) the improvement of corrective mechanisms aimed at correcting individual payments which have been incorrectly made and ensuring that the financial consequences of incorrectly made payments are borne by the beneficiaries and not the taxpayers

d.i) the process leading up to the achievement of this objective shall include:

- a clear, comprehensive and fully correct list of all financial corrections implemented since 1994 as well as information on whether incorrectly received payments have been recovered or replaced by other projects in which case a qualitative assessment of these replacement projects shall also be presented,

- the measures to be taken following the Court of Auditors' conclusion that "the Commission does not always receive reliable information from Member States" (Annual Report 2009, point 1.49), with a list of the concerned Member States and the amount of the irregularities as well as information on the results of the "standardized procedure" (Commission's reply in its Annual Report 2009, point 1.34) introduced for the 2007-2013 period,

- the transmission by the Commission of a copy of any recovery letter and any letter announcing financial corrections to the national parliament and the national supreme audit institution of the Member State concerned as well as to Parliament's competent committee;

e) the appointment by the Commission of a "performance evaluator" with responsibility for the preparation of the evaluation report as required in Article 318 of the Treaty on the Functioning of the European Union to be endorsed by the College of Commissioners in order to establish a clear "ownership" of this report

e.i) the evaluation report shall be drawn up so that the relation between the key performance indicators (KPIs), their legal/political basis, the amount of expenditure and the results achieved is clear and transparent and the methodology to be used for the production of this report should be audited by the IAS, which should also assess the work done;

e.ii) the key performance indicators used by all departments in the Commission shall be publicly available;
e.iii) the evaluation report shall be presented in Plenary and a debate shall follow at which also the Court of Auditors will also be invited to present its opinion on the evaluation report;

f) the introduction of a new spending logic aimed at improving the quality of spending and ensuring that funds provided by European taxpayers are spent both correctly and wisely, including the following principles:

f.i) establishment of the Union budget on the basis of an examination of the proposed policies, the 'delivery' costs for the bodies involved and the beneficiaries and the objectives which could be achieved with the available funds;

f.ii) ensuring that schemes and programmes are realistic and as simple as possible;

f.iii) ensuring full and agreed accountability for spending;

Option 2: In case postponement is not supported chapters C and D fall and the report continues as follows

E. PRIORITY ACTIONS

National management declarations

114. Stresses that NMDs are to be understood as an instrument facilitating greater national accountability for Union spending by giving both national parliaments and national audit institutions an opportunity to participate in ensuring legality, regularity and performance of Union spending; is of the opinion that NMDs are an instrument which will allow national institutions and Union institutions to work together while fully respecting each others' roles and responsibilities;

115. Recalls that since 2005, Parliament has asked the Commission to present a proposal for the introduction of mandatory NMDs;

116. Underlines that not only the Union manager but also the national manager should be held to account for the spending in as far as about 80 % of the budget is implemented by national authorities;

117. Has repeatedly requested that each national finance minister should issue and sign a NMD as to the use of the funds and has also suggested that the national audit institution or another independent auditor should audit the finance minister's NMD because to audit a declaration issued by a national ministry would normally fall under the mandate of any independent national audit institution;

118. Notes that the Commission's proposal on the financial rules applicable to the annual budget of the Union (COM(2010)0815, Article 56) envisages the introduction of
management declarations at managerial level; underlines that Parliament considers this proposal to be a step towards NMDs which is the final objective;

119. Invites the Commission to present a formal proposal for the introduction of mandatory NMDs duly signed by the national finance minister according to the following steps:

- an analysis of the quality, completeness, objectivity, relevance and usefulness of existing NMDs including an assessment of the added value of the information given as well as possible shortcomings in them,

- the drawing up of guidelines on the definition of common key aspects of such declarations ensuring that they will be useful for both the Commission and the Court of Auditors,

- the establishment of a roadmap indicating the date at which the Member States shall have completed the main steps in the process of introducing NMDs, the date at which complete, reliable and useful NMDs will be a condition for receiving Union funds as well as the date in the Financial Regulation for introducing mandatory NMDs;

Completion of the Commission's governance structure

120. Stresses that both the Director-General's Annual Activity Report as well as the College of Commissioners' Synthesis Report are important elements to allow the Commission to give account to the discharge authority; to bridge the gap between the Director-General's individual assurance declarations and the College's institutional assurance declaration, the Director-General's Annual Activity Report should ideally be co-signed by the competent Commissioner, and the Synthesis Report, which is adopted by the College of Commissioners, should ideally be signed by the President of the Commission or the Commissioner with responsibility for budgetary control matters, only in this way would Parliament get an overall 'institutional' assurance statement to accompany the 'departmental' assurance statements which are what Parliament receives under the current accountability structure;

121. Underlines that the addition of these signatures should in no way dilute the direct responsibility of each Director-General or other authorising officers by delegation;

122. Invites the Commission by analogy with the call for the establishment of NMDs at political level to complete its governance structure by adding the signature of the responsible Commissioner to the Director-General's Annual Activity Report and by having the Synthesis Report - which also shall include a "scoreboard" on the quality of controls per Member State and policy area - signed by the President of the European Commission;

123. Notes that in order to complete the Commission's governance structure it may have to undertake a strengthening of procedures to allow the College to adopt the Synthesis Report and to allow the individual Commissioners' involvement and participation in the preparation of the Director-General's Annual Activity Report which includes the following measures applicable for the financial year 2010:

- the transmission to Parliament's competent committee and publication of the minutes
from the meeting at which the College adopts the Synthesis Report in the presence of the Commission's Internal Auditor,

- the transmission to Parliament's competent committee of the declaration from the Director-General about his meeting with the responsible Commissioner explaining clearly and completely the content of their deliberations on the Annual Activity Reports as well as any reservations;

**Automatic interruption and suspension of payments as well as lifting of the measure**

124. Notes that the total financial corrections confirmed in 2009 for structural actions alone amount to EUR 7 719 000 000 (Annual Accounts of the European Union, Financial Year 2009, page 112); observes, however, that only EUR 5 387 000 000 (7 719 000 000 - 2 332 000 000) (page 103) was implemented and registered in the accounts; is of the opinion that the gap between the amounts to be corrected and the amounts actually corrected makes it necessary to introduce an automatic suspension, without a decision of the Commission, of payments as soon as evidence suggests a significant deficiency in the functioning of the management and control systems;

125. Invites the Commission to introduce a system of automatic interruption and automatic suspension of payments as soon as evidence suggests a significant deficiency in the functioning of management and control systems;

126. Believes that the process leading up to the achievement of automatic interruption and automatic suspension of payments shall include:

- the transmission to Parliament's competent committee of information clearly showing all interruptions and suspensions of payments so far, as well as the reasons for these decisions,

- a description of clear, unequivocal criteria applicable for all Directorates-General and leaving no room for interpretation of future interruptions/suspensions of payments as well as lifting interruptions/suspensions of payments whereby an automatic mechanism without prior decision on the managerial or political level shall be created,

- the inclusion of the automatic mechanism for interruption and lifting of payments in the Financial Regulation and the development of comprehensive guidelines for the Member States in order to help national authorities avoid misunderstandings and irregularities,

- the transmission by the Commission of a copy of any recovery letter and any letter announcing financial corrections to the national parliament and the national supreme audit institution of the Member State concerned as well as to Parliament's competent committee;

**Improvement of corrective mechanisms**
127. Invites the Commission to improve the corrective mechanisms ensuring that the financial consequences of incorrectly made payments are borne by the beneficiaries and not the taxpayers;

128. Believes that the process leading up to the achievement of this objective shall include also the presentation to Parliament's competent committee of the following:

- a clear, comprehensive and fully correct list of all financial corrections implemented since 1994, as well as information on whether incorrectly received payments have been recovered or replaced by other projects, in which case a qualitative assessment of these replacement projects shall also be presented,

- the measures to be taken following the Court of Auditors' conclusion that "the Commission does not always receive reliable information from Member States" (Annual Report 2009, point 1.49), with a list of the concerned Member States and the amount of the irregularities as well as with information on the results of the "standardized procedure" (Commission's reply in Annual Report 2009, point 1.34) introduced for the 2007-2013 period;

Performance evaluator

129. Invites the Commission to appoint a "performance evaluator" with responsibility for the preparation of the evaluation report required in accordance with Article 318 of the Treaty on the Functioning of the European Union to be endorsed by the College of Commissioners in order to establish a clear 'ownership' of this report;

130. Believes that the evaluation report shall be drawn up so that the relation between the key performance indicators (KPIs), their legal/political basis, the amount of expenditure and the results achieved is clear and transparent, that the methodology to be used for the production of this report should be audited by the IAS which should also assess the work done, and that the key performance indicators used by all departments in the Commission shall be publicly available;

131. Is of the opinion that the evaluation report should be presented in Plenary during a debate at which the Court of Auditors will also be invited to present its opinion on the evaluation report;

Introduction of a new spending logic

132. Invites the Commission to introduce a new spending logic aimed at improving the quality of spending and ensuring that funds provided by European taxpayers are spent both correctly and wisely, and including the following principles:

- establishment of the Union budget on the basis of an examination of the proposed policies, the 'delivery' costs for the bodies involved and the beneficiaries and the objectives which could be achieved with the available funds,

- ensuring that schemes and programmes are realistic and as simple as possible,

- ensuring full and agreed accountability for spending;
133. Refers, for other observations accompanying its Decision on discharge, which are of a specific nature, to its resolution of … May 2011 on conclusions concerning the special reports issued by the Court of Auditors.¹

¹ Texts adopted, P7_TA(2011)0000 (2010/2204(DEC)).