



## Press Release

Luxembourg, 30 January 2017

### Commission should simplify Financial Regulation further, say EU Auditors

European Commission plans for changes to the Financial Regulation, which governs the operation of the EU Budget, should be simplified further, according to a new opinion published by the European Court of Auditors (ECA). The Commission is proposing what it calls an “ambitious revision” of the Regulation as part of its Mid-term Financial Review.

In general, the auditors welcome the Commission’s intention to simplify the Regulation. They also note moves towards rewarding performance, a point which they have raised several times in previous years. However, they highlight reservations on three issues.

Firstly, the Commission is proposing to put together many existing reports into an “integrated financial reporting package”. The auditors warn that this would create a package that would run to thousands of pages and would include significant duplication. They consider that the implications of the proposal have not been fully assessed and they make an alternative proposal to simplify reporting and provide additional value to stakeholders.

Secondly, say the auditors, the Commission proposes detailed changes to budgetary management arrangements without questioning whether the existing mechanisms are still appropriate. The auditors consider that there is scope for significant simplification and additional flexibility in the existing arrangements.

Thirdly, the auditors point out that the proposal does not cover governance at the Commission. To be in line with international practice, the Commission should address the issues of integrated reporting, estimation of the level of error for irregular spending and the composition and remit of its audit committee.

*“These changes provide an important opportunity to improve the financial management of the EU. The proposal is a step in the right direction. But, as it stands, it does not go far enough”, said Lazaros S. Lazarou, the Member of the European Court of Auditors responsible for the Opinion, adding that “The ECA is the EU’s independent external auditor, publishing reports on the EU accounts and special reports on getting results from EU spending. We give our view on important*

*The purpose of this press release is to give the main messages of the Opinion adopted by the European Court of Auditors. The full Opinion is on [www.eca.europa.eu](http://www.eca.europa.eu).*

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*changes in legislation in our opinions. The financial regulation sets out general rules on the EU budget, how to account for the spending and the results. This opinion addresses the changes the Commission proposes.”*

### **Notes to Editors**

The European Court of Auditors contributes to improving EU financial governance by publishing reports on EU finances and opinions on proposals for new or revised legislation with a financial impact.

Its opinions are used by the legislative authorities — the European Parliament and the Council — in their work.