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EUROPEAN
COURT
OF AUDITORS

2024

EU audit in brief

Introducing the 2024 annual reports
of the European Court of Auditors



EUROPEAN COURT OF AUDITORS
12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG

Tel. +352 4398-1
Enquiries: <https://eca.europa.eu/en/contact>
Website: <https://eca.europa.eu>
Social media: @EUauditors

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President's foreword



Our annual report is the ECA's core product, offering valuable insights into the EU budget and its various policy areas. Alongside our compliance and performance audits, it supports our stakeholders in shaping the EU budget and in their decision-making processes. Against this backdrop, our 2024 annual report is vital for addressing the EU's present budgetary challenges as well as proactively addressing those expected in the forthcoming MFF period.

We provide a clean opinion on the 2024 accounts, reaffirming that they continue to accurately present the EU's financial position. Our annual report likewise found that EU revenue was free from material error.

Our estimate of the level of error in EU budget spending is at 3.6 % (2023: 5.6 %) and above our materiality threshold. Furthermore, since a significant proportion of our audit population is materially affected by error, we issue an adverse opinion on EU budget expenditure.

Our audit population for expenditure totalled €167.9 billion under the general budget. The largest contributor to the material error was 'Cohesion, resilience and values' at 5.7 % (9.3 % in 2023). 'Natural resources and environment' had an estimated level of error at 2.6 % (2.2 % in 2023). Together these two spending areas accounts for two thirds of our audit population. The most common error types across the EU budget continue to be those linked to ineligible projects and costs, as well as failure to respect public procurement rules.

The Recovery and Resilience Facility (RRF) delivery model differs significantly from traditional budget expenditure. Actual costs and compliance with EU and national rules are not taken into account for payments to member states. Indeed, non-compliance with these rules are a major source of errors under the traditional budget. In contrast, RRF payments must comply with fewer conditions. They are conditional only on the satisfactory fulfilment of milestones and targets. Consequently, the results of our work on the RRF are not comparable with the traditional budget, and we therefore issue a separate audit opinion on RRF expenditure.

In 2024, RRF expenditure amounted to €59.9 billion. Our audit covered all 28 RRF grant payments totalling €53.5 billion and clearing of pre-financing totalling €6.4 billion. Our checks identified instances where milestones and targets linked to payments had not been satisfactorily fulfilled, as well as issues related to the reversal of a milestone, double funding, and eligibility periods. Additionally, we identified cases of vaguely defined milestones and

targets, alongside weaknesses in the Commission's *ex ante* assessments. On this basis, we issue a qualified opinion on the RRF expenditure.

By the end of 2024, the Commission had disbursed €178.5 billion in RRF grant payments, representing only 50 % of the total available funds, with less than two years remaining before the end of the RRF's implementation in December 2026. Recently, we took the opportunity to take stock and summarise the extensive work we have undertaken since the establishment of this temporary instrument in 2021, in the form of a review. This review highlights key findings and lessons learned from the RRF, designed to inform any potential new delivery models not linked to costs.

While we recognise the role that these instruments can play in the EU budget, we emphasise that, moving forward, they should only be employed when funding is directly linked to measurable results. They should be traceable to actual costs, and it is crucial that their design and implementation do not compromise accountability. When such instruments involve future borrowing, the EU must effectively mitigate interest rate risks and establish a clear repayment plan upfront, specifying the sources of repayment.

Our 2024 annual report also points to risks linked to borrowing for future MFFs, particularly the growing burden from NGEU borrowing obligations. By 2027, outstanding EU borrowing could surpass €900 billion, nearly ten times the level before NGEU in 2020. Additionally, the total interest expenditure on NGEU in the current MFF could exceed €30 billion, more than doubling the Commission's original forecast of €14.9 billion. Furthermore, we also highlight challenges facing the current MFF, such as low absorption of shared management funds and the continued rise of EU budget exposure.

As the post-2027 Multiannual Financial Framework takes shape, we have also published a review analysing the positions outlined in the European Commission's February 2025 Communication on the next Multiannual Financial Framework. The review highlights opportunities to improve the design of the MFF by fostering greater synergy between EU policies and its budget, ensuring that EU spending delivers added value, enhancing flexibility, and simplifying the framework. All of this must be done without compromising accountability, transparency, or the traceability of EU funding.

To conclude, I want to emphasise that through our work, our goal is to support and inform the discussions and debates surrounding the new MFF proposals. As the EU's independent external auditor, we are committed and prepared to support our institutional stakeholders in strengthening the EU budget and safeguarding the EU's financial interests.

Finally, I would like to recognise the dedication and expertise of our staff. Their professionalism is fundamental to both producing our annual reports and strengthening our organisation.



Tony Murphy
President

Overall results

Key findings

In accordance with Article 287 of the Treaty on the Functioning of the European Union (TFEU), we provide a **statement of assurance** to the European Parliament and the Council of the European Union covering the reliability of the EU's consolidated accounts and the legality and regularity of transactions. This is the central element of our annual report.

Opinion

We issue a clean opinion on the reliability of the 2024 accounts of the European Union.

We also issue a clean opinion on the legality and regularity of revenue for 2024.

We provide two separate opinions on the legality and regularity of expenditure for 2024:

- our opinion on the legality and regularity of EU budget expenditure is adverse.
- our opinion on the legality and regularity of expenditure under the Recovery and Resilience Facility is qualified.

- Our overall **estimated level of error for budget expenditure** accepted in the accounts for the year ended 31 December 2024 is 3.6 % (2023: 5.6 %). A substantial proportion of this expenditure is materially affected by error. This concerns expenditure subject to complex rules, mainly reimbursement-based, in which the estimated level of error is 5.2 %. Such expenditure amounted to €115.7 billion in 2024, representing 68.9 % of our audit population. The effects of the errors we found are therefore both **material and pervasive** to the year's accepted expenditure and we are issuing an **adverse opinion on EU budget expenditure**.
- For **Recovery and Resilience Facility (RRF) expenditure**, in 2024, the Commission made 28 grant payments to member states which included a total of 539 milestones and 205 targets. We identified quantitative findings in six payments (and related clearings of pre-financing). Five of these payments were affected by material error, and we are issuing a **qualified opinion** on RRF expenditure. We note that there is an increasing trend in the overall financial impact of quantitative findings.

- We define an “error” as an amount of money paid out from the EU budget for which the payment conditions were not met. Our definition includes not only breaches of applicable law resulting from acts or omissions by economic operators but also errors detrimental to the EU budget made by national and regional administrations or by the Commission itself. In its annual management and performance report (AMPR), the Commission presents its estimate of the risk at payment¹ in 2024 for all MFF headings except heading 3 ‘Natural resources and the environment’. The Commission’s estimates are below our confidence interval for estimated level of error for headings 2 and 6 and in the lower half of the range for heading 1. There are differences between the respective roles and mandates of the Commission and the ECA, and limitations in management and control systems. Therefore, the level of error reported by the Commission is not directly comparable with our estimated level of error and is likely to be underestimated.
- In 2024, we reported to OLAF 19 cases (2023: 20 cases) of suspected fraud, of which 15 were identified during our audit of 2023 expenditure, three during our audit of 2022 expenditure and one in the context of a performance audit carried out in 2023 covering a programme period spanning from 2017 to 2025. Based on this reporting, OLAF has already opened six investigations. In parallel, we reported seven of these cases to the EPPO, all of which resulted in the EPPO opening investigations. Our audit of 2024 expenditure has already identified seven cases of suspected fraud.

¹ Article 253(1)(b)(i) of the [Financial Regulation](#) requires that the AMPR include an estimation of the level of error in EU expenditure.

What we audited

2024 EU budget in figures

The European Parliament and the Council adopt an annual EU budget within the framework of a longer-term budget agreed for a period of several years (known as the 'multiannual financial framework' or MFF). In 2024, total payments from this budget were €146.1 billion, or 97.6 % of the available amount.

Including additional payments of €98.2 billion from assigned revenue (mainly NextGeneration EU (NGEU) and REPowerEU), plus €2.7 billion of carry-overs and amounts made available again, total payments in 2024 reached €247.0 billion. Utilisation of the budget for payments was 89.6 % of total payment appropriations of €275.8 billion.

Excluding RRF grants of €55.9 billion, EU budget spending in 2024 totalled €191.1 billion.

Where does the money come from?

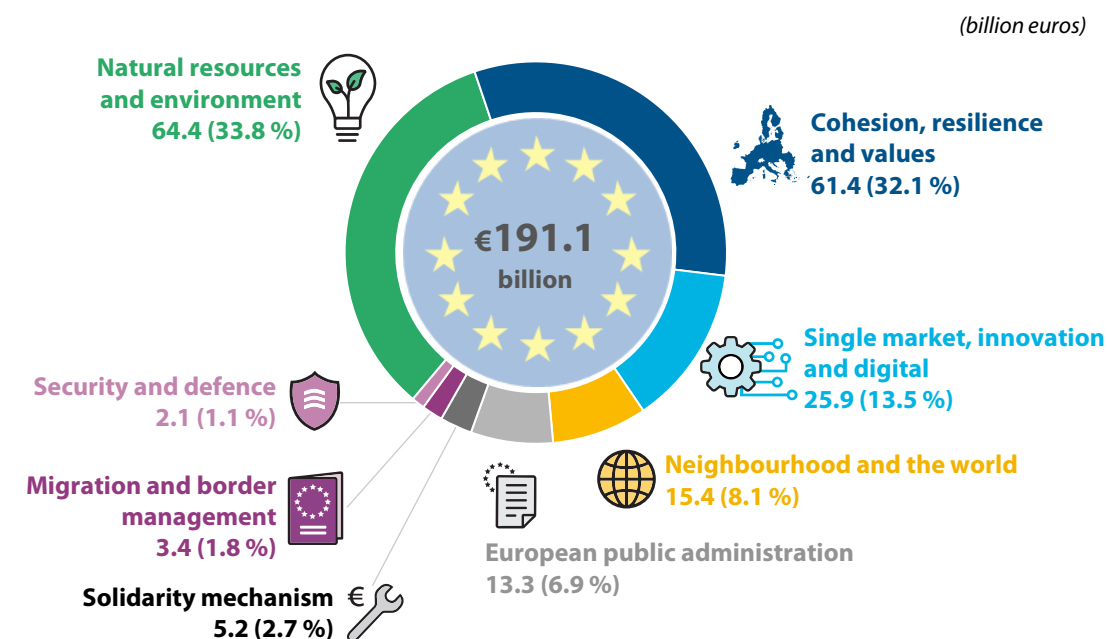
Total budget revenue for 2024 was €250.6 billion. The largest share of the EU budget is financed by amounts that member states contribute in proportion to their gross national income (€90.4 billion). Other sources include a contribution based on value-added tax collected by member states (€23.4 billion), customs duties (€20.1 billion), and a contribution based on plastic packaging waste (€7.2 billion). Amounts borrowed to finance non-repayable financial support to member states in the context of NGEU provide €73.3 billion of EU revenue. There are also other revenues (€36.2 billion). The most significant of these are contributions and refunds connected with EU agreements and programmes.

Amounts borrowed to finance NGEU non-repayable financial support to member states are presented differently in the budget and in the consolidated financial statements. These amounts, providing 29 % of EU revenue in 2024, are treated as external assigned revenue, which is additional to the voted budget, in line with the RRF regulation. The statement of financial performance does not include these amounts as revenue, but it does include the expenses related to NGEU non-repayable financial support, leading to a negative impact on the economic result for the year. Negative economic results increase the deficit in net assets as reflected in the EU's balance sheet and therefore must be funded by future budgets.

What is the money spent on?

EU funds are disbursed to beneficiaries either through single payments/annual instalments or through a series of payments within multiannual spending schemes. Payments from the 2024 EU budget comprised €49.0 billion in pre-financing and €142.1 billion in other payments. As [Figure 1](#) shows, the largest shares of the EU budget went to 'Natural resources and environment' and 'Cohesion, resilience and values', followed by 'Single market, innovation and digital'.

Figure 1 – 2024 EU budget spending per MFF heading



MFF 1 (Chapter 5)	Single market, innovation and digital
MFF 2 (Chapter 6)	Cohesion, resilience and values
MFF 3 (Chapter 7)	Natural resources and environment
MFF 4 (Chapter 8)	Migration and border management
MFF 5 (Chapter 8)	Security and defence
MFF 6 (Chapter 9)	Neighbourhood and the world
MFF 7 (Chapter 10)	European public administration
Solidarity mechanism	(outside MFF)

Source: ECA.

Under the RRF, the member states set out reforms and investments in advance in their national recovery and resilience plans, and the Commission pays them for achieving related milestones and targets. Member states may request disbursements up to twice a year if they provide sufficient evidence that the related milestones and targets have been satisfactorily fulfilled. The Commission's control system must ensure that RRF payments are legal and regular, this being mainly contingent upon the satisfactory fulfilment of milestones and targets. By the end of 2024, the Commission had made 65 grant payments (one in 2021, 13 in 2022, 23 in 2023 and 28 in 2024) totalling €178.5 billion.

What did we cover?

Every year, we audit the reliability of the annual accounts and the regularity of the underlying income and expenditure transactions. In 2024, our audit population for testing revenue amounted to €250.6 billion. Our audit population of expenditure transactions covers interim and final payments accepted by the Commission as well as clearings of pre-financing. Our population for testing expenditure totalled €167.9 billion under the general budget. RRF expenditure in 2024 totalled €59.9 billion and our audit covered all 28 grant payments totalling €53.5 billion and clearing of pre-financing totalling €6.4 billion.

For general budget spending, we examine expenditure at the point when final recipients of EU funds have undertaken activities or incurred costs. For the RRF, the condition for payment to member states by the Commission is the satisfactory fulfilment of predefined milestones or targets. We examine RRF expenditure at the point when member states request payment for achieving their predefined milestones or targets and at the point when the Commission has accepted it. We focused on whether the milestones and targets have been satisfactorily fulfilled, and whether the eligibility conditions have been met. Our audit does not cover the loans component of the RRF.

What we found

The EU accounts present a true and fair view

The 2024 EU accounts present fairly, in all material respects, the EU's financial results and its assets and liabilities at the end of the year, in accordance with international public sector accounting standards.

We therefore give a clean opinion on the reliability of the accounts. Below, we provide an analysis of **the key audit matters** – i.e. those which, according to our professional judgement, that were of most significance in our audit of the financial statements of the current period.

- (1) The EU balance sheet includes a liability for pension and other employee benefits amounting to €93.1 billion at the end of 2024 (2023: €90.8 billion). In 2024, the pension liability remained stable, with the slight increase being attributed to the expected progression of service and interest cost.
- (2) At the end of 2024, the estimated value of incurred eligible expenditure due to beneficiaries but not yet claimed was €160.7 billion (2023: €155.2 billion). These amounts were recorded as accrued expenses. The increase in the estimate across all programmes is mainly driven by the fact that the previous programming period is coming to an end and that the uptake of 2021-2027 MFF funds has been slower than anticipated.
- (3) As the EU provides assistance to Ukraine in the form of loans and grants, we assessed the Commission's calculations concerning the EU's related financial exposure, as well as their underlying basis, to ensure that the actual and potential consequences were reflected appropriately in the EU accounts.
- (4) With NGEU, the EU mobilised substantial resources to mitigate the COVID-19 pandemic's socio-economic impact. As part of our audit procedures, we audited the EU's assets, liabilities, revenue and expenses, including those related to NGEU. We conclude that they are presented fairly in the consolidated financial statements.

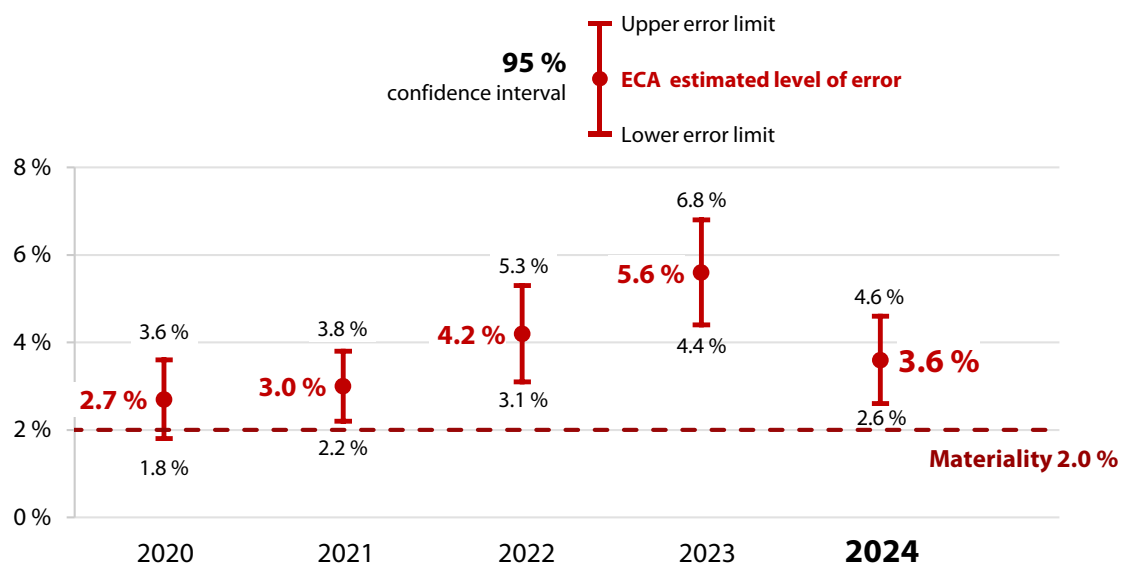
We issue a clean opinion on revenue

We conclude that revenue is free from material error. The systems for managing the revenue we examined were generally effective.

We issue an adverse opinion on EU budget spending

For EU budget spending, we estimate the level of error to be between 2.6 % and 4.6 %. The mid-point of this range (the ECA's estimated level of error), has decreased compared to last year, from 5.6 % to 3.6 % – see [Figure 2](#).

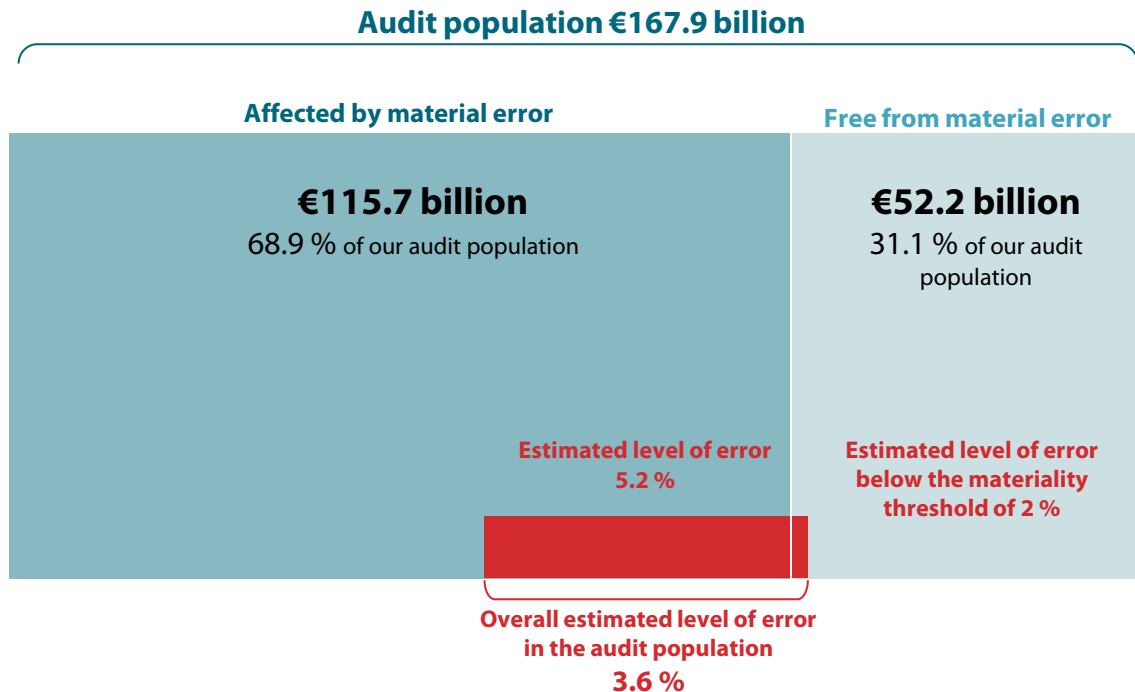
Figure 2 – Estimated levels of error (2020-2024)



Source: ECA.

[Figure 3](#) illustrates that the audited areas affected by material error represent 68.9 % of our audit population (2023: 64.4 %). Taking into account the results of our testing across all MFF headings, we estimate the level of error in this part of expenditure to be 5.2 % (2023: 7.9 %).

Figure 3 – Proportion of our 2024 audit population affected by material error



Source: ECA.

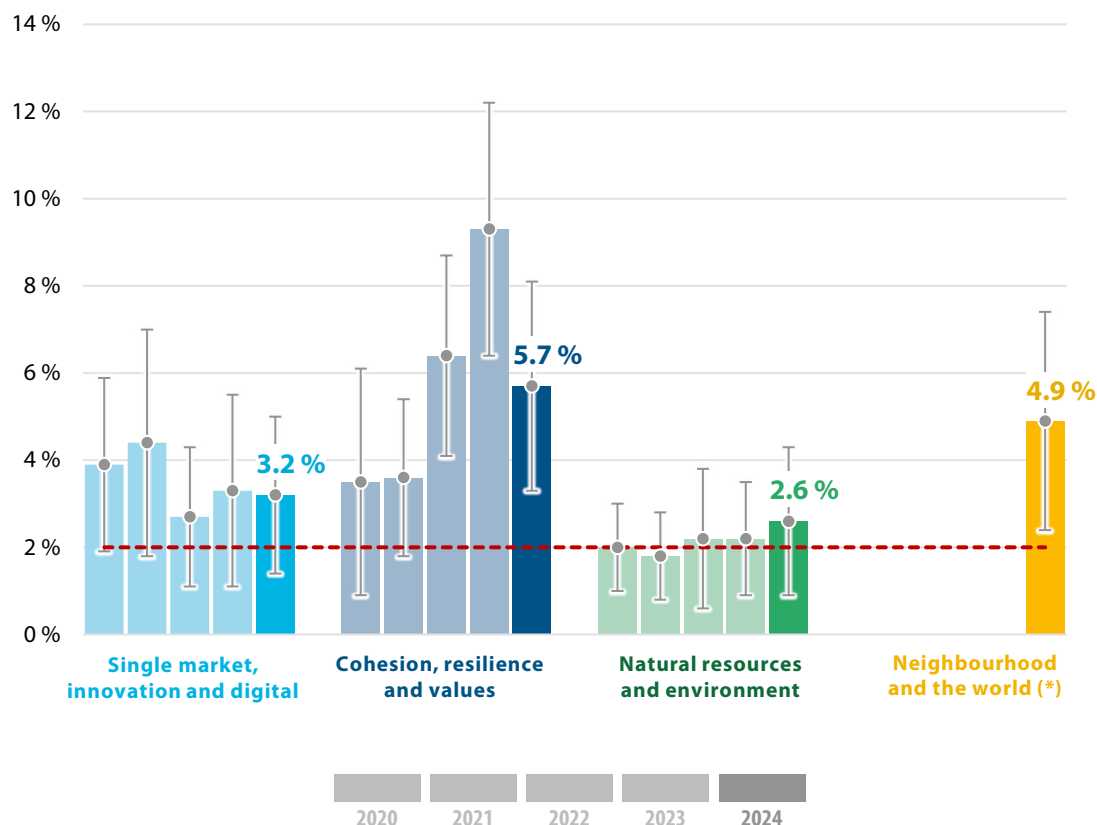
The audited areas affected by material error comprise mainly **reimbursement-based payments**, where beneficiaries have to submit claims for eligible costs they have incurred. To this end, as well as demonstrating that they are engaged in an activity eligible for support, they must provide evidence of the reimbursable costs they have incurred. In doing so, the beneficiaries must often follow complex rules regarding what can be claimed (eligibility) and how costs can be incurred properly (public procurement or state aid rules).

We conclude that 31.1 % of our audit population is free from material error, meaning that the estimated level of error in this part of expenditure is below the materiality threshold of 2 %. This part of the population includes expenditure related to **entitlement-based payments** for which beneficiaries must meet certain conditions (e.g. direct payments for farmers, excluding eco-schemes), as well as part of administrative expenditure (salaries and pensions of EU staff), budget support for non-EU countries, and student and other mobility actions under Erasmus+. This part of expenditure was also free from material error in previous years. We did, however, identify errors concerning ineligible costs.

‘Cohesion, resilience and values’ is the biggest contributor to the part of our audit population which is affected by material error (€49.1 billion), followed by ‘Natural resources and environment’ (€28.4 billion), ‘Single market, innovation and digital’ (€15.3 billion) and ‘Neighbourhood and the world’ (€11.8 billion).

Figure 4 compares our estimated levels of error for ‘Single market, innovation and digital’, ‘Cohesion, resilience and values’, ‘Natural resources and environment’ between 2020 and 2024 and shows our estimated level of error for ‘Neighbourhood and the world’ in 2024.

Figure 4 – Estimated levels of error for MFF headings 1, 2, 3 and 6 (2020-2024)



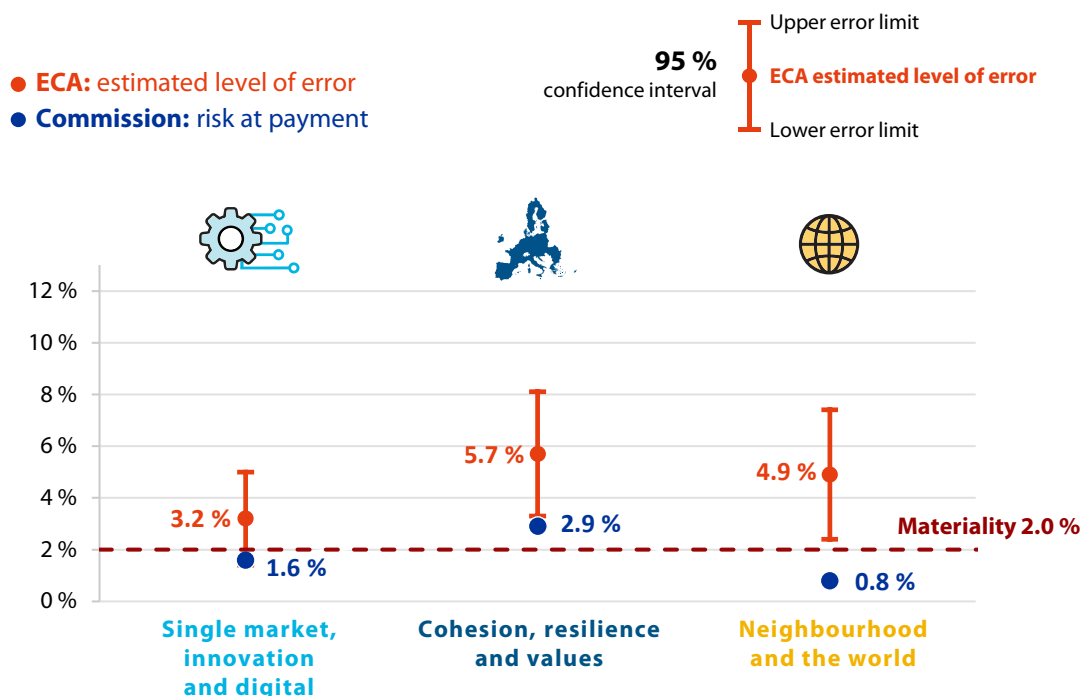
* We did not provide a specific assessment for ‘Neighbourhood and the world’ between 2020 and 2023.

Source: ECA.

Comparing our error level estimates with those of the Commission

In the 2024 AMPR, the Commission presents its estimate of the risk at payment in 2024 for all MFF headings except heading 3 ‘Natural resources and the environment’. The Commission’s figures are below the range of our confidence interval for headings 2 and 6 and in the lower half of the range for heading 1. The reasons for this include inherent differences between the respective roles and mandates of the Commission and the ECA, but also limitations in management and control systems. **Figure 5** presents the Commission’s estimate of the risk at payment for the MFF headings alongside the ranges of our 95 % confidence interval for the estimated level of error.

Figure 5 – Our estimate of the 2024 level of error and the Commission’s estimate of the risk at payment, for MFF headings 1, 2 and 6



Source: ECA.

We issue a qualified opinion on RRF expenditure in 2024

The RRF is a temporary instrument delivered and financed in a way that is fundamentally different to EU budget expenditure. Whereas beneficiaries of EU budget spending are paid for having undertaken certain activities or reimbursed for costs incurred, under the RRF member states are paid for the satisfactory achievement of predefined milestones or targets. For RRF, we therefore examined whether predefined milestones or targets were satisfactorily achieved and whether horizontal eligibility conditions were met.

The overall audit evidence from our work shows that 12 out of the 395 RRF milestones and targets we examined did not comply with the payment or eligibility conditions. These concern six payments in six member states. We note that there is an increasing trend in the overall financial impact of quantitative findings. We also found weaknesses in the *ex ante* assessment carried out by the Commission; cases of vaguely defined milestones/targets that contributed to a more discretionary assessment of their satisfactory fulfilment; persistent weaknesses in the member states' control systems; and problems with the reliability of information that member states included in their management declaration.

Furthermore, we found serious weaknesses in the appointment of judges connected with the reform to strengthen the independence and impartiality of courts in Poland by reforming the disciplinary regime for judges. Since there is an ongoing case at the Court of Justice (CJEU) of the European Union regarding a request for preliminary ruling directly related to this matter, we decided at this stage to refrain from concluding on the satisfactory fulfilment of the two related milestones. The satisfactory fulfilment of these milestones was a precondition for any RRF payment to Poland.



*Want to know more? The full text of our 2024 annual report can be found on our **website** (eca.europa.eu).*

A closer look at our results

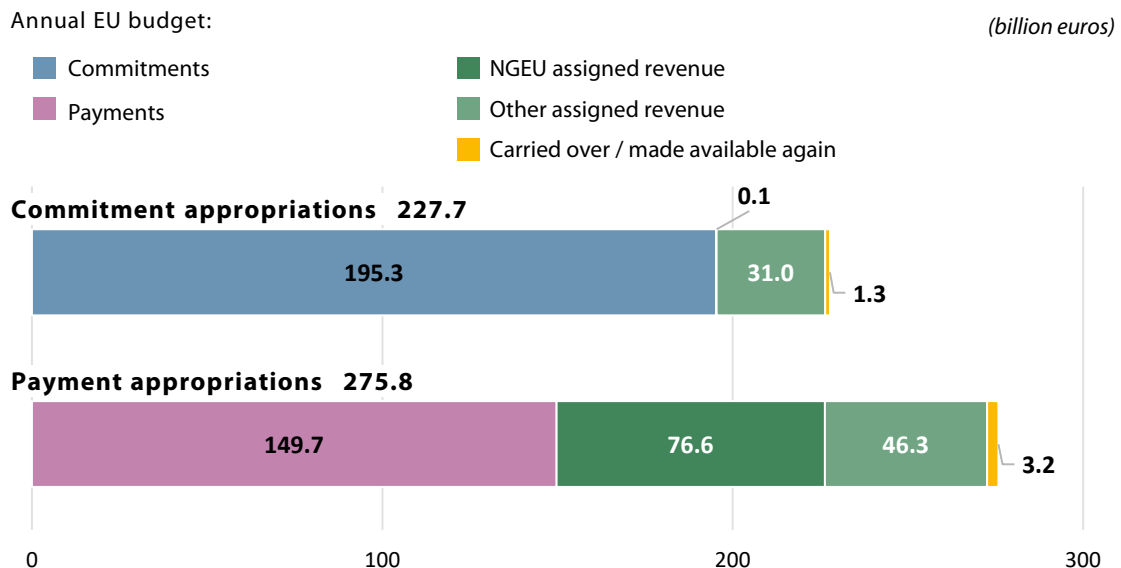


Budgetary and financial management

Due to NGEU, payments exceeded commitments in 2024

The year 2024 was the fourth of the 2021-2027 MFF. [Figure 6](#) shows the overall available EU budget appropriations including for NGEU grants.

Figure 6 – Total available appropriations including NGEU grants in 2024



Source: ECA, based on the 2024 consolidated annual accounts of the EU and on other Commission data.

The recent trend of commitment appropriations being almost fully used continued in 2024

The total commitments made under the 2024 MFF budget were €193.1 billion, which is 98.9 % of the available amount. Including additional commitments of €19.7 billion from assigned revenue, plus €0.9 billion of carry-overs and amounts made available again, total commitments in 2024 reached €213.7 billion. Overall utilisation of the budget for commitments was 93.9 % of total commitment appropriations of €227.7 billion.

Payments executed were higher than initially planned and below the MFF ceiling

In 2024, total payments made under the MFF budget were €146.1 billion, 97.6 % of the available payment appropriations of €149.7 billion. Including additional payments of €98.2 billion from assigned revenue (mainly NGEU and REPowerEU), plus €2.7 billion of carry-overs and amounts made available again, total payments in 2024 reached €247.0 billion. Utilisation of the budget for payments was 89.6 % of total payment appropriations of €275.8 billion.

Absorption of shared management funds: 2014-2020 MFF nearly finalised, while 2021-2027 MFF levels remain low

Absorption of the 2014-2020 ESIF reached 97 %, with 21 member states exceeding 95 %

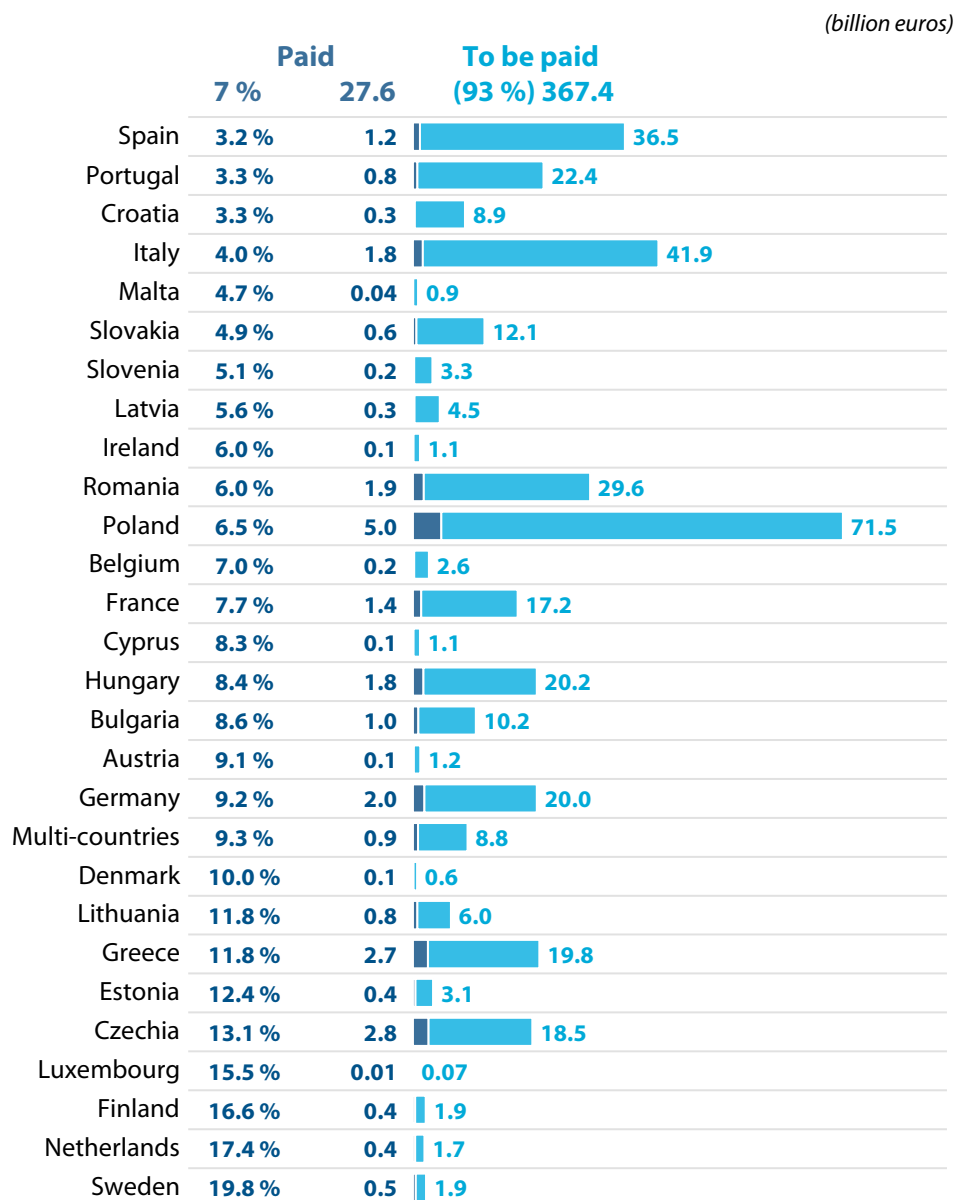
Total payments for the European Structural and Investment Funds (ESIF) at the end of 2024 amounted to €475.2 billion, or 97 % of total available funds (€489.9 billion). Payments in 2024 amounted to €27.3 billion. Further progress with ESIF payments in 2024 resulted in 21 member states absorbing more than 95 % of their allocated ESI funds by the end of 2024.

Absorption of 2021-2027 shared management funds under the CPR remains low

In 2024, the annual payments for the shared management funds under the Common Provisions Regulation (CPR)² amounted to €14.7 billion (2023: €6.3 billion), of which €5.2 billion were prefinancing payments (2023: €4.1 billion) and €9.5 billion were interim payments (2023: €2.2 billion). By the end of 2024, total payments amounted to €27.6 billion, which was only 7 % of the amount for these funds in the 2021-2027 MFF (€395 billion). [Figure 7](#) shows the absorption rate of each member state.

² Regulation (EU) 2021/1060.

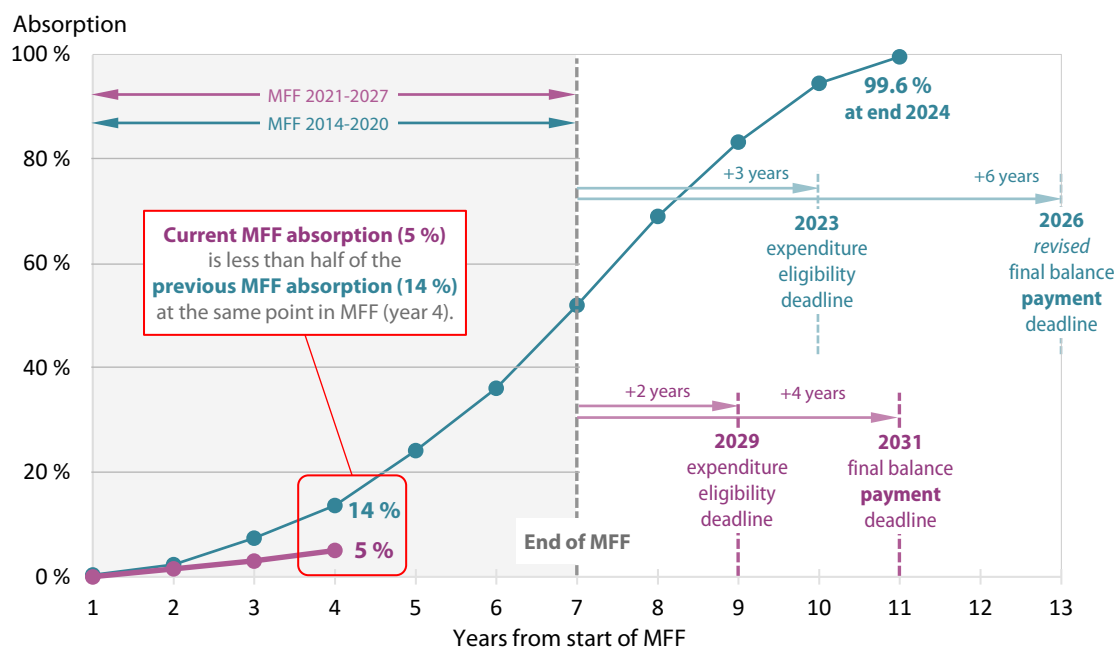
Figure 7 – Member state absorption rates of 2021-2027 shared management funds under the CPR, as at end 2024



Source: ECA, based on [Commission's open data platform](#) as at 6 January 2025.

Implementation of the cohesion policy funds (ERDF, CF, ESF+), accounting for over 90 % of the shared management funds under the CPR for 2021-2027, remained low. When we compare their implementation (prefinancing and interim payments) with the previous programming period (see [Figure 8](#)), the overall absorption rate of these three funds was only 5 % by the end of 2024 compared to 14 % at the equivalent point of the previous MFF (end of 2017). As the end of the eligibility period for the underlying expenditure³ and the deadline for payment of the final balance⁴ for the 2021-2027 MFF are set one year earlier than in the previous programming period, the pressure to absorb EU funds will further increase.

Figure 8 – Implementation of cohesion funds in year 4: current MFF at less than half the rate of the previous MFF



Note: Including prefinancing and interim payments.

Source: ECA, based on [Commission's open data platform](#) as at 6 January 2025.

³ Article 63(2) of [Regulation \(EU\) 2021/1060](#).

⁴ Ibid., Article 102(5).

EAFRD payments under the new CAP accelerated in 2024

Since 2023, the EAFRD has been covered by the new common agricultural policy (CAP) regulations⁵. At the end of 2024⁶, EAFRD payments amounted to €6.3 billion (2023: €0.7 billion), with an absorption rate of 9.5 % compared to 1 % in 2023.

RRF grant implementation was lower than expected, while NGEU top-up absorption accelerated in 2024

Annual payments of RRF grants totalled €55.9 billion in 2024, of which €7.9 billion was financed from REPowerEU and €48.0 billion from NGEU grants. The annual payments for NGEU-financed RRF grants were only half what the Commission had expected in June 2023 (€96 billion)⁷. However, 15 member states had submitted payment requests totalling €58.5 billion in December 2024⁸. With payments by the end of 2024 of €197.5 billion out of €358.9 billion of commitments made, RRF grants of up to €161.4 billion remain available to be paid by the end of 2026. [Figure 9](#) shows significant differences in the extent to which member states have absorbed RRF grants so far.

⁵ Regulation (EU) 2021/2115 and Regulation (EU) 2021/2116.

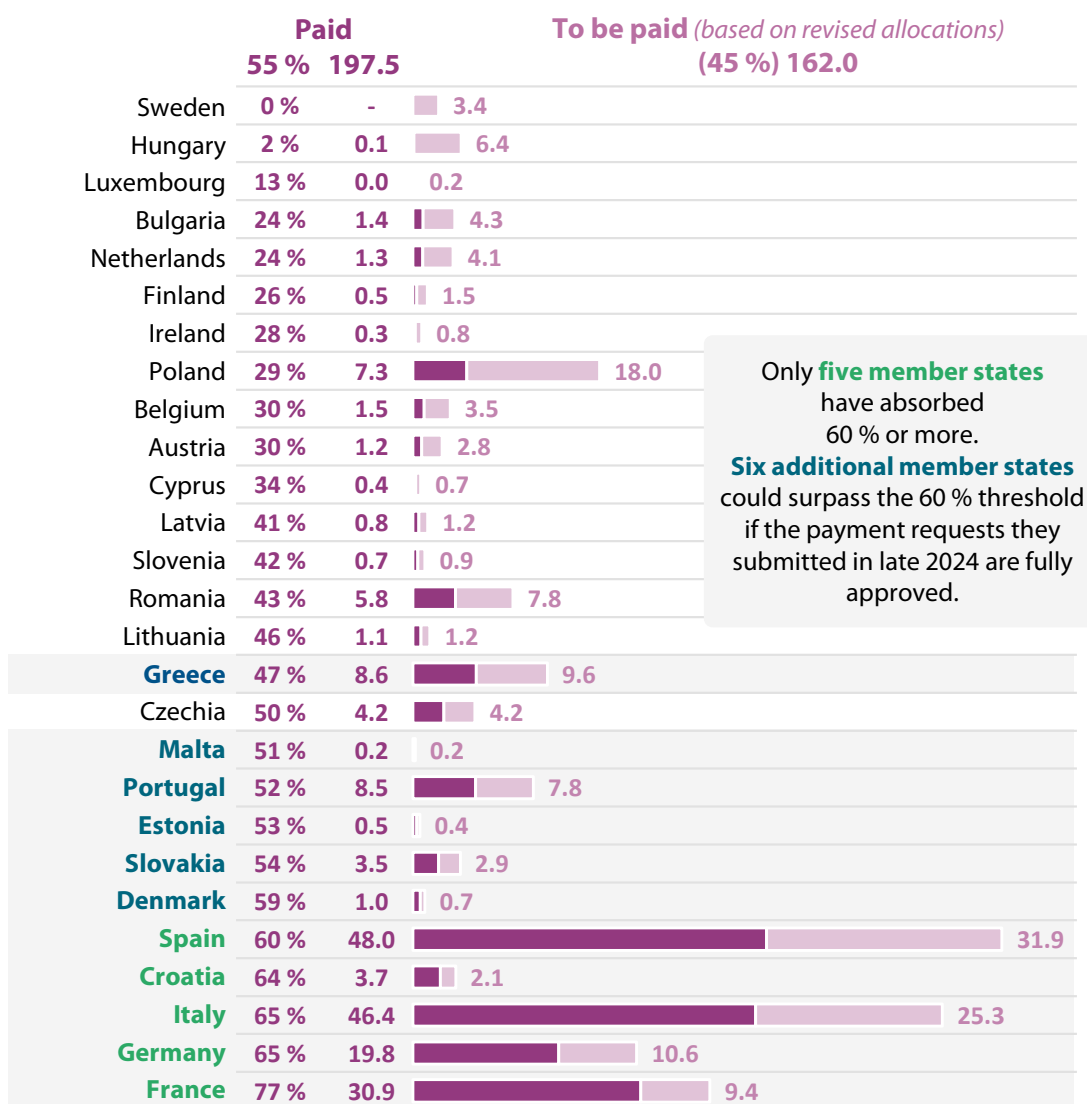
⁶ Commission's open data platform as at 31 March 2025.

⁷ COM(2023)390, Table 3.

⁸ Commission's Recovery and Resilience Scoreboard [timeline](#).

Figure 9 – RRF grants paid and amounts to be paid based on revised allocations by member states, as at end 2024

(billion euros)



Notes: Administrative expenditures not included.

The amount to be paid is based on revised allocation including €0.6 billion to be committed until the end of 2026.

Sweden submitted its first payment request (€1.6 billion) in December 2024. Hungary has received only prefinancing and has not yet submitted any payment request.

Source: ECA, based on [RRF scoreboard](#) and on other Commission data.

The total commitments of NGEU top-ups to MFF programmes amount to €82.9 billion⁹. The annual payments of NGEU top-ups to existing MFF programmes amounted to €24.6 billion in 2024, marking a significant increase from previous years (2023: €19.0 billion). As a result, payments of up to €16 billion can be made until the end of 2026.

Total outstanding commitments started to fall in 2024 but more slowly than expected

Outstanding commitments are the sum of commitments made but not yet paid. By the end of 2024, total outstanding commitments, which will have to be paid in the following years unless they are decommitted, amounted to €507.4 billion, of which €166.3 billion related to NGEU grant funding. Although outstanding commitments were lower than the 2023 record high of €543 billion, the total was still €33.5 billion above the Commission's June 2024 estimate of €473.9 billion¹⁰.

Risks and challenges

Rising risk of decommitments and need for accelerated implementation

In 2024, the Commission forecast decommitments for the period 2025-2027 at €8.8 billion¹¹ (2023 forecast: €8.1 billion for 2024-2027¹²). This increase in estimated decommitments was mainly driven by the cohesion programmes under the current MFF and by the EAFRD. EAFRD decommitments are expected when the programmes of the previous MFF close in 2026, while cohesion programmes for the 2021-2027 MFF face significant risks of decommitments from 2027 onwards.

For the CF, ERDF, and ESF+, the Commission forecasts total decommitments of €2.7 billion. However, we note that on 1 April 2025, the Commission made two legislative proposals in respect of the cohesion policy funds regulations for the 2021-2027 programming period¹³ that, under certain circumstances, could reduce the risk of these funds being decommitted.

Risks to the timely absorption of RRF funds

At the end of 2024, RRF grant payments to member states totalled €197.5 billion (55 % of the available total). However, these payments do not necessarily reflect the number or significance of the milestones and targets member states have reached, and the relationship between funds received and milestones achieved varies across member states.

⁹ 2023 annual report, paragraph 2.26.

¹⁰ COM(2024) 276, Table 4.

¹¹ COM(2024) 276, Table 2.

¹² COM(2023) 390, Table 2.

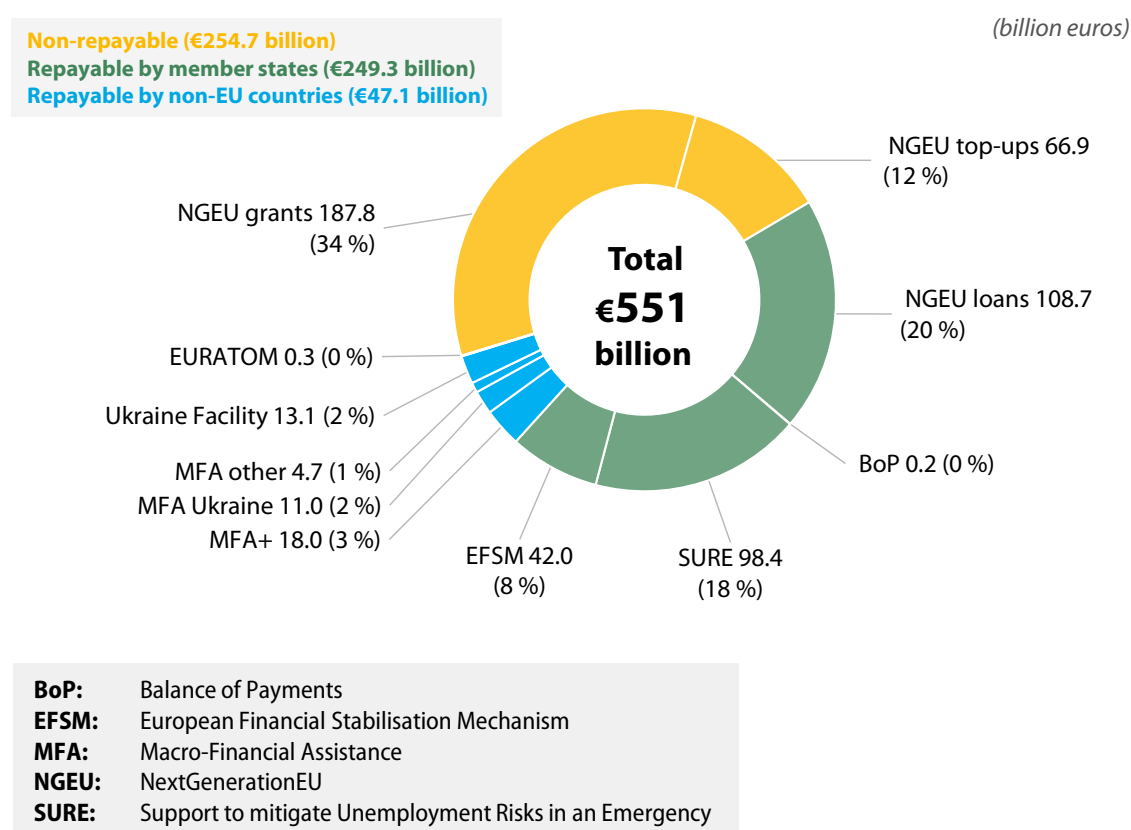
¹³ COM(2025) 123 and COM(2025) 164.

In a special report on the RRF in 2024¹⁴, we concluded there were risks to the timely absorption and completion of measures in the second half of the RRF implementation period. Furthermore, the concentration of milestones and targets during this phase, particularly for investments, poses a significant risk to full absorption, as investments typically require longer implementation times.

Future MFFs will have to consider the increasing burden from NGEU borrowing obligations

For our analysis of EU debt, we examined the borrowing from the financial markets, consisting mainly of long-term bonds. This borrowing funds NGEU and financial assistance to member states and non-EU countries. **Figure 10** gives a breakdown of EU programmes funded by EU borrowing.

Figure 10 – Programmes funded by outstanding EU borrowing, as at end 2024



Note: The amounts do not include the part of RRF grants financed by BAR or the ETS.

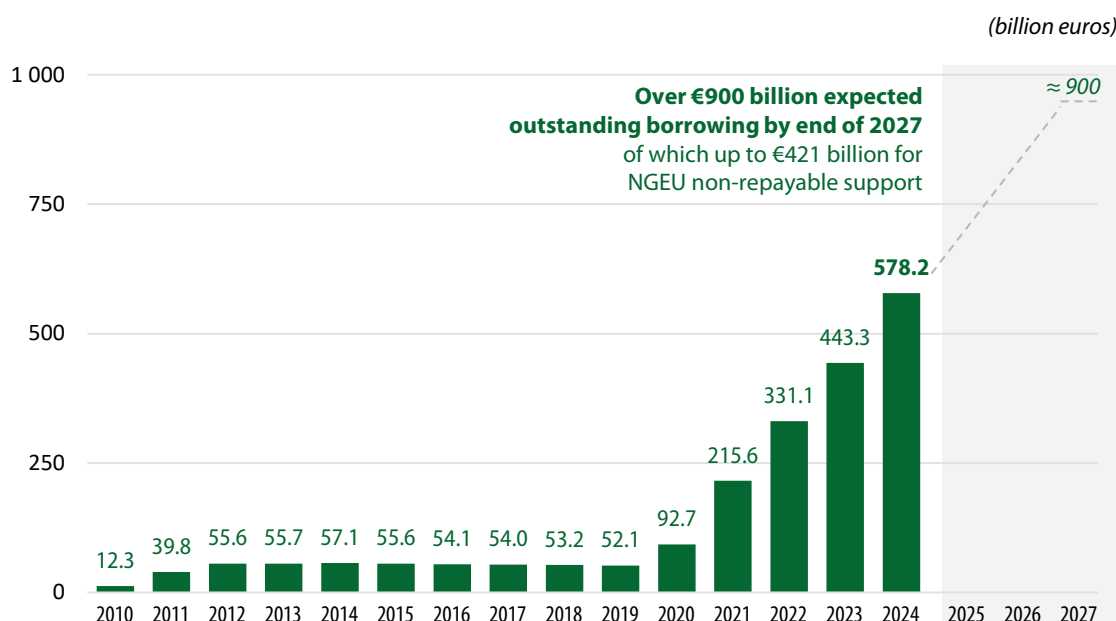
Source: ECA, based on the 2024 consolidated annual accounts of the EU.

¹⁴ Special report 13/2024.

Outstanding EU borrowing increased by more than 30 % in 2024

In the past five years, the Commission has significantly increased bond issuances as it has been relying on capital markets to finance larger programmes, such as SURE and NGEU. By 2027, outstanding EU borrowing could exceed €900 billion, nearly 10 times the 2020 level prior to NGEU, see [Figure 11](#).

Figure 11 – Outstanding EU bonds since 2010



Note: EU bond issuance at gross debt nominal value. EU bills (€23.1 billion) are excluded.

Source: ECA, based on the 2024 consolidated annual accounts of the EU and information provided by the Commission.

Repayment of NGEU borrowing is deferred to future MFFs

The NGEU programme was set up to provide funding to member states of up to €712 billion, of which up to €291 billion was for RRF loans and up to €421 billion for non-repayable NGEU support. By the end of 2024, the EU had disbursed €363.5 billion. The EU may still borrow up to €348.5 billion for NGEU before the end of 2026. After that date, borrowing must be strictly limited to refinancing¹⁵.

¹⁵ Recital 18 of [Decision \(EU, Euratom\) 2020/2053](#).

The repayment of NGEU borrowing may start before the end of 2027, if unused appropriations remain available in the budget line to cover NGEU financing costs. Otherwise, repayment must start in 2028 and be completed by 2058 at the latest¹⁶. The bulk of the repayments is therefore deferred to future MFFs because the repayment schedule must be steady and predictable, and annual repayments of the NGEU borrowing are capped at 7.5 % of the maximum amount of non-repayable NGEU support¹⁷ (i.e. €31.6 billion per year).

Expected NGEU borrowing costs for the current MFF were revised down in 2024, but could still be double the initial estimates

The overall allocation agreed in 2020 for the MFF 2021-2027 for the financing cost of NGEU amounted to €14.9 billion under MFF heading 2b to finance the interest and coupon payments for NGEU borrowings¹⁸. The estimates for 2020 were based on expected interest rates for the borrowing ranging from 0.55 % in 2021 to 1.15 % in 2027¹⁹. However, actual interest rates rose significantly²⁰, which has had an adverse effect on the EU's marginal cost of funding. The cost of funding peaked at 3.63 % in 2023, from 0.15 % in 2021. It started falling in the first half of 2024²¹.

Total interest expenditure in the current MFF could thus range from €29 billion to €30.4 billion, around double the Commission's original forecast of €14.9 billion²². In 2024, a briefing commissioned by the European Parliament²³ estimated that total interest payments for the non-repayable NGEU support could range from €70.9 billion to €73.8 billion in the next MFF (2028-2034).

EU borrowing, both related and un-related to NGEU, is expected to increase significantly until the end of the current MFF, with the bulk of the repayments deferred to future MFFs. In order to safeguard the sustainability of future MFFs, there will be a need to take into account the growing burden of borrowing-related obligations, the availability of adequate guarantees and the need to ensure sufficient resources for the implementation of EU programmes. The repayment schedule of borrowing for NGEU non-repayable support might affect the overall payment appropriations of future MFFs, without prejudice to their size.

¹⁶ Article 5 of [Decision \(EU, Euratom\) 2020/2053](#).

¹⁷ Ibid.

¹⁸ [Statement of estimates of the Commission for the financial year 2024](#) (section on Financial Programming 2025-2027, p. 9).

¹⁹ Briefing [Revision of the EU's long term budget for 2021 to 2027](#) by the European Parliamentary Research Service, p. 7.

²⁰ The [European Central Bank website: Key ECB interest rates](#).

²¹ [COM\(2025\) 70](#).

²² [Statement of estimates of the Commission for the financial year 2024](#), section Financial Programming 2025-2027, p. 9.

²³ Bruegel, [Management of debt liabilities in the EU budget under the post-2027 MFF](#).

The EU budget has continued to provide support for Ukraine during Russia's war of aggression

According to the Commission, by the end of 2024, the EU and its member states had mobilised over €130 billion in support for Ukraine and its people since the start of Russia's war of aggression.

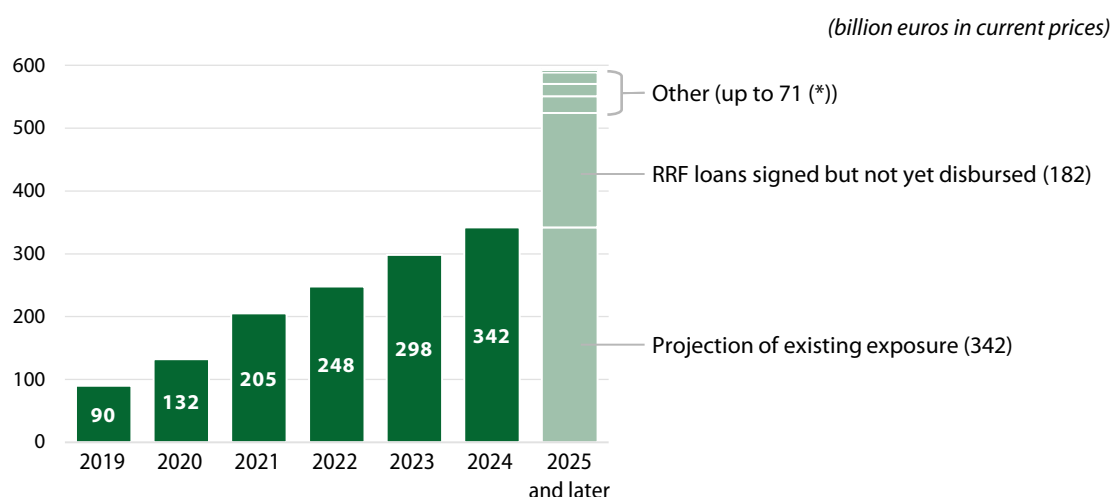
At the end of 2024, the approved loans to Ukraine, either outstanding or yet to be disbursed, amounted to up to €80.1 billion, of which €42.1 billion had been disbursed.

EU budget exposure continues to rise

The exposure of the EU budget totalled €342 billion at the end of 2024, an increase of 14.8 % from €298.0 billion at the end of 2023.

EU budget exposure is expected to rise further, reaching up to €567 billion by 2027. See [Figure 12](#).

Figure 12 – Past and projected exposure of the EU budget



(*) Other up to 71:

- Budgetary guarantees for operations signed but not yet disbursed (up to 27)
- Ukraine Facility (up to 19.9)
- Ukraine Loan Cooperation Mechanism (up to 18.1)
- Western Balkans Facility (up to 4)
- Moldova Facility (up to 1.5)
- Macro-Financial Assyst to Jordan (up to 0.5)

Note: The figure for 2025 and later does not take into account repayment of loans maturing in 2025-2027.

Source: ECA, based on the 2024 consolidated annual accounts of the EU.

What we recommend

We recommend that the Commission:

- o ensure that the repayment of the NGEU does take into account the implementation of EU programmes. The Commission should design and implement appropriate repayment schedules of the borrowing for NGEU non-repayable support, so that it takes into account the implementation of the existing and future EU programmes.



*Want to know more? The full text of chapter 2 of our 2024 annual report can be found on our **website** (eca.europa.eu).*



Getting results from the EU budget

What we audited

This year, our chapter on performance covers the following topics:

- Part 1 - Results and key messages from our 2024 special reports on performance, as well as related information from the Commission and the budgetary and legislative authorities (the European Parliament and the Council);
- Part 2 - Analysis of how the Commission reported performance related information in its 2023 AMPR, for multiannual financial framework (MFF) heading 1 'Single market, innovation and digital';
- Part 3 - Implementation of the recommendations made in our 2021 [report on the performance of the EU budget](#).

What we found

Part 1 – Results of our performance audits: key messages

Our special reports examine how well the principles of sound financial management²⁴ have been applied in implementing the EU budget. They address key performance and compliance objectives. In 2024, we published 28 special reports addressing many of the challenges the EU is facing across its different spending areas and policies.

Our audit work targeted the following areas, which are priorities of our 2021-2025 strategy: the EU's response to post-crisis recovery, increasing the EU's economic competitiveness for the benefit of all citizens, resilience to EU security threats, and respect for the European values of freedom, democracy and the rule of law, climate change, the environment and natural resources and fiscal policies and public finances in the EU.

[Figure 13](#) gives an overview of all the special reports we published in 2024, by strategic area.

²⁴ Article 33 of the [Financial rules applicable to the general budget of the Union](#), September 2024.

Figure 13 – ECA strategic areas covered by special reports in 2024

 EU response to post-crisis recovery	▪ SR 12/2024: The EU's response to the COVID-19 pandemic ▪ SR 13/2024: Absorption of funds from the Recovery and Resilience Facility ▪ SR 25/2024: Digitalisation of healthcare
 Competitiveness	▪ SR 04/2024: Reaching EU road safety objectives ▪ SR 08/2024: EU Artificial intelligence ambition ▪ SR 10/2024: The recognition of professional qualifications in the EU ▪ SR 11/2024: The EU's industrial policy on renewable hydrogen ▪ SR 21/2024: State aid in times of crisis ▪ SR 23/2024: Food labelling in the EU
 Resilience and European values	▪ SR 02/2024: The coordination role of the European External Action Service ▪ SR 03/2024: The rule of law in the EU ▪ SR 05/2024: EU Transparency Register ▪ SR 06/2024: The Facility for Refugees in Turkey ▪ SR 17/2024: The EU trust fund for Africa ▪ SR 18/2024: EU financial support for health systems in selected partner countries ▪ SR 26/2024: Integration of third country nationals in the EU ▪ SR 28/2024: Enforcing EU law
 Climate change, environment and natural resources	▪ SR 01/2024: Reducing carbon dioxide emissions from passenger cars ▪ SR 09/2024: Security of the supply of gas in the EU ▪ SR 14/2024: Green transition ▪ SR 15/2024: Climate adaptation in the EU ▪ SR 19/2024: Organic farming in the EU ▪ SR 20/2024: Common Agricultural Policy Plans
 Fiscal policies and public finances	▪ SR 07/2024: The Commission's systems for recovering irregular EU expenditure ▪ SR 16/2024: EU revenue based on non-recycled plastic packaging waste ▪ SR 22/2024: Double funding from the EU budget ▪ SR 24/2024: EU Civil service ▪ SR 27/2024: Combatting harmful tax regimes and corporate tax avoidance

Source: ECA.

Part 2 – Performance of programmes under multiannual financial framework heading 1 'Single market, Innovation and digital'

We noted that:

- The Commission's performance reporting framework was stable and the Commission's references to the performance of heading 1 of the MFF in its 2023 AMPR followed the corporate instructions. We found minor inconsistencies in the reported data.
- Overall, the performance indicators reported for both periods in the programme performance statements (PPSs) were based on the SMART (specific, measurable, achievable, relevant, time-bound) principle. The indicators were improved in 2021-2027 to better address the range of programme performance, from input to impact. However, the CEF still does not include result or impact indicators. In some instances, the indicators were difficult to interpret.
- There were gaps in the traceability of the data underlying performance indicators, particularly for Horizon 2020. This significantly weakens their reliability. While the Commission improved the way in which such data was checked for Horizon Europe, we still found inconsistencies in the underlying data.
- The reported performance indicators for the EU Space Programme were not fully representative of the views of the programme users, and we have previously recommended that the Commission use appropriate performance indicators.
- The Commission reports on the progress in achieving KPIs in the PPSs. We had a different view of progress in 19 % of the indicators included in the sampled PPSs. For most of these, we considered that results were progressing less well than the Commission. For Invest EU, 50 % of the indicators presented in the PPS did not have a target, which limits the possibility of assessing progress made towards achieving programme objectives.
- For both Horizon 2020 and the CEF 2014-2020, programmes which are nearing completion, less than half of the performance indicators show that results have been achieved or are on track.
- In the case of the 2021-2027 programmes, and for the indicators for which data is available, progress for Horizon Europe, the CEF and the EU Space Programme is either on track or moderate. For InvestEU, most indicators had no targets, so they cannot be used to assess progress.

What we recommend

The Commission should:

- Further improve the traceability of data supporting the reporting of key performance indicators.
- Improve the monitoring of indicators.
- Improve key performance indicator assessment.

Part 3 - Follow-up of the recommendations made in our report on the performance of the EU budget – status at the end of 2021

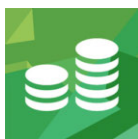
This part provides information on the follow-up of the recommendations made in our report on the performance of the EU budget covering the 2021 financial year.

Two of the six sub-recommendations were due this year. We assessed that one had been fully implemented while the other had been implemented in most respects. The four remaining sub-recommendations had their target dates linked to the preparation of the post-2027 MFF, which was still ongoing at the time of our audit. For three of these, we were able to assess the progress made towards implementation and found that they have already been implemented in most respects.

The Commission considers that the new accounting system SUMMA offers better technical ways of tracking expenditure related to horizontal priorities. For the next MFF, and before expanding the tracking of such expenditure, the Commission intends to assess the relevance as well as the costs and benefits of any new IT development. Currently, and consistent with the underlying legal requirements of the relevant programmes, only climate spending is tracked and reported on in an automated way by the accounting system. For the other horizontal priorities, such as biodiversity, digital, and gender, the Commission relies on manually introduced data, which is a time-consuming and error-prone process.



*Want to know more? The full text of chapter 3 of our 2024 annual report can be found on our **website** (eca.europa.eu).*



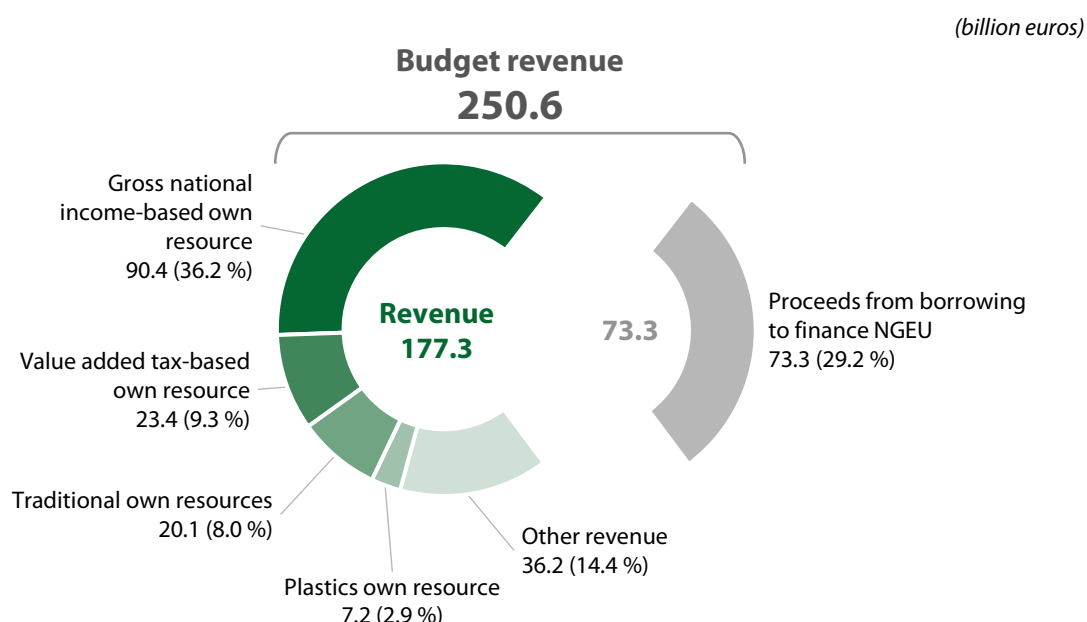
Revenue

Total: €250.6 billion

What we audited

Our audit covered the revenue side of the EU budget, which finances the EU's expenditure. We examined selected key control systems for managing own resources, and a sample of revenue transactions.

Figure 14 – Revenue – 2024 breakdown*



* The total of €250.6 billion represents the EU's revenue in the 2024 budgetary implementation reports which are based on modified cash accounting rules. The amount of €175.8 billion presented in the 2024 statement of financial performance is calculated using accrual-based accounting. Proceeds from borrowing to finance NGEU are included as revenue in the budgetary implementation reports, in line with Regulation 2020/2094, but are not included as revenue in the statement of financial performance in line with the accounting rules.

Source: ECA, based on data from the 2024 consolidated accounts of the European Union.

The **gross national income (GNI)-based own resource from member states** provides 36 % of the EU's revenue in 2024, while the own resource based on **value added tax (VAT)** provides 9 %. These contributions are calculated using macroeconomic statistics and estimates provided by member states. **Traditional own resources (TOR)**, consisting of customs duties on imports collected by member states on EU's behalf, provide a further 8 % of EU revenue.

The own resource based on **non-recycled plastic packaging waste (plastics own resource)** provides 3 % of EU revenue. It is calculated by applying a uniform rate to the weight of unrecycled plastic packaging waste generated in each member state.

Amounts borrowed to finance non-repayable financial support to member states in the context of NGEU provide 29 % of EU revenue. Other significant sources include contributions and refunds connected with EU agreements and programmes, which provide 11 % of EU revenue. These include recoveries from member states in the areas of Cohesion, Resilience and Values, Single market, Innovation and Digital, as well as non-EU countries' contributions to EU programmes and activities.

What we found

Regularity of transactions

Audited amount	Affected by material error?
€250.6 billion	No – free from material error in 2024

Examination of elements of internal control systems

The overall audit evidence indicates that the level of error in revenue was not material. The revenue systems we examined were generally effective. However, some elements of the control systems for the management of VAT reservations and TOR open points were partially effective. In addition, the provision of information on GNI reservations and the reporting of data on the plastics own resource, as well as some elements of the key internal TOR controls we assessed in three member states, were partially effective.

We noted a significant reduction in the number of outstanding VAT reservations and TOR open points. However, some of them have been unresolved for more than five years.

While the Commission completed the 2020-2024 GNI verification cycle as planned, we found that some member states do not provide the necessary information in relation to outstanding reservations on time.

We noted that some member states provide plastics data compiled on the basis of only one method. Many of those that do provide data calculated with two methods do not balance the results. This is not compliant with EU rules. The Commission's verification of the data is ongoing with the reservations placed covering the two compilation methods in particular.

We found weaknesses in the TOR management and accounting in the three member states we visited. The Commission continues to detect and report similar weaknesses in many member states.

Other issues

We also found that there were risks to the timely implementation of the customs reform and that the Commission's first assessment report of the reform of the VAT-based own resource did not include its impact on member states' contributions. These issues do not affect our audit opinion on the regularity of revenue, as they are not directly related to the transactions underlying the accounts.

Until the customs reform is adopted and implemented, weaknesses we have previously identified, will persist. We noted that despite the scale and complexity of the project, the Commission had not developed a plan to prepare the implementation of the reform.

What we recommend

The Commission should intensify its actions to ensure a timely implementation of the customs reform, once adopted, by developing a plan providing detailed timelines and allocating responsibilities to monitor progress for:

- the establishment and initial operation of the EU Customs Authority until the EU Customs Authority has the operational capacity to implement its own budget;
- the development, implementation, and maintenance of the EU Customs Data Hub.



*Want to know more? The full text of chapter 4 of our 2024 annual report can be found on our **website** (eca.europa.eu).*



Single market, innovation and digital

Total: €25.9 billion (13.5 % of EU budget expenditure)

What we audited

The programmes financed under the MFF1 'Single market, innovation and digital' are diverse and aim to finance projects that contribute to, among other things, research and innovation, the development of European Infrastructure in the transport, energy and digital sectors, communications, digital transformation and the single market, and space policy.

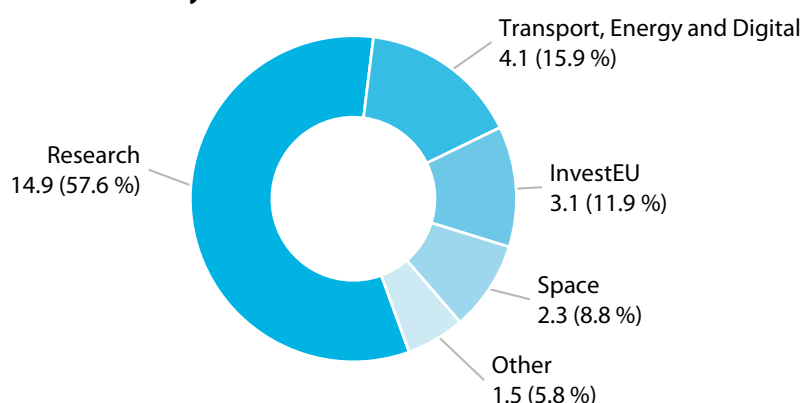
The principal programmes for research and innovation are Horizon Europe for the 2021-2027 period and its predecessor Horizon 2020 (H2020) for the 2014-2020 period. In 2024, the latter accounted for approximately two-thirds of the research transactions we audited.

MFF1 also finances infrastructure projects such as the Connecting Europe Facility (CEF), the InvestEU fund and the space programmes, including Galileo (the EU's global satellite navigation system), the European Geostationary Navigation Overlay Service (EGNOS), and Copernicus, the European Earth Observation Programme.

Figure 15 – Payments

(billion euros)

2024 payments breakdown by fund



Source: ECA, based on data from the 2024 consolidated accounts of the European Union.

For 2024, €19 billion was subject to audit in this area. Most spending on the programmes under this heading is managed directly by the Commission, including through executive agencies. The remaining parts of the budget under the MFF1 heading are implemented by joint undertakings and decentralised agencies. The bulk of the research spending under the Horizon programmes and the CEF takes the form of grants to public or private beneficiaries participating in projects. The Commission initially provides pre-financing to beneficiaries upon signature of a grant agreement. In the case of grants reimbursing actual cost, which is the most common type of funding in research, the beneficiaries report their actual costs and are reimbursed accordingly. When lump sum grants are given, the beneficiaries are paid a pre-defined lump sum for each completed work package, regardless of the actual costs incurred, i.e. the financial support is disbursed upon completion of work packages.

The space programmes are generally managed indirectly by dedicated implementing bodies (such as the European Space Agency and the EU Agency for the Space Programme), which are reimbursed on the basis of their actual expenditure on the programmes. Financial instruments (i.e. loans, guarantees and equity investments) under the InvestEU programme are implemented mainly by the European Investment Bank or the European Investment Fund, which in turn use financial intermediaries.

What we found

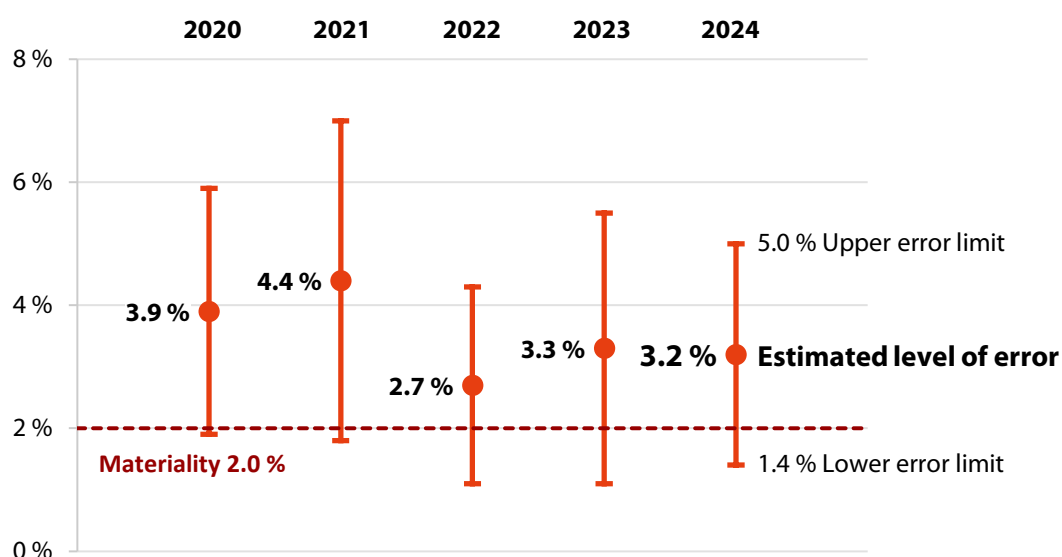
Regularity of transactions

Amount subject to audit	Affected by material error?	Estimated most likely level of error?
€19 billion	Yes	3.2 % (2023: 3.3 %)

Overall, we estimate that the level of error in ‘Single market, Innovation and Digital’ is material. In 2024, 32 (25 %) of the 127 transactions we examined contained errors. Based on these results and additional errors detected in transactions implemented by EU agencies, joint undertakings and the European Institute of innovation and Technology, we estimate the level of error to be 3.2 % (see [Figure 16](#)).

Figure 16 – Estimated impact of quantifiable errors

Estimated level of error (ELE)



Source: ECA.

Research continues to be a high risk spending programme. We found quantifiable errors in 26 of the 99 research transactions audited as part of our representative sample (26 %). A large number of them concerns personnel costs. Our audit found no significant differences between H2020 and Horizon Europe as regards the regularity of expenditure, despite the simplifications introduced under the latter to facilitate the beneficiaries' cost reporting. In the case of other programmes and activities, we detected quantifiable errors in two of the 28 transactions in our sample (both related to the CEF).

Simplification through lump sum funding

Under Horizon Europe, the Commission can also provide financial support to research projects in the form of lump sum grants, if this option is specified in the work programmes or call for proposals. Lump sum funding is a simplified cost option provided for in Article 125 of the Financial Regulation that requires detailed cost estimates to be provided upfront for each cost category per beneficiary and work package. Prior to signing the grant agreement, experts contracted by the Commission assess the cost estimates against the activities proposed to ensure that they are reasonable and non-excessive. The Commission then pays the grant amount subject to 'proper implementation' of the work packages, as assessed by experts.

By 2027, the Commission intends to implement at least 50 % of the budget (allocated to calls) under Horizon Europe in the form of single lump sum funding. To date, however, the granting of such funding has been limited, representing only approximately 15 % of all grants signed in 2024. Therefore, we audited only one single lump sum transaction this year, and we reported a non-quantifiable finding on the estimate of equipment costs in the budget proposal. We expect lump sum funding to become gradually more reflected in our sample in the years to come.

Review of the Commission's management of financial support to third parties in research

Under the research programmes, financial support to third parties is used to provide support to generally smaller projects and entities. The Commission, together with executive agencies, enters into grant agreements with one or more beneficiaries that act as a form of implementing bodies, by providing grants to third parties. The maximum amount that a third party can receive through this type of funding is €60 000. We examined the 11 transactions that had been in our MFF1 samples for 2023 and 2024.

Our audits showed that the €60 000 threshold had been exceeded in 9 of these 11 cases in the absence of proper justification for derogation in the work programme or the call. This is not in line with the legal requirements. In only 3 of the 11 cases were all the obligations required under the EU grant agreements included in the agreements concluded between the beneficiaries and third parties. In two other cases, some of them were included, but in the remaining six cases all of these obligations had been omitted from the contractual conditions.

Moreover, we found that the beneficiaries entrusted by the Commission to manage financial support to third parties are not required to demonstrate the effectiveness of their controls to ensure the regularity of the EU spending. We consider that this poses a particular risk to sound financial management and the protection of the EU's financial interest.

Annual activity reports and other governance arrangements

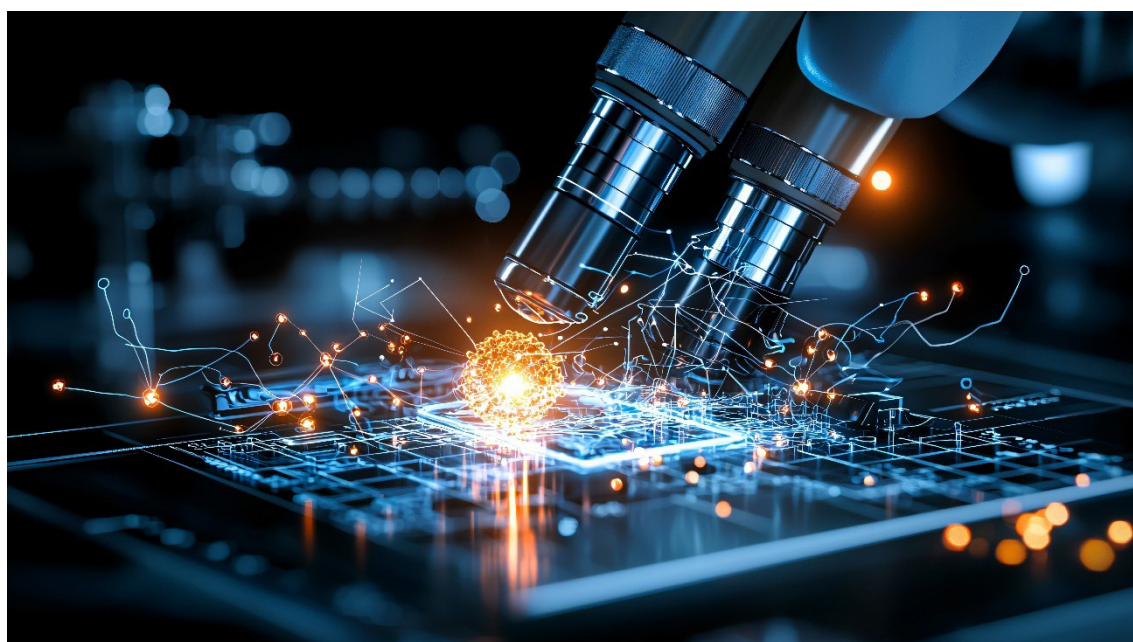
We reviewed the information in the Commission's 2024 AMPR regarding the estimated risk at payment for MFF1 at 1.6 %. This percentage is at the lower end of our range of estimated level of error, as it has been most years, and below materiality.

As the *ex-post* audit campaigns for Horizon Europe and Digital Europe were launched in the second half of 2024, no detected error rate is yet available for these programmes. DG CNECT and the ERCEA have therefore used their target of no more than 2 % for the residual error rate for these programmes as the estimated error rate. We also consider that their annual activity reports gave a fair assessment of the financial management as regards the regularity of the transactions underlying MFF1 expenditure.

What we recommend

The Commission should:

- review the implementation of lump sum grants with the aim of providing input for the future use of lump sum funding; and
- improve the management of financial support to third parties.



Want to know more? The full text of chapter 5 of our 2024 annual report can be found on our **website** (eca.europa.eu).



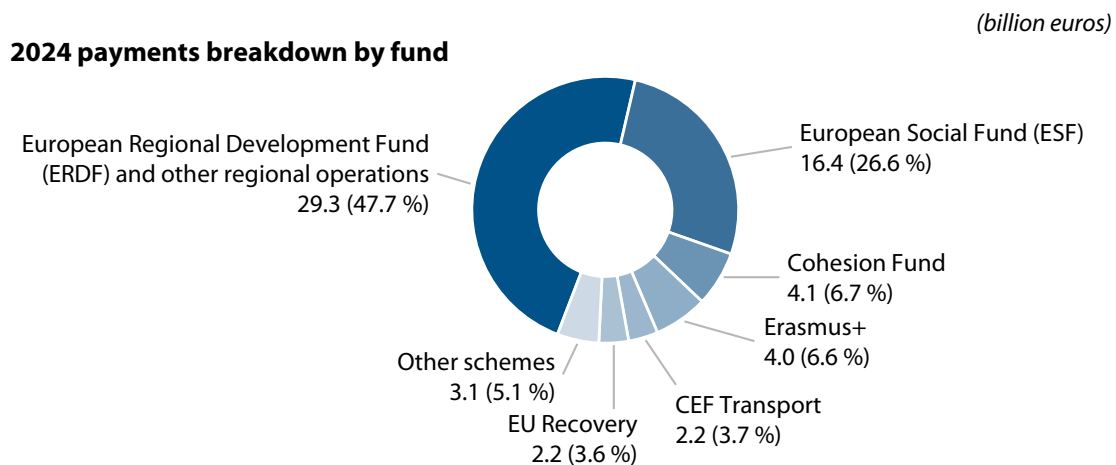
Cohesion, resilience and values

Total: €61.4 billion (32.1 % of EU budget spending)

What we audited

Spending under this heading focuses on reducing development disparities between the different member states and regions of the EU (subheading 2a), and actions to support and protect EU values, making the EU more resilient to present and future challenges (subheading 2b). [Figure 17](#) gives an overview of the main activities and spending under this heading in 2024.

Figure 17 – Payments



Source: ECA, based on data from the 2024 consolidated accounts of the European Union.

Our audit population for this MFF heading consisted of expenditure included in the accounts accepted in 2024 by the Commission. Our approach is to test transactions for which, according to the legislation, member states are supposed to have implemented all relevant actions to correct errors that they themselves have identified.

The cohesion policy funds, the European Regional Development Fund/Cohesion Fund (ERDF/CF) and the European Social Fund (ESF), are implemented under shared management. The MFF heading 2 also covers EU funding through programmes or actions that are managed either directly by Commission directorates-general (DGs), (including through EU executive agencies) or indirectly with the support of partner organisations or other authorities such as Erasmus+ national agencies²⁵.

²⁵ DG COMM, DG DIGIT, DG EMPL, DG REGIO, European Education and Culture Executive Agency (EACEA), European Health and Digital Executive Agency (HaDEA), and European Climate, Infrastructure and Environment Executive Agency (CINEA) in relation to expenditure in our 2024 population.

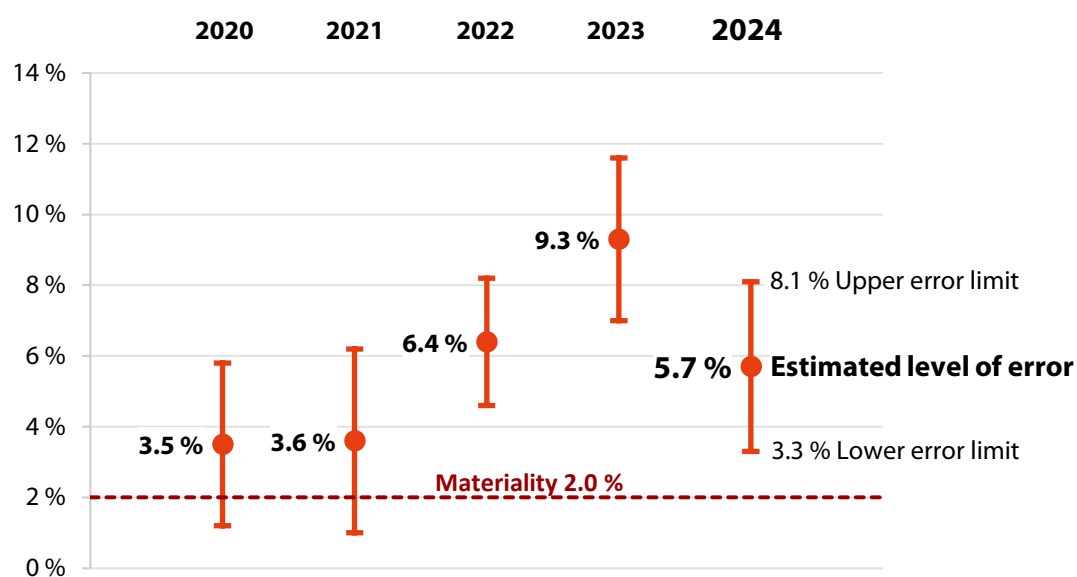
What we found

Amount subject to audit	Affected by material error?	Estimated most likely level of error
€55.2 billion	Yes	5.7 % (2023: 9.3 %)

For 2024, our error rate estimate for MFF heading 2 is again above the 2 % materiality threshold at 5.7 %. This is based on our audit of 223 transactions, in which we identified and quantified 44 errors (49 errors for a sample of 238 transactions in 2023) which had not been detected or, if detected, had been insufficiently corrected by audit authorities. Our estimate also includes the findings of the audit authorities, which reported 47 errors (52 in 2023) in the same transactions. In arriving at our estimate, we took account of the corrections applied by programme authorities (total value €248.5 million).

Figure 18 – Estimated impact of quantifiable errors

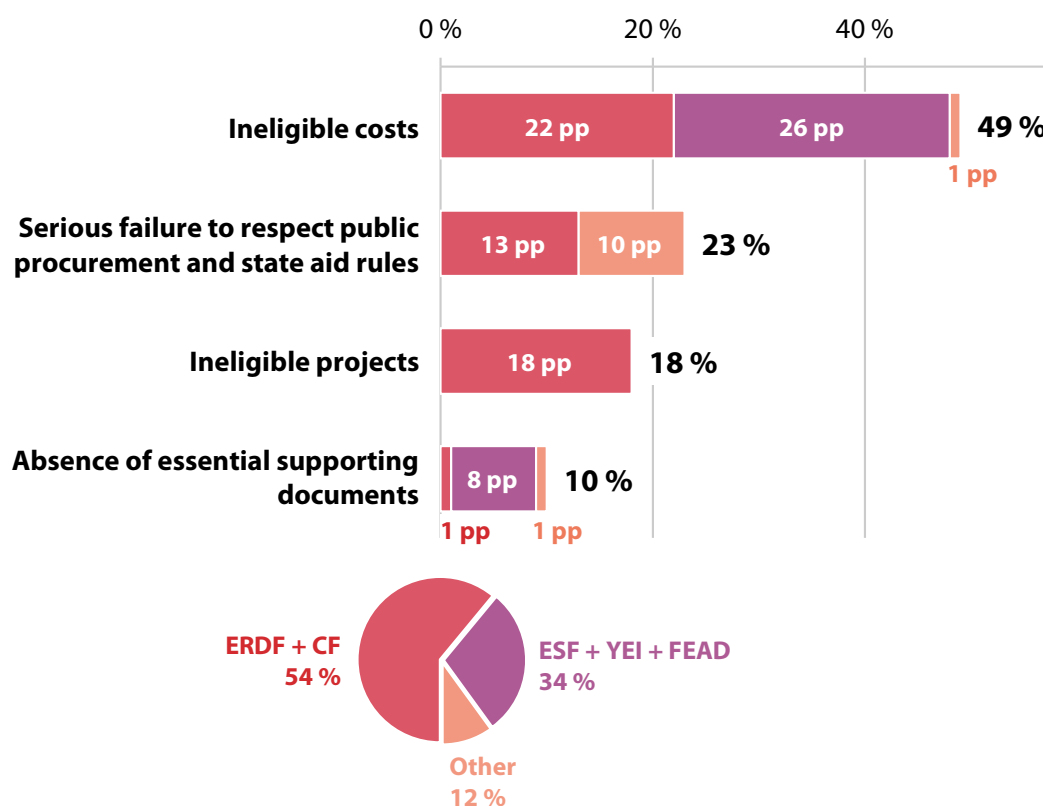
Estimated level of error (ELE)



Source: ECA.

Figure 19 shows the contribution to the total error rate of the 44 quantifiable errors we found in addition to those detected or not sufficiently corrected by the audit authorities for the same transactions.

Figure 19 – Contribution of the errors we found to the overall error rate



pp: percentage points

Source: ECA.

Shared management

Ineligible costs are the most frequent error found by audit authorities. We found 24 cases of ineligible costs that had not been detected by the audit authorities even though they had checked the same transactions. The main causes of ineligibility were non-compliance with the financing agreement's eligibility rules and cost calculation errors.

Twelve transactions in our sample concerned the purchase of COVID-19 vaccines and medicine. As part of our work on these transactions, we also audited the procurement procedures that the Commission carried out on behalf of member states to conclude purchase agreements. We identified several issues, such as insufficient documentation of the negotiations with the suppliers on the terms and conditions of the contracts, including price and number of doses. In line with our methodology²⁶, we did not quantify these irregularities. We note that the General Court of the European Union, in its judgment of 14 May 2025²⁷ concerning public access to certain documents in the context of the procurement of COVID-19 vaccines, recalled the requirement of transparency, which obliges the institutions to draw up

²⁶ The ECA's [quantification of public procurement errors](#).

²⁷ [Judgment](#) of the General Court of the European Union of 14 May 2025, *Stevi and The New York Times v Commission*, T-36/23, ECLI:EU:T:2025:483, in particular paragraphs 59 and 85.

and retain documents relating to their activities in a non-arbitrary and predictable manner, and ruled that the Commission had failed to fulfil good administration obligations.

We identified three fully **ineligible projects**, two in Hungary, one in Czechia and one partially ineligible project in Portugal, which were granted aid although they did not meet the criteria of the related calls for proposal.

In 15 procedures we audited, we identified cases of non-compliance with EU or national **public procurement** rules in Czechia, Germany, Greece, France, Poland, Portugal, Romania, the United Kingdom, as well as at Commission level concerning public procurement for COVID-19 vaccines and medicine. We quantified three cases, including one case because the beneficiary failed to carry out a market consultation. We did not quantify 12 of the 15 cases, as according to our methodology they had no direct impact on the payment made.

We identified four projects that infringed the EU's **state aid** rules, two in Germany, one in Poland and one in the Netherlands. For one of the cases in Germany the aid granted exceeded the permitted aid intensity.

Beneficiaries and programme authorities are required to maintain an adequate audit trail. We found that supporting information or documentation was not available in eight of the transactions we examined. We quantify six of these because neither the programme authorities nor the beneficiaries could provide **essential documents** demonstrating compliance with the eligibility conditions. In one of the six cases in the Netherlands, the delivery of advisory services was not proven.

Financial Instruments

Financial instruments are a reimbursable form of support. Out of the eight transactions covering 83 final recipients and two management fees we audited, we found six final recipients who received support despite either investing in an ineligible economic sector, or not complying with the eligibility criteria (four in Germany, one in Greece and one in Hungary).

Transactions managed directly or indirectly by the Commission

We found four errors where the Commission directly supported projects through the European Climate, Infrastructure and Environment Executive Agency (CINEA), European Education and Culture Executive Agency (EACEA), and EIB, which we quantified. For one project co-financed by the Commission (EACEA) the personnel costs declared were in breach of the grant agreement. We also detected ineligible costs comprising overstated personnel costs in an action funded under Erasmus+ in Greece and Portugal. The total quantified cases under direct and indirect management account for approximately 0.7 percentage points of our estimated level of error.

Sound financial management

The EU budget must be implemented in a legal and regular way, as well as in accordance with sound financial management, comprising the principles of economy, efficiency and effectiveness. The CPR²⁸ requires member states to respect these principles when they implement cohesion policy funds. Our work detected six cases where these principles had not been respected, one in Czechia, three in Italy and two in Poland. In two of the cases in Italy, concerning ERDF projects, the low weighting given to the price criterion in public procurement procedures makes it unlikely that value for money was achieved.

Our assessment of the work of audit authorities

We assessed the work of 22 out of a total of 119 audit authorities in 15 member states and the United Kingdom. Our sample comprised 30 assurance packages under their responsibility. Except for one case, the audit authorities had reported to the Commission a residual error rate equal to or below 2 %. Taking account of the errors detected by the Commission and of our own audit findings, our work on this year's sample shows that the residual error rate was above 2 % in 16 of the 30 audited assurance packages. The errors we found could, and should, have been detected by the audit authorities when they conducted their checks. This reduces the extent to which the Commission can rely on the results of their work.

Since 2017, we have classified errors as quantifiable in 69 of the 110 assurance packages we have audited at least once. We observe that the proportion of assurance packages with residual error rates of above 2 % had not dropped below 39 % of the expenditure in our samples. This indicates that shortcomings remain in the work of the audit authorities which are not sufficiently addressed by the Commission's assurance work.

The Commission's assurance work and reporting in its annual activity reports

Overall, DG REGIO concluded in its AAR that a material level of irregular expenditure remained in the 2024 accepted accounts for the ERDF/CF, despite the results of the controls and corrections already applied at member state level. DG EMPL concluded the same for the ESF/YEI and FEAD.

As stated in our [review](#) on the cohesion assurance framework, we consider that the Commission underestimates the level of error it reports, although it agrees with our overall conclusion that cohesion spending is materially affected by errors.

In our work this year, we identified shortcomings in the planning and preparation of the authorities' audit work, such as weaknesses in the sampling approaches and incomplete checklists. We found a case of an operational programme in Hungary subject to a flat-rate correction for which the audit authority once again did not verify whether costs were legal and regular when applying the correction agreed with the Commission.

²⁸ Article 125 of the CPR.

What we recommend

The Commission should:

- ensure that audit authorities strengthen their control and detection capacity by verifying that they (a) plan properly the sampling; (b) confirm that compliance with eligibility criteria is proven; and (c) keep proper documentation to support the audit trail.
- ensure, when systematic weaknesses have been detected in (operational) programmes and a flat rate has been imposed, that member state authorities do not use the flat rate correction mechanism to avoid their responsibility to check the eligibility of the expenditure before declaring it to the Commission, and make individual recoveries as necessary.



*Want to know more? The full text of chapter 6 of our 2024 annual report can be found on our **website** (eca.europa.eu).*



Natural resources

Total: €64.4 billion (33.7 % of EU budget spending)

What we audited

This chapter presents our findings for the multiannual financial framework (MFF) heading 3 'Natural resources and environment'. [Figure 20](#) gives an overview of the main activities and spending under this heading in 2024.

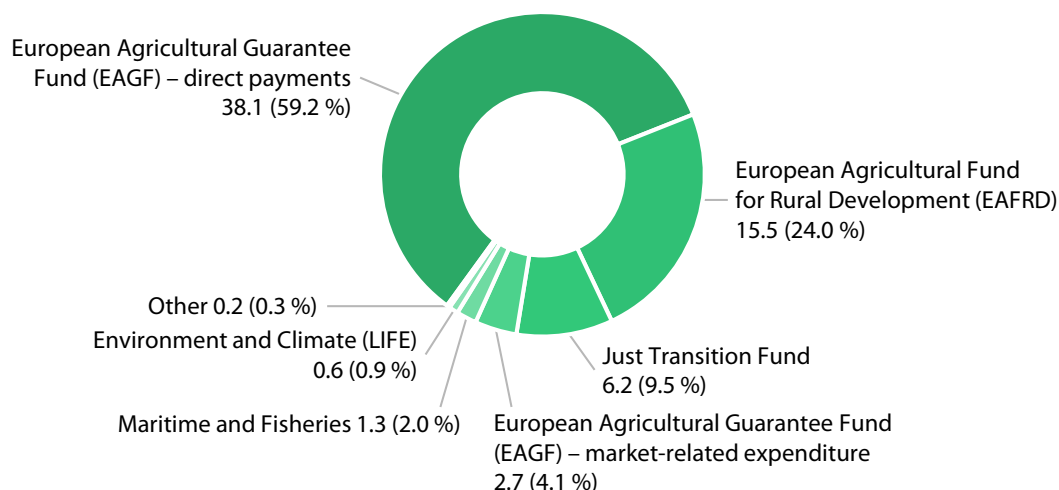
Figure 20 – Payments

Natural Resources and Environment
€64.4 billion (33.7 % of EU budget spending)



2024 payments breakdown by fund

(billion euros)



Source: ECA, based on data from the 2024 consolidated accounts of the European Union.

In 2024, the common agricultural policy (CAP) represented the main share (87.2 %) of EU spending on MFF3. The CAP has three general objectives for the 2023-2027 period²⁹:

- To foster a smart, competitive, resilient and diversified agricultural sector ensuring long-term food security;
- To support and strengthen environmental protection, including biodiversity, and climate action;
- To strengthen the socio-economic fabric of rural areas.

²⁹ Article 5 of [Regulation \(EU\) 2021/2115](#) establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans).

MFF heading 3 includes also the Just transition fund (JTF) which was established for the 2021-2027 period to support regions and people affected by the transition towards climate-neutrality (9.7 % of payments under this heading). Nearly all the payments from the JTF in 2024 were uncleared pre-financing, which we do not include in the audit population.

This MFF heading also covers EU spending under the maritime and fisheries policy financed by the European Maritime and Fisheries Fund (EMFF), which falls under the responsibility of the Directorate-General for Maritime Affairs and Fisheries (DG MARE), and the LIFE programme for the environment and climate action under the responsibility of the Directorates-General for the Environment (DG ENV), Climate Action (DG CLIMA) and Energy (DG ENER).

What we found

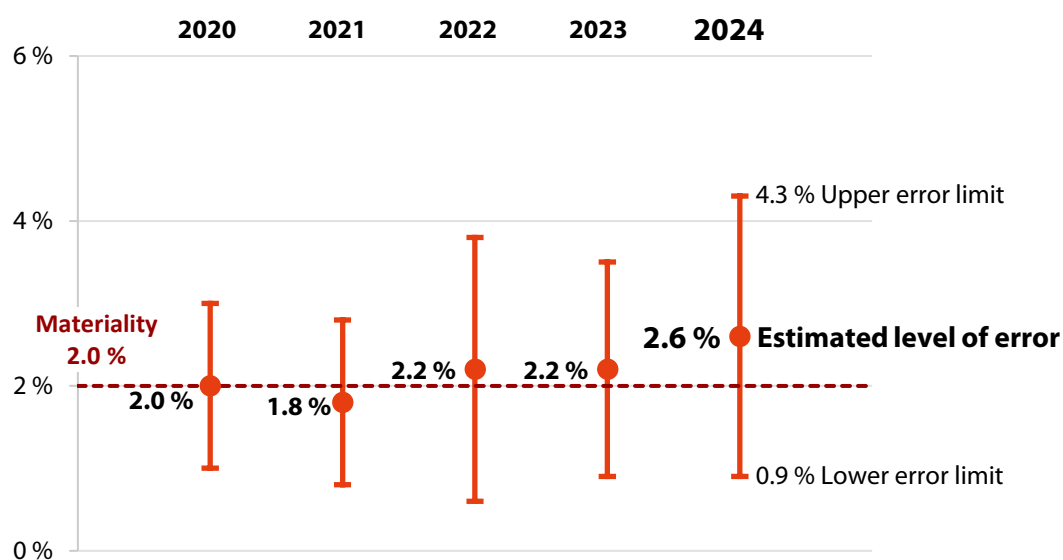
Results of transaction testing

Amount subject to audit	Affected by material error?	Estimated most likely level of error
€64.4 billion	Yes	2.6 % (2023: 2.2 %)

Of the 228 transactions examined, 39 (17 %) contained errors. Based on the 22 errors we have quantified, we estimate the level of error to be 2.6 %. See [Figure 21](#).

Figure 21 – Results of transaction testing

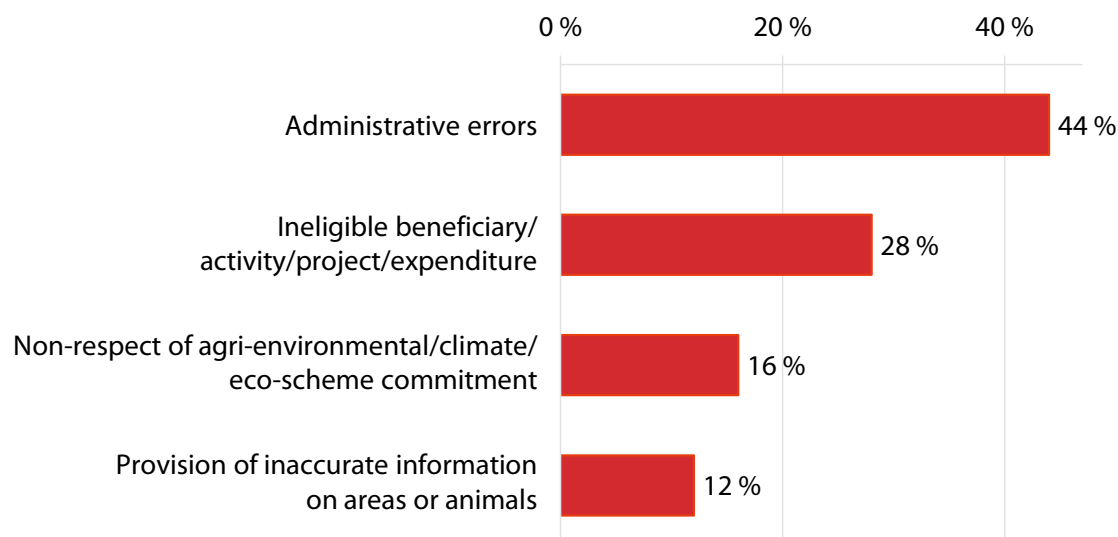
Estimated level of error (ELE)



Source: ECA.

Figure 22 gives a breakdown of our estimated level of error for 2024, by category of error.

Figure 22 – Much of the estimated level of error is related to administrative errors



Source: ECA.

Our results indicate that the level of error was not material for direct payments (excluding eco-schemes), representing 46 % of spending under this MFF heading but that it was material for the other spending areas taken as a whole (eco-schemes, rural development, market measures, maritime, fisheries, the environment and climate action), representing 54 % of spending.

Direct payments

In the 65 direct payment transactions (excluding eco-schemes) tested, we found three quantifiable errors: two over-declarations of area or number of animals under the basic income support for sustainability intervention and an undue payment of support under the POSEI scheme for outermost regions ³⁰.

In the 35 eco-schemes transactions, we found eight quantifiable errors. Five of them were at the level of the final beneficiary including two for over-declaration of area, two for non-compliance with the eco-scheme commitment or incorrect application of the rules and one ineligible beneficiary. Three errors were at the level of the managing authority, all due to a deficient legal framework or incorrect application of the rules, which shows the general complexity of the eco-schemes in the first year of implementation.

³⁰ Programme of Options Specifically Relating to Remoteness and Insularity (POSEI). [Regulation \(EU\) No 228/2013](#) laying down specific measures for agriculture in the outermost regions of the Union.

Rural development, market measures and other policy areas

Below is a list of the transactions we examined and the errors we quantified:

- In the 41 area or animal-related rural development transactions we tested, two contained quantifiable errors: one related to the over-declaration of the eligible area, and the other to non-compliance with animal welfare on a pig farm.
- We examined 63 rural development payments to investment projects. We quantified errors in six payments, resulting from beneficiaries having declared expenditure or activities that did not meet the eligibility conditions. In one case, the error resulted from a farmer failing to meet the conditions for receiving support for a non-productive investment.
- In the 14 market measure transactions tested, we quantified errors in two cases.
- For the maritime, fisheries, and the environment and climate action areas, we audited 10 transactions, and we found one quantifiable error in a shared management transaction under the EMFF.

Annual activity reports and other governance arrangements

For 2024, DG AGRI calculated the 'estimated amount at risk at payment' at around 2.8 % of €12.5 billion of spending outside CAP strategic plans, including around 5.9 % for direct payments, 2.8 % for rural development and 2.0 % of €2.1 billion for market measures. The figure for direct payments is not comparable to that of previous years as it largely relates to support for the outermost regions under the POSEI scheme, which accounted for only around 1.2 % of direct payments (€0.5 billion).

For 2024, DG AGRI combined the result of the performance-based and compliance-based payments and assessed 77 % of CAP spending as low-risk, 10 % as medium-risk, and 13 % as high-risk. By way of comparison, DG AGRI provides an estimate in the 2024 AAR of 69 % for low-risk CAP spending for 2023, when the overall 'estimated amount at risk at payment' was 1.9 %.

The Commission's annual management and performance report (AMPR)

The Commission no longer provides an estimate of risk at payment for 'Natural resources' in its AMPR, as only 23 % of the heading is covered by the compliance frameworks of DG AGRI, DG MARE, DG ENV and DG CLIMA.

Review of the new performance reporting systems

Based on our survey, we found that paying agencies' performance reporting systems were still under development in 2024. While 18 paying agencies had automated the production of performance indicators, two reported that they were using a manual or partly automated approach to produce some key output indicators for their 2024 APRs. Due to ongoing developments, the upgraded IT systems for producing the APRs had not yet undergone full testing to check their compliance with the international information security standards (ISO 27001).

The results of our review suggest that annual performance reporting has, for the most part, been introduced as planned. We have not identified any issues with the reported data. With regard to the set-up and design of performance reporting systems, the accreditation criteria for paying agencies and coordination bodies cover the proper deployment of the IT systems. This includes the performance reporting systems designed within their scope. Member states have to ensure the relevant information security management system certification and ensure that those systems function properly.

What we recommend

The Commission should support member states in designing less complex schemes eco-schemes without compromising their ambition, based on sharing knowledge and expertise gained through the implementation of the initial schemes of the 2023-2027 period.



*Want to know more? The full text of chapter 7 of our 2024 annual report can be found on our **website** (eca.europa.eu).*



Migration and border management, Security and defence

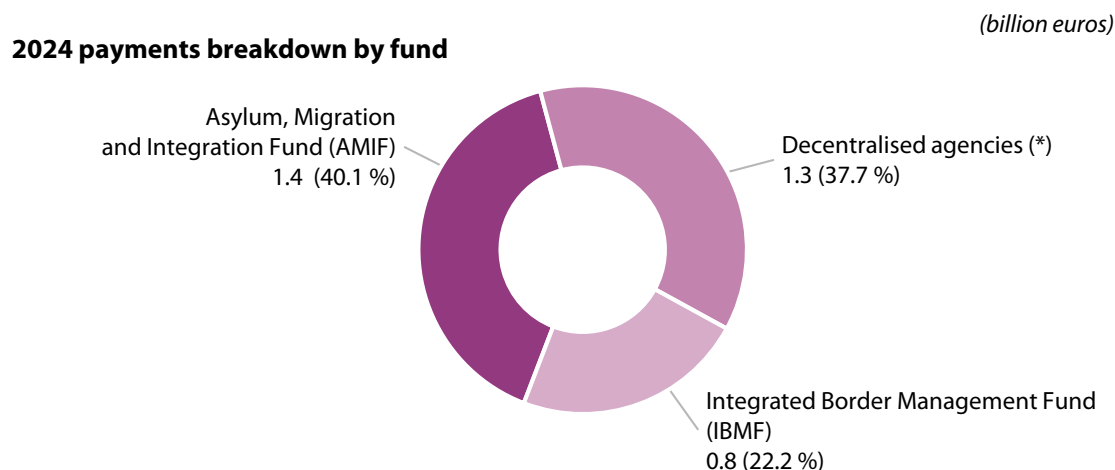
Total: €5.5 billion (2.9 % of EU budget expenditure)

What we audited

This chapter presents our findings for the multiannual financial framework (MFF) headings 4 'Migration and border management' and 5 'Security and defence'. [Figure 23](#) and [Figure 24](#) give an overview of the main activities and spending under these headings in 2024.

Migration and border management

Figure 23 – Payments– Migration and border management



(*) We report on payments to decentralised agencies in our annual report on EU agencies.

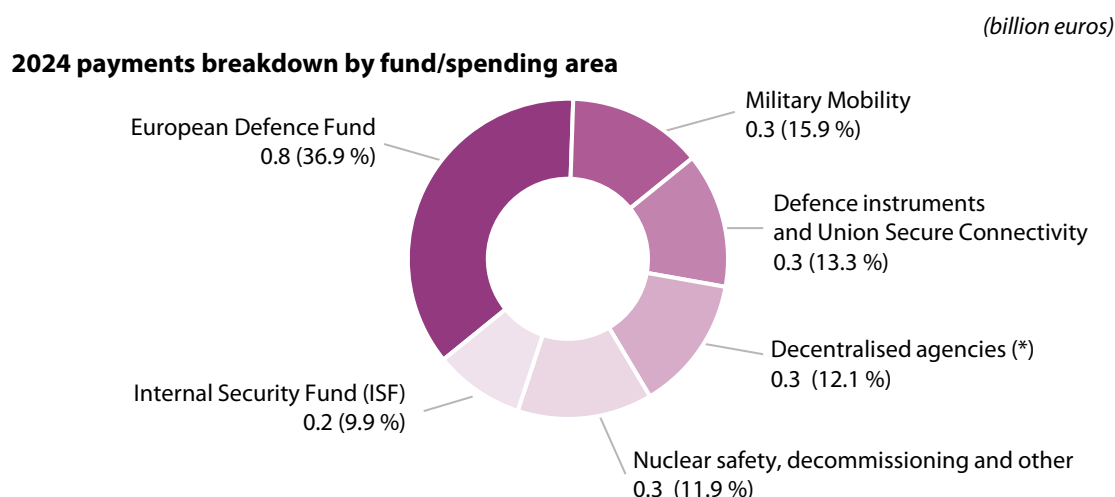
Source: ECA, based on data from the 2024 consolidated accounts of the EU.

A substantial part of the spending under this heading in 2024 still concerned the completion of projects and programmes outstanding from the 2014-2020 MFF, relating to the winding-up of the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund – Borders and Visa instrument (ISF-BV). These funds are now undergoing the closure process and have been replaced in the 2021-2027 MFF by the new AMIF, and the Instrument for Financial Support for Border Management and Visa Policy (BMVI) of the Integrated Border Management Fund.

Another significant spending area for MFF heading 4 is the funding for decentralised agencies ([European Border and Coast Guard Agency \(Frontex\)](#), [European Union Agency for Asylum \(EUAA\)](#), and [European Union Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice \(eu-LISA\)](#)).

Security and defence

Figure 24 – Payments – Security and defence



(*) We report on payments to decentralised agencies in our annual report on EU agencies.

Source: ECA, based on data from the 2024 consolidated accounts of the EU.

The 'security' component includes funding from the Internal Security Fund (ISF) for 2021-2027 and the completion of projects and schemes funded from the Internal Security Fund – Police instrument (ISF-P) for 2014-2020. This component also includes funding for nuclear decommissioning in Bulgaria, Lithuania and Slovakia, and funding for EU decentralised agencies in the area of security. The 'defence' component includes the European Defence Industrial Development Programme (EDIDP) and the European Defence Fund that support collaborative defence projects at all stages of research and development and are managed by the Commission's Directorate-General for Defence Industry and Space (DG DEFIS). The component also supports military mobility through a dedicated budget within the Connecting Europe Facility that relates to adapting sections of the Trans-European Transport Network for civilian-military dual use purposes. There are also specific projects funded under the European Defence Fund linked to military mobility.

Implementation of shared management programmes

The management of most AMIF and ISF funding for 2014-2020 and most AMIF, BMVI and ISF funding for 2021-2027 is shared between the member states (or the four Schengen associated countries) and the Commission's Directorate-General for Migration and Home Affairs (DG HOME). Under this arrangement, member states implement multiannual programmes that have been approved by the Commission. Considered cumulatively, member states have stepped up implementation of the 2014-2020 programmes since 2020. Nevertheless, a material amount of funding remained to be cleared (12 % for AMIF and 16 % for the ISF).

What we found

Regularity of transactions

Of the 23 transactions we examined, eight were affected by errors. We have quantified three of these errors which had a financial impact on the amounts charged to the EU budget. These errors related to expenditure falling outside the implementation period, funding not being used for the intended purpose, absence of essential supporting documents, and other types of ineligible expenditure.

We also found seven cases of non-compliance with legal and financial provisions, which had no financial impact on the EU budget. These cases related, for example, to shortcomings in grant award procedures, project monitoring, EU funding not fully used for intended purpose, and deficiencies in public procurement procedures.

Although not affected by regularity errors, we also found in our sample two transactions that did not comply with the principles of sound financial management. These related to inadequate protection of EU-funded equipment and reimbursement of value added tax to public bodies above incurred costs contrary to Commission guidance.

Some international organisations restricted our access to documents only to a temporary electronic consultation in a view-only environment without transferring them to us. This hindered our audit planning, execution and quality control. After the audit work and before the audit was closed, all but one international organisation eventually allowed the download of the requested documents, but this only on a voluntary basis as part of a pilot project. Therefore, we do not consider this issue to be effectively resolved.

Examination of elements of internal control systems

The five audit authorities we reviewed had developed and implemented detailed procedures of sufficient quality to report on their work in the annual control report. However, we found that the Finnish audit authority did not perform any audits of operations on the expenditure declared in the AMIF annual accounts. Despite being aware of this, the Commission accepted the audit authority's opinion and paid the final balance without contradictory procedure. We also found that the Swedish audit authority did not perform any systems audit work for the audited financial period. As a result, while both audit authorities issued unqualified audit opinions, components of these opinions were not supported by sufficient audit work, which risks limiting the level of assurance provided.

We selected 14 audit files from the same five audit authorities. Overall, we found that the audit authorities had detailed audit programmes and used checklists to support their conclusions. However, we detected some shortcomings.

Annual activity reports and other governance arrangements

For the 2024 financial year, we reviewed the AAR of DG HOME.

We found that DG HOME's estimates for overall risk at payment and at closure were calculated and reported in accordance with internal methodology. Of total expenditure in 2024 (€3 507.5 million), DG HOME estimated the total amount at risk at payment to be €44.6 million (1.3 %), and it estimated a figure of €41.0 million for overall risk at closure resulting from its estimated future corrections of €3.6 million.

What we recommend

The Commission should:

- take further steps to ensure that international organisations provide complete access to documents;
- provide further guidance to member states on applicable rules governing calls for proposals; and
- follow up shortcomings in audit authorities' work.



*Want to know more? The full text of chapter 8 of our 2024 annual report can be found on our **website** (eca.europa.eu).*



Neighbourhood and the World

Total: €15.4 billion (8.0 % of EU budget spending)

What we audited

This spending area comprises several funding instruments, most notably the Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI - Global Europe)³¹, the humanitarian aid budget and the Instrument for Pre-accession Assistance.

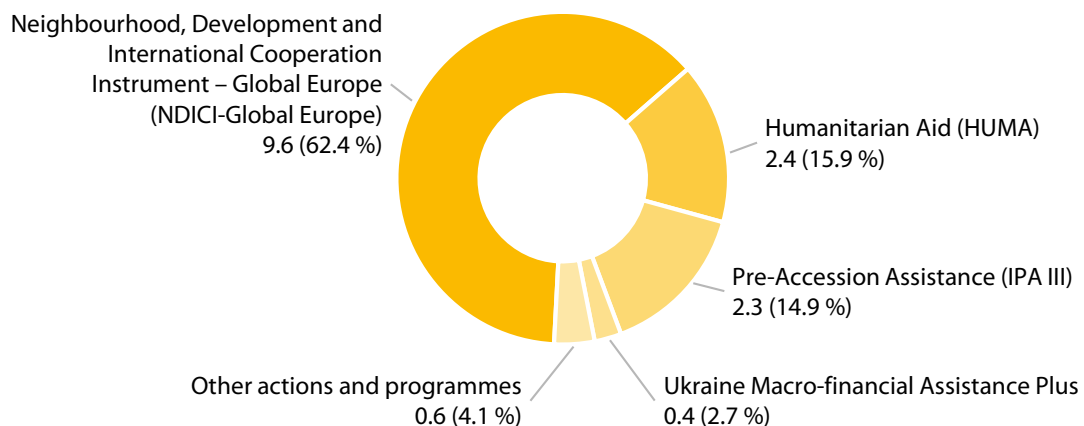
Figure 25 – Payments breakdown per fund

Neighbourhood and the world
€15.4 billion (8.0 % of EU budget spending)



2024 payments breakdown by fund

(billion euros)



Source: ECA, based on data from the 2024 consolidated accounts of the EU.

The general objective of NDICI - Global Europe is to uphold and promote EU values, principles and fundamental interests worldwide, and help promote multilateralism and stronger partnerships with non-EU countries. The NDICI - Global Europe instrument brings together 11 previous instruments for the 2021-2027 MFF, including the European Neighbourhood Instrument and the European Development Funds (the latter having been outside of the EU budget).

The EU also provides needs-based humanitarian assistance to people hit by human induced disasters and natural hazards, with a particular focus on the most vulnerable.

³¹ Regulation (EU) 2021/947 establishing the Neighbourhood, Development and International Cooperation Instrument - Global Europe.

The general objective of the Instrument for Pre-accession Assistance is to support beneficiary countries in adopting and implementing the reforms required to align with EU values with a view to membership, thereby contributing to their stability, security and prosperity.

The main directorates-general (DGs) and services implementing EU external action in 2024 were the Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR), the Directorate-General for International Partnerships (DG INTPA), the Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO) and the Service for Foreign Policy Instruments (FPI). Since 1 February 2025, DG NEAR has been split into two separate DGs: the Directorates-General for Enlargement and the Eastern Neighbourhood (DG ENEST) and for the Middle East, North Africa and the Gulf (DG MENA).

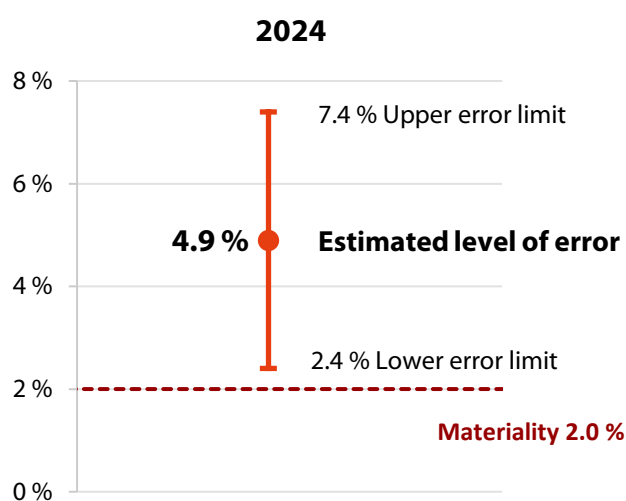
In 2024, payments for ‘Neighbourhood and the world’ amounted to €15.4 billion (pre-financing, interim and final payments) and were disbursed using several instruments and delivery methods. These include works/supply/service contracts, grants, special loans, loan guarantees and financial assistance, budget support and other targeted forms of budgetary aid in non-EU countries. Total payments under this heading increased from €15.2 billion in 2023 to €15.4 billion in 2024.

What we found

For 2024, unlike previous years, we are providing a specific assessment of the regularity of underlying transactions for MFF heading 6 ‘Neighbourhood and the world’. Of the 137 transactions we examined, 56 (40.9 %) contained errors. Based on the 42 errors we have quantified, we estimate the level of error to be 4.9 %.

Figure 26 – Results of transaction testing

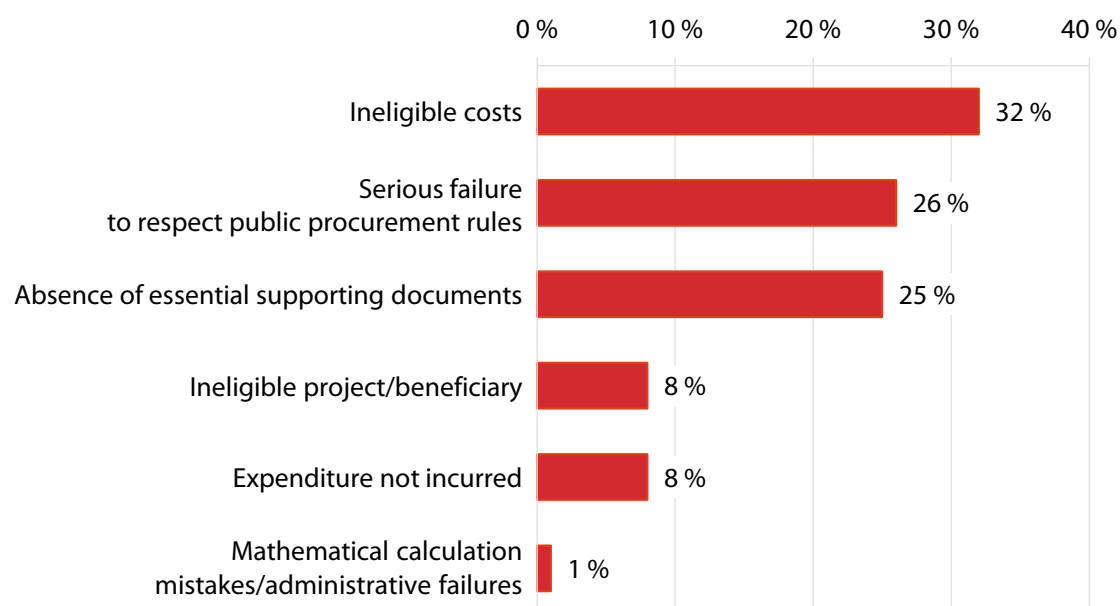
Estimated level of error (ELE)



Source: ECA.

A breakdown of estimated level of error, by error type is provided in the following figure:

Figure 27 – Breakdown of estimated level of error, by error type



Source: ECA.

We identified various error types, affecting multiple transactions, which have recurred over multiple audit years. The main types were:

- ‘cascading’ of indirect costs charged to the EU (i.e. sub-implementing organisations’ indirect costs being reported as part of the beneficiary’s direct costs, on top of the indirect costs already charged by the beneficiary). We made a recommendation on the cascading structure of implementation in our special report on health systems in partner countries³²;
- inclusion of ineligible payroll costs, such as provisions and indirect costs;
- application of incorrect exchange rates;
- failure to respect public procurement rules; and
- clearing of advance payments claimed as incurred costs.

³² Special report 18/24: “EU financial support for health systems in selected partner countries – Broad strategic objectives followed but interventions affected by coordination and sustainability issues”, recommendation 4.

As in previous years, a large proportion of the errors we identified concerned contracts implemented by pillar-assessed organisations (international organisations, international financial institutions and state agencies) under indirect management. For such contracts, the Commission accepted expenditure on the basis of a financial report and a management declaration. The latter is a self-declaration from the pillar-assessed organisation certifying that the financial information submitted is properly presented, complete and accurate, and in compliance with the obligations laid down in the contract. Of the 42 errors we quantified, 26 related to such contracts, contributing 3.1 percentage points to the estimated level of error.

In 10 cases of quantifiable error, the Commission had sufficient information to prevent, or to detect and correct, the error before accepting the expenditure. Had the Commission made proper use of all the information at its disposal, the estimated level of error would have been 1.4 percentage points lower.

We also found 34 cases of non-compliance with legal and financial provisions, though with no direct financial impact on the EU budget.

Annual activity reports and other governance arrangements

We reviewed DG ECHO's AAR for the 2024 financial year. We focused on whether DG ECHO had presented the regularity information in its AAR in accordance with the Commission's instructions and had been consistent in its application of the methodology for estimating future corrections and recoveries. Of the total expenditure accepted in 2024 (€3 605 million), DG ECHO estimated the total amount at risk at the time of payment to be €15.56 million (0.43 %). It estimated the value of corrections resulting from its checks in subsequent years at €3.5 million (0.1 % of the total relevant expenditure). DG ECHO's Director-General declared that the DG's financial exposure was below the materiality threshold of 2 % of total accepted expenditure.

Our work on DG INTPA's 2024 AAR is presented in detail in our annual report on the 9th, 10th and 11th European Development Funds (EDFs).

We reviewed the information in the Commission's 2024 AMPR regarding the estimated risk at payment in the policy areas under 'Neighbourhood and the world'. The Commission calculated a risk at payment of 0.8 % for this MFF heading. This percentage is below the range of our confidence interval and below materiality.

The overall audit evidence we obtained and have presented in this chapter indicates that the level of error in spending on 'Neighbourhood and the world' was material. For this MFF heading, our testing of transactions produced an estimated overall level of error of 4.9 %.

What we recommend

The Commission should:

- o ensure beneficiaries comply with contractual limits on costs of indirect nature;
- o ensure clear and consistent definitions of 'provision' in contract conditions and guidelines; and
- o simplify and standardise currency conversion rules in grant agreements.



*Want to know more? The full text of chapter 9 of our 2024 annual report can be found on our **website** (eca.europa.eu).*



European public administration

Total: €13.3 billion (6.9 % of EU budget spending)

What we audited

This chapter presents our findings for MFF heading 7, ‘European public administration’. [Figure 28](#) gives an overview of the spending of the EU institutions and bodies under this heading in 2024.

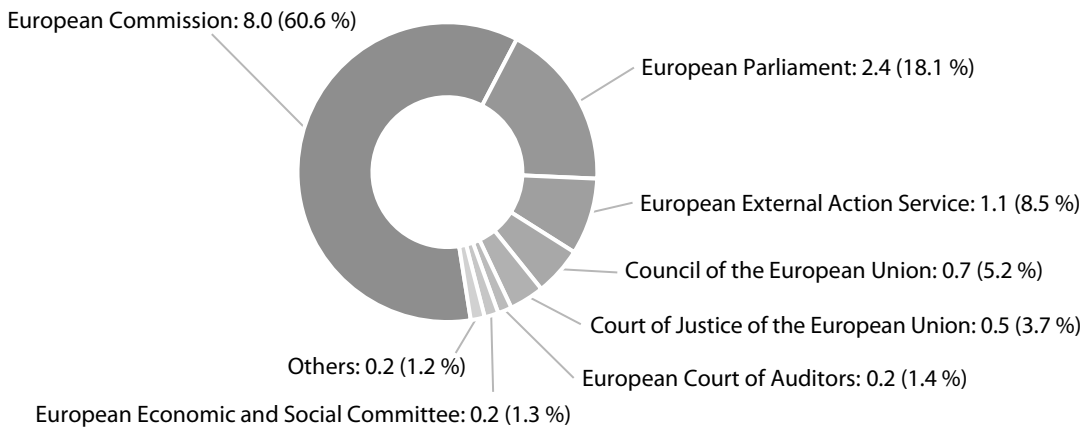
Figure 28 – Payments

European public administration
€13.3 billion (6.9 % of EU budget spending)



(billion euros)

2024 payment breakdown by institution



Source: ECA, based on data from the 2024 consolidated accounts of the EU.

Administrative expenditure comprises expenditure on human resources including pensions, which in 2024 accounted for about 69 % of the total, and on buildings, equipment, energy, communications and information technology. Our work over many years indicates that, overall, this spending is low risk.

What we found

Amount subject to audit	Affected by material error
€13.3 billion	No – free from material error (same in 2023)

Out of the 70 transactions examined, 16 (23 %) were found to contain errors. Our observations concern the European Parliament, the European Commission, and the European External Action Service.

We did not identify any significant issues concerning the Council of the European Union, the Court of Justice of the European Union, the European Economic and Social Committee, the European Committee of the Regions, the European Ombudsman or the European Data Protection Supervisor. Our own external auditor did not report significant issues.

European Parliament

In 2024 we examined 15 transactions. As we previously reported, most recently in our 2023 annual report, the internal rules³³ adopted by the Bureau of the European Parliament for managing political group appropriations were not fully aligned with the Financial Regulation, because they allow negotiated procurement procedures for high-value contracts instead of open or restricted ones, thereby limiting competition.

As part of our sample, we examined one political group that had awarded three such high-value contracts. In two of these cases, it also did not fully follow the European Parliament's rules as they did not seek sufficient tenders. In one case, the political group extended a framework contract by 18 months with higher unit prices. In our assessment, this amendment restricted competition. We identified additional errors in the expenditure declared by the political group in relation to VAT claimed and the use of a flat-rate reimbursement for staff travel that overestimated actual costs. We reported the same issues in our [2022 annual report](#).

The Financial Regulation provides that funds from the EU budget may be awarded to European political parties in view of their contribution to forming European political awareness and to expressing the political will of the citizens of the Union. We consider that the legal basis for determining which costs are eligible is open to interpretation. We audited one such transaction, where ineligible expenditure, initially claimed by the political party, had already been recovered by the European Parliament.

Among the 13 other transactions we examined, we identified weaknesses in two procurement procedures led by the European Parliament. One involved an IT contract with a specific six-year duration that was not sufficiently justified, despite the Financial Regulation generally limiting such contracts to four years, except in duly justified cases.

European Commission

Among the 25 payments examined, we raised eight non-quantifiable errors, including four related to the payment of salaries or pensions. In three of these cases, pension files lacked a recent life certificate for the pensioner's partner, required to confirm ongoing entitlement to allowances. The Commission is developing a new system to improve entitlement checks.

For one transaction for IT services, the Commission did not clearly set, in the procurement documents, the requirements for education and certification to determine the daily rate.

³³ Rules for Budget item 400, last amended on 15 July 2024.

One transaction involved an €85 million payment by the Commission for the continued right of use (“usufruct”) of buildings it had sold in Brussels. This was the first of three annual instalments under a contract signed in April 2024, which covered the sale of 23 buildings for €900 million and the right to use 17 of them for periods up to 2029. The sale and usufruct were awarded after a call for applications by the Commission, which received only one bid, from a Belgian state-owned company that had submitted an indicative offer before the Commission launched the call for applications. The call for applications required tenderers to submit a bank guarantee of €80 million, valid for six months, to secure commitment to the contract, including the usufruct arrangement. The sole bidder submitted a guarantee in its own name, valid for only two months. The Commission accepted it and concluded the contract within the two-month validity period. We found that the guarantee did not comply with the original requirements set out in the call for applications. We also note that the Commission’s evaluation committee lacked sufficient independence, as all members were subordinate to the responsible authorising officer.

European External Action Service

Among the 15 payments examined, we found two quantifiable errors. One concerned a substantial contract amendment without a valid procurement procedure and without *ex post* publicity measures. The other related to the use of an incorrect exchange rate when recording a rental payment.

What we recommend

The European Commission should:

- enhance controls before contracting IT services; and
- reinforce the independence of evaluation committees for transactions which include the sale of property.



*Want to know more? The full text of chapter 10 of our 2024 annual report can be found on our **website** (eca.europa.eu).*



Recovery and Resilience Facility

Total: €59.9 billion

What we audited

The Recovery and Resilience Facility (RRF) was established by [Regulation \(EU\) 2021/241](#) ('Regulation') which entered into force on 19 February 2021. It was amended in February 2023, allowing member states to add a 'REPowerEU chapter' in their national recovery and resilience plans (NRRPs)³⁴ and in February 2024³⁵ allowing member states to include in their NRRPs, as estimated costs, the amount of the cash contribution for the purpose of establishing the Strategic Technologies for Europe Platform (STEP). The RRF has supported reforms and investments in member states since the start of the COVID-19 pandemic in February 2020 (since 1 February 2022 in the case of REPowerEU) and will run until 31 December 2026.

The Commission implements the RRF through direct management, meaning that the Commission is directly responsible for its implementation. Payments under the RRF are conditional upon member states satisfactorily fulfilling the milestones and targets set out in the annexes to the Council implementing decisions (CIDs) approving their NRRPs³⁶. Further requirements are that targets or milestones that have previously been satisfactorily fulfilled should not have been reversed, and that there is no breach of the double-funding principle. The eligibility conditions laid down in the [Regulation](#) include compliance with the eligibility period, the 'Do No Significant Harm' (DNSH) principle, and non-substitution of recurring national budgetary expenditure (except for duly justified cases)³⁷. The member states must ensure that the use of funds complies with the applicable Union and national law, in particular regarding the prevention, detection and correction of fraud, corruption and conflict of interest.

By the end of 2024, the Commission had made 65 grant payments (one in 2021, 13 in 2022, 23 in 2023 and 28 in 2024) totalling €178.5 billion. This means that it had only paid 50 % of the total available, with less than 2 years remaining before the end of the RRF's implementation period in December 2026. There is no information made available on the overall amounts paid by member states to final recipients³⁸.

RRF expenditure in 2024 totalled €59.9 billion and our audit covered all 28 grant payments totalling €53.5 billion and clearing of pre-financing totalling €6.4 billion. Our audit covers neither the regularity of expenditure incurred by final recipients nor the loans component of the RRF.

³⁴ [Regulation \(EU\) 2023/435](#).

³⁵ [Regulation \(EU\) 2024/795](#).

³⁶ [Regulation \(EU\) 2021/241](#), Article 24(2).

³⁷ [Ibid.](#), Articles 5, 9, 17(2) and 24(3).

³⁸ [Special report 13/2024](#): "Absorption of funds from the Recovery and Resilience Facility: Progressing with delays and risks remain regarding the completion of measures and therefore the achievement of RRF objectives", paragraphs 53-54.

What we found

Amount subject to audit	Affected by material error?
€59.9 billion	2024: The overall effects of our findings are material, but not pervasive

Given the nature of the RRF spending model, and since the Commission’s payment suspension methodology³⁹ relies on many judgements, possibly leading to different interpretations, we do not provide an error rate comparable to other EU spending areas.

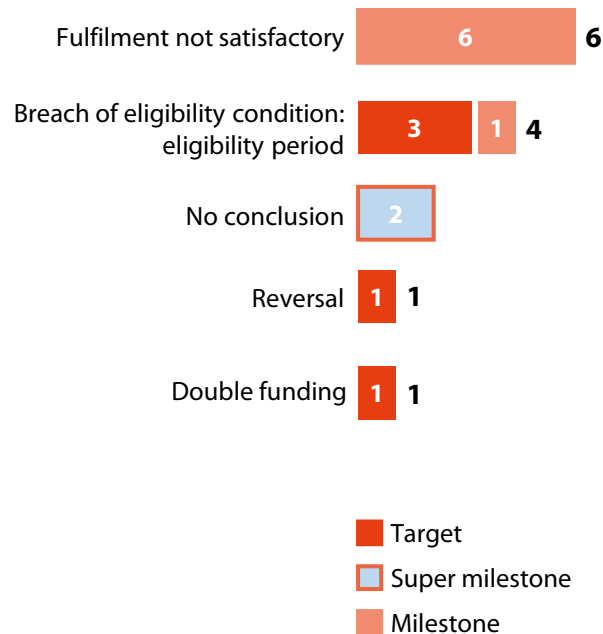
Fulfilment of certain milestones/targets not satisfactory

The Regulation does not stipulate criteria on how to interpret the word ‘satisfactory’ in connection to the fulfilment of milestones and targets. When assessing this, the Commission accepts minimal deviations in substance, form, timing and amounts⁴⁰. We note that in the case of qualitative criteria this assessment relies on many judgements, leading to several possible interpretations as to whether milestones or targets have been satisfactorily fulfilled. Our checks identified six milestones and targets in five payments that had not been satisfactorily fulfilled. We found that not all elements required by the milestone or target had been fulfilled, and that these missing elements represented more than a minimal acceptable deviation. We note that there is an increasing trend in the overall financial impact of quantitative findings.

³⁹ COM(2023) 99 final: Annex II of communication from the Commission to the European Parliament and the Council: Recovery and Resilience Facility: Two years on – A unique instrument at the heart of the EU’s green and digital transformation.

⁴⁰ Ibid., Annex I.

Figure 29 – Types of findings related to payment and eligibility conditions



Source: ECA.

The first RRF payment to Poland included two milestones aimed at strengthening the independence and impartiality of courts by reforming the disciplinary regime for judges to improve judicial protection. We found serious weaknesses in the appointment of judges. However, due to an ongoing Court of Justice of the European Union (CJEU) case C-517/24 regarding a request for preliminary ruling directly related to this matter, we do not conclude on the satisfactory fulfilment of the two related milestones at this stage. The satisfactory fulfilment of these milestones was a precondition for any RRF payment to Poland.

Double funding

The [Regulation](#) uses the traditional cost-based definition of double funding⁴¹, even though RRF payments do not reimburse eligible costs incurred but rather reward the satisfactory fulfilment of milestones and targets⁴². For the RRF, double funding can occur when the same underlying cost of a milestone or target is financed twice and/or when the same outputs/results are declared, and thus funded, twice. The same deliverable cannot be financed twice from the EU budget, even if one of the financing instruments concerned is not cost based. We found one case of double funding in Croatia.

⁴¹ [Regulation](#), Article 9.

⁴² [Special report 22/2024](#): “Double funding from the EU budget: Control systems lack essential elements to mitigate the increased risk resulting from the RRF model of financing not linked to costs”, paragraph 101.

Reversal

The [Regulation](#) stipulates that, measures and actions relating to previously fulfilled milestones and targets must not have been reversed⁴³. Member states are required to confirm this non-reversal in the management declarations accompanying their payment requests. We found one case of reversal of a Greek target relating to the establishment and full operation of 50 mental health care establishments.

Some measures started before the eligibility period

The [Regulation](#) stipulates that only measures which started from 1 February 2020 onwards⁴⁴ can be funded under the RRF, but does not provide further criteria to define what constitutes the ‘start’ of a measure. In October 2024, the Commission issued guidance⁴⁵ clarifying that it interprets the ‘start’ of a measure as the beginning of that measure’s implementation on the ground when costs materialise. Our view, as also previously expressed⁴⁶, is that the start of a measure should be considered the date of the first (legal) commitment (e.g. in the form of a contract, purchase order, or financing decision), since this constitutes the start of the first activity related to the measure. Such a contract or financing decision establishes an obligation and triggers economic and productive activity at contractor and subcontractor levels and leads to results in subsequent payments.

We found that projects relating to one milestone and three targets for two payments had started before February 2020. Therefore, these projects should not have been funded by the RRF.

Member states do not promptly implement most Commission open audit recommendations related to critical and very important findings

Since 2021, there have been 20 Commission final audit reports that relate to milestones and targets with 591 recommendations to 15 member states. As of 30 April 2025, the Commission considered that 417 recommendations (71 %) had been implemented and the remaining 174 (29 %) were open. The Commission categorises its findings as critical, very important, important or desirable. Critical or very important findings may trigger a reservation in the Commission’s annual activity report (AAR) if member states have not yet accepted them, rejected them, or failed to implement them. Those critical or very important findings may also represent a serious breach of obligations of the financing agreement, and may result in a flat-rate correction⁴⁷.

For most (64 %) of the 136 recommendations related to critical and very important findings that remained open, the implementation deadline set in the audit report had passed.

⁴³ [Regulation](#), Article 24(3).

⁴⁴ [Ibid.](#), Article 17(2).

⁴⁵ [COM\(2024\) 474 final](#): Annex II to the report from the Commission to the European Parliament and the Council on the implementation of the Recovery and Resilience Facility.

⁴⁶ [2023 annual report](#), paragraph 11.22.

⁴⁷ Financing agreement, Annex I.

Member state systems are insufficiently effective

There are weaknesses in some member states' systems to ensure compliance with public procurement and state aid, and we also found weaknesses in the payment requests (management declaration) of five member states.

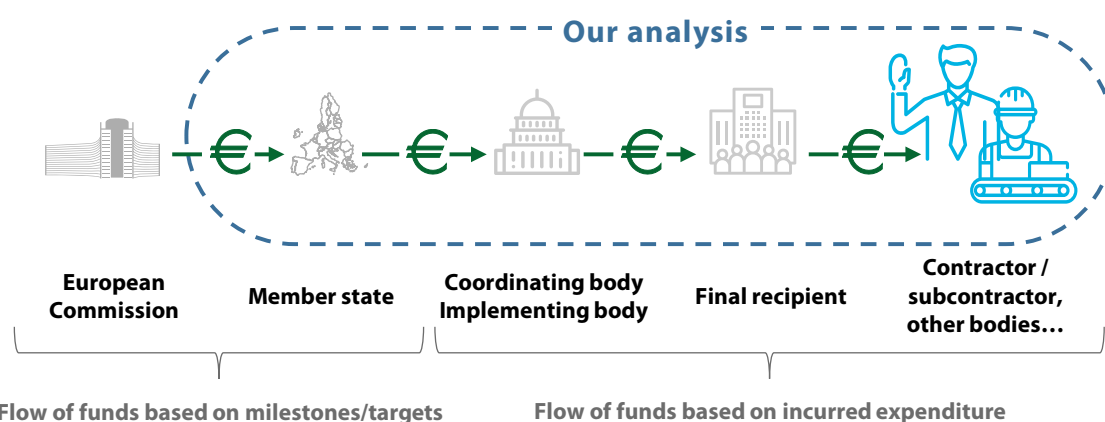
Information available to the Commission on detected fraud is limited

A key indicator for the risk of fraud is the scale of suspected fraud. The only EU-level published data on the scale of RRF suspected fraud comes from the 2024 annual report of the European Public Prosecutor's Office (EPPO). As of the end of 2024, the EPPO was handling 311 active cases related to NGEU. All but four of these concerned the RRF, representing approximately 17 % of all active expenditure fraud investigations. The estimated damage to the EU's financial interests is €2.8 billion, representing 30 % (2023: 25 %) of the overall estimated damage resulting from all EU expenditure fraud⁴⁸. This contrasts with the low number of cases (five) reported by member states in management declarations accompanying payment requests in 2024.

Traceability of RRF funds is not systematic across member states

We assessed the national systems of five member states (Germany, Greece, Spain, France and Italy) to see whether they were capable of tracking RRF funds from the national budget down to final recipients and beyond (e.g. to contractors, or subcontractors) and providing data on expenditure incurred by final recipients. The data we collected shows that by the end of 2024, final recipients in Italy and Greece had incurred expenditure representing 49 % and 39 % respectively of the total amounts planned in their national budgets for RRF reforms and investments. This represents 76 % (in the case of Italy) and 82 % (in the case of Greece) of the total amount received from the Commission. We found that the systems in place in two member states (Spain and France) did not ensure the systematic collection of data on expenditure incurred by final recipients of RRF funds while one member state (Germany) such information was provided to us upon request for five RRF measures.

Figure 30 – Flow of RRF funding



Source: ECA.

⁴⁸ 2024 EPPO annual report.

We reviewed the methodology followed by the member states for publishing the 100 biggest final recipients and we found significant variation in the type of information published.

Annual activity reports and the annual management and performance report

In its 2024 AAR, as in previous years, the Commission does not estimate a quantifiable risk at payment on the grounds that a meaningful error rate cannot be determined. Instead, the Commission assigns a risk level (low, medium, high) for the legality and regularity of each RRF payment, mostly based on the results of its preliminary assessments, its *ex post* audits and of ECA audits when it agrees with them. High risk RRF payments above the de minimis threshold should lead to a reservation. The Commission assessed all 2024 payments as low risk. This is, however, not in line with our findings.

What we recommend

The Commission should:

- extend the coverage of checks performed during preliminary assessments; and
- address delays in member states' implementation of Commission audit recommendations.



*Want to know more? The full text of chapter 11 of our 2024 annual report can be found on our **website** (eca.europa.eu).*



Follow-up of the recommendations made in our special reports from 2021

What we reviewed

Every year, we review the extent to which our auditees have taken action in response to our recommendations three years after we made them. This follow-up of our recommendations is an important step in the audit cycle. It provides us with feedback on whether our auditees have implemented the actions we recommended and whether the issues we raised have been addressed. It is also important in designing and planning our future audit work and for keeping track of risks.

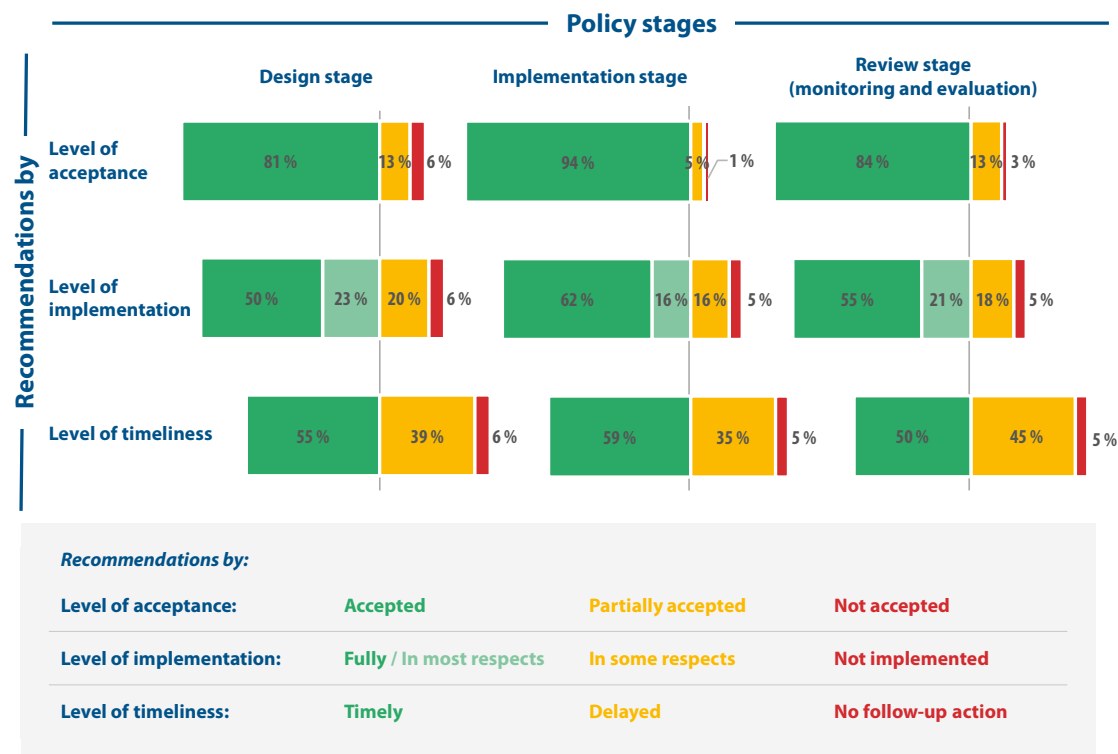
This year, we analysed recommendations from all 27 special reports we published in 2021. In total, we followed up on 245 recommendations. Of these, 194 were addressed to the European Commission. The remaining 51 recommendations were addressed to the European Central Bank (ECB), the European External Action Service (EEAS), the European Banking Authority (EBA), the European Border and Coast Guard Agency (Frontex), the European Union Agency for Law Enforcement Cooperation (Europol), and the Single Resolution Board (SRB). As in the past, recommendations addressed solely to member states were beyond the scope of our follow-up work.

What we found

Our analysis shows that the proportion of 2021 special report recommendations which were fully or partially accepted by our auditees increased from 93 % last year to 98 % this year (see [Figure 31](#)). The proportion of recommendations implemented in full or in most respects increased from 68 % last year to 76 % this year, and the proportion of recommendations implemented on time increased from 52 % to 56 %. The latter has not yet returned to the pre-COVID-19 pandemic level of 60 % or higher.

Our analysis to verify if there are differences between the three stages in the policy cycle (design stage, implementation stage, and review stage) showed that recommendations related to the implementation stage of policies or programmes show the highest level of acceptance, implementation and timeliness.

Figure 31 – Level of acceptance, implementation and timeliness by stage in the policy cycle



Source: ECA.

We also found that:

- of the recommendations addressed to the European Commission, 77 % have been implemented in full or in most respects;
- of the recommendations addressed to the other auditees, 75 % have been implemented in full or in most respects;
- as regards policy stages, 28 % of our 2021 special report recommendations related to the design stage, 56% to the implementation stage, and 17 % to the review stage.



Want to know more? The full text of chapter 12 of our 2024 annual report can be found on our **website** (eca.europa.eu).



European Development Funds

Total: €1.35 billion

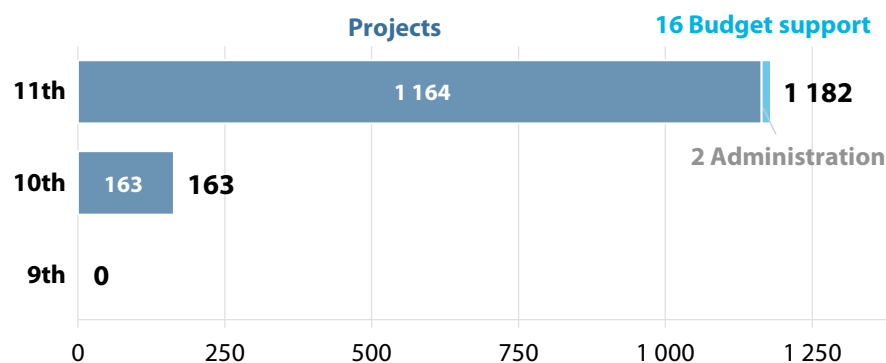
What we audited

Launched in 1959, the EDFs were the main instruments by which the European Union (EU) financed development cooperation with the African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs) until the end of 2020. The primary objective of the EDFs is to reduce and ultimately eradicate poverty, in accordance with the primary objective of development cooperation as laid down in Article 208 of the Treaty on the Functioning of the European Union (TFEU). The 11th (and final) EDF covers the 2014-2020 multiannual financial framework (MFF).

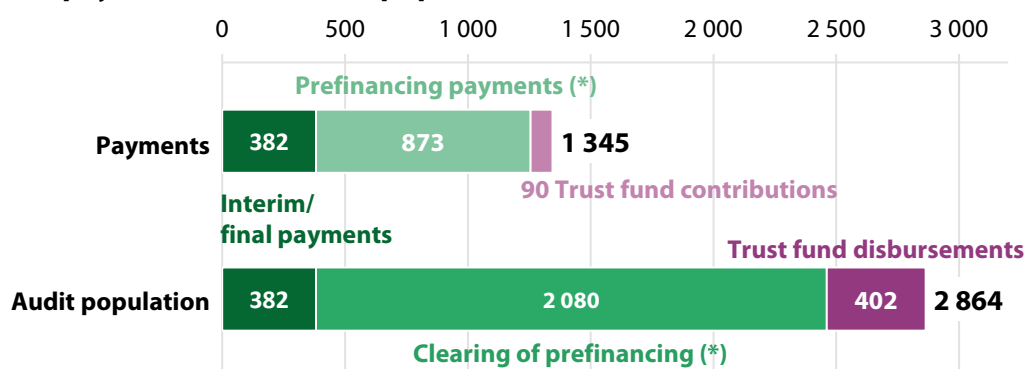
Figure 32 – European Development Funds: 2024 financial overview

(million euros)

EDFs payments by budget line and type



EDFs payments and audited population



* In line with the harmonised definition of underlying transactions.

Source: ECA, based on the 2024 annual accounts of the 9th, 10th and 11th EDFs.

For the 2021-2027 MFF, development cooperation with ACP countries has been incorporated into the Neighbourhood, Development and International Cooperation Instrument – Global Europe, as part of the EU general budget, and cooperation with the OCTs has been incorporated into the Decision on the Overseas Association, including Greenland. However, the 9th, 10th and 11th EDFs have not been incorporated into the EU general budget and continue to be implemented and reported on separately until their closure.

The expenditure covered in this report relates to support that is delivered in 76 countries using a wide range of methods such as works, supply and service contracts, grants, budget support, programme estimates and delegation agreements concluded with pillar-assessed entities (such as international organisations).

The EDFs are managed almost entirely by the Commission's Directorate-General for International Partnerships (DG INTPA). A small proportion (5 %) of the 2024 EDF payments was managed by the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations (DG NEAR). Since 1 February 2025, DG NEAR has been split into two separate DGs: the Directorates-General for Enlargement and the Eastern Neighbourhood (DG ENEST) and the Middle East, North Africa and the Gulf (DG MENA).

What we found

We found that the accounts were free from material misstatements.

Revenue transactions did not contain a material level of error.

EDF payment transactions were affected by a material level of error. Based on our transaction testing, we estimate the level of error to be 6.5 %.

Information in support of the statement of assurance

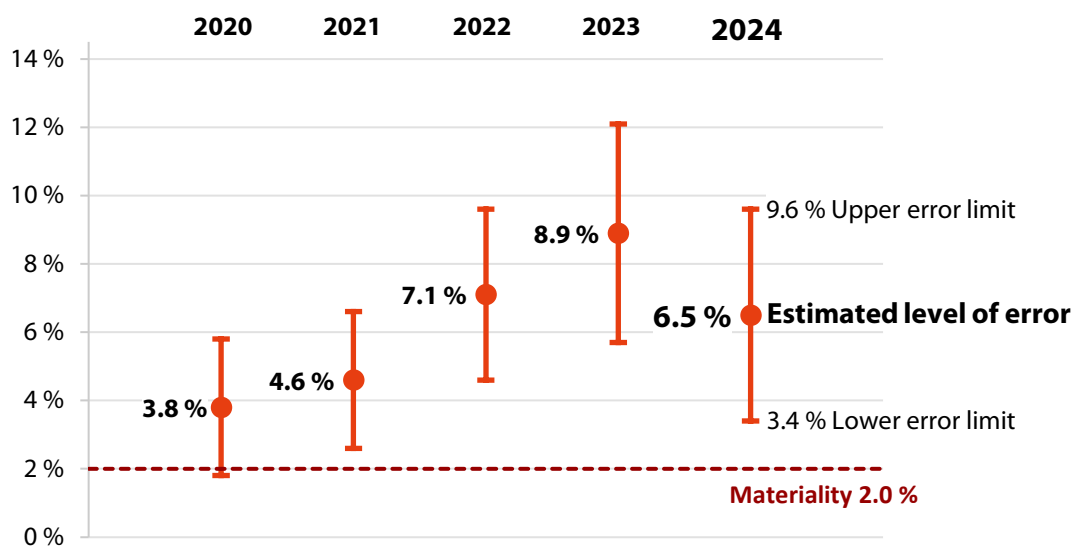
To audit the regularity of transactions, we examined a sample of 85 transactions that were representative of the full range of spending from the EDFs. This comprised 16 transactions related to the Emergency Trust Fund for Africa, one transaction related to the Bêkou Trust Fund, 54 transactions authorised by 14 EU delegations⁴⁹ and 14 transactions approved by Commission headquarters. Where we detected errors in the transactions, we analysed the underlying causes to identify potential weaknesses. Moreover, for the transactions audited on the spot, we carried out performance assessments where feasible and relevant.

Of the 85 transactions we examined, 34 (40.0 %) contained errors. On the basis of the 27 errors we have quantified, we estimate the level of error to be 6.5 % (see [Figure 33](#)).

⁴⁹ Burundi, Democratic Republic of the Congo, Guinea-Bissau, Kenya, Malawi, Mauritania, Mauritius, Mozambique, Namibia, Nigeria, Sierra Leone, Togo, Uganda, Zambia.

Figure 33 – Results of transaction testing

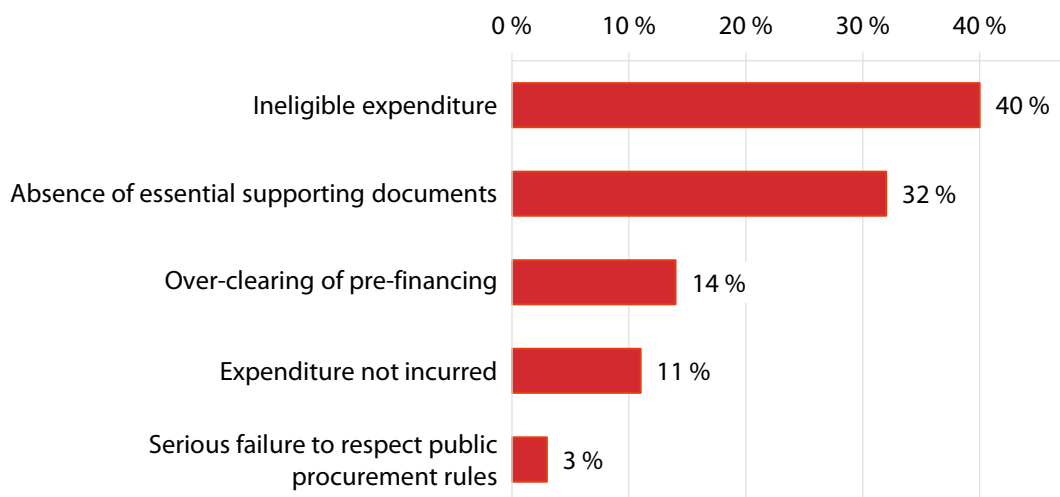
Estimated level of error (ELE)



Source: ECA.

Figure 34 gives a breakdown of our estimated level of error for 2024 by error type.

Figure 34 – Breakdown of estimated level of error, by error type



Source: ECA.

In 13 cases of quantifiable error, the Commission had sufficient information to prevent, or to detect and correct, the error before accepting the expenditure. Had the Commission made proper use of all the information at its disposal, the estimated level of error would have been 2.2 percentage points lower.

Review of DG INTPA's 2024 annual activity report

The Director-General's declaration of assurance in DG INTPA's 2024 AAR does not include any reservations. DG INTPA has significantly reduced the scope of reservations (i.e. the share of expenditure covered by them), from 16 % in 2017 to 1 % in 2018, and then to zero from 2019 onwards.

DG INTPA estimates the overall amount at risk at payment to be €89.7 million (1.1 % of 2024 expenditure) and the overall amount at risk at closure to be €78.6 million (0.97 % of 2024 expenditure). Of the amount at risk at payment, DG INTPA estimates, based on average historical data, that €11.1 million (12.4 %) will be corrected by its checks in subsequent years (this amount is known as the 'corrective capacity'). Out of this estimated amount, the Commission reported €5.0 million as having actually been recovered in 2024. Having tested 60.9 % of this implemented amount (€3.1 million), we found that €0.2 million should not have been reported as implemented corrective capacity.

2024 residual error rate study

In 2024, DG INTPA had its 13th RER study carried out by an external contractor. The purpose of the study is to estimate the rate of those errors that have evaded all DG INTPA management checks across its entire area of responsibility, in order to conclude on the effectiveness of those checks.

In 2024, the Commission decided to revise the RER methodology with effect from 2025. The amendments aim, *inter alia*, at defining more clearly the treatment of high-value items and capping the possibility to rely entirely on the results of management checks and other auditors' work. However, some shortcomings exist.

Assessment of project achievements during our audit visits

As part of our audit visits, we also assessed the achievement of projects that were either completed or close to completion. Our assessment included, but was not limited to, a review of output and outcome indicators, as well as project results. The results of our checks varied. In some cases, funding had been used effectively and contributed to the achievement of project objectives. However, as in previous years⁵⁰, we also identified cases in which EU projects had failed to achieve all their objectives. In particular, the infrastructure built under the projects was not always maintained after project completion, raising serious concerns about their durability.

⁵⁰ 2022 and 2023 annual reports on the EDFs.

What we recommend

The Commission should:

- ensure compliance with visibility rules;
- strengthen checks related to lump sums or other costs declared under simplified costs options; and
- take steps to increase project durability.



Want to know more? *The full text on the report of the activities funded by the 9th, 10th and 11th European Development Funds for 2024 can be found on our website (eca.europa.eu)*

Background information

The European Court of Auditors and its work

The ECA is the independent external auditor of the EU. We are based in Luxembourg and employ around 900 staff of all EU nationalities. Our mission is to contribute to improving EU administration and financial management and to promote accountability and transparency, and act as the independent guardian of the financial interests of EU citizens. Our audit reports and opinions are an essential element in the EU accountability chain. They are used to hold to account those responsible for implementing EU policies and programmes: the Commission, other EU institutions and bodies, and administrations in member states. We warn of risks, provide assurance, indicate shortcomings and good practice, and offer guidance to EU policymakers and legislators on how to improve the management of EU policies and programmes. Through our work, we ensure that the EU citizens know how their money is being spent.



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Ireland



Nikolaos MILIONIS
Greece



Klaus-Heiner LEHNE
Germany



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Bulgaria



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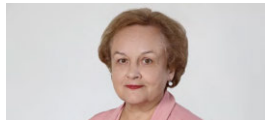
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Spain



Carlo Alberto MANFREDI SELVAGGI
Italy



Petri SARVAMAA
Finland



Hans LINDBLAD
Sweden



Lucian ROMAȘCANU
Romania

Note: As at July 2025.

Our output

We produce:

- annual reports, mainly containing the results of financial and compliance audit work on the EU budget and the European Development Funds, but also on budgetary management and performance aspects;
- special reports, presenting the results of selected audits on specific policy or spending areas, or on budgetary or management issues;
- specific annual reports on the EU's agencies, decentralised bodies and joint undertakings;
- opinions on new or updated laws with a significant impact on financial management – either at the request of another institution or on our own initiative;
- reviews, providing a description of, or information about, policies, systems, instruments or more focused topics.

Audit approach for our statement of assurance – at a glance

The opinions in our statement of assurance are based on objective evidence obtained from audit testing in accordance with international auditing standards.

As stated in our 2021-2025 strategy, for MFF 2021-2027 we will continue to develop our audit approach and use available data and information, which will allow us to continue providing strong assurance, based on our Treaty mandate and in full accordance with international public-sector audit standards.

Reliability of the accounts

Do the EU annual accounts provide complete and accurate information?

Hundreds of thousands of accounting entries are generated by Commission directorates-general each year, taking information from many different sources (including member states). We check that accounting processes work properly and that the resulting accounting data is complete, correctly recorded and properly presented in the EU's financial statements.

- We evaluate the accounting system to ensure it provides a good basis for producing reliable data.
- We assess key accounting procedures to ensure they function correctly.

- We perform analytical checks of accounting data to ensure it is presented consistently and appears reasonable.
- We directly check a sample of accounting entries to ensure the underlying transactions exist and are accurately recorded.
- We check financial statements to ensure they present the financial situation fairly.

Regularity of transactions

Do the income and expensed payment transactions underlying the EU accounts comply with the rules?

The EU budget involves millions of payments to beneficiaries, both in the EU and in the rest of the world. The bulk of this spending is managed by member states. To obtain the evidence we need, we assess the systems by which income and expensed payments (i.e. final payments and clearing of advances) are administered and checked, and we examine a sample of transactions.

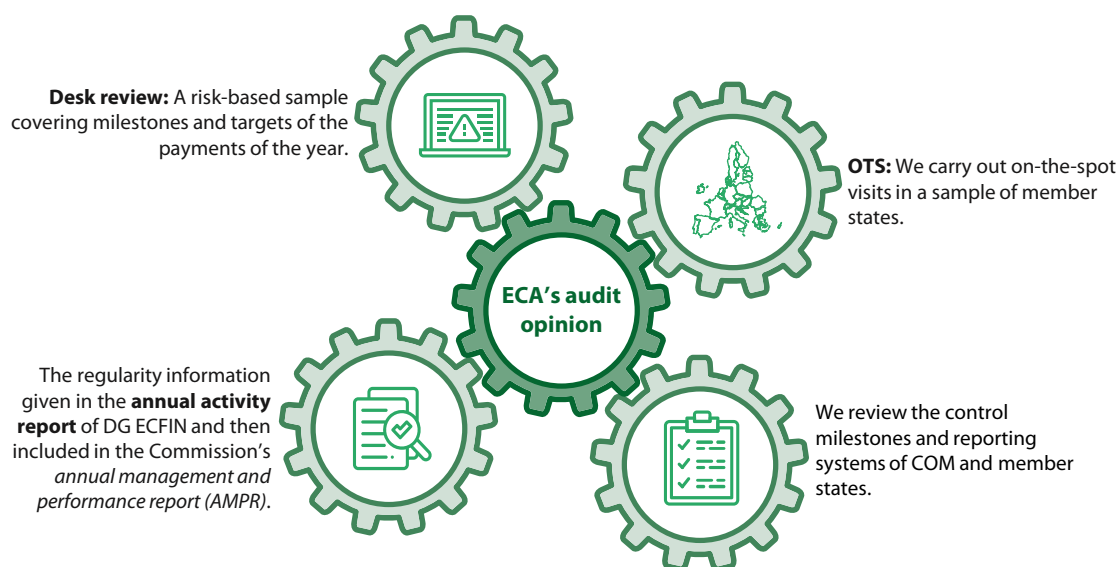
Where the terms of the relevant international auditing standards have been met, we review and re-perform the checks and controls carried out by those responsible for implementing the EU budget. We thus take full account of any corrective measures taken on the basis of these checks.

- We assess the systems for revenue and expenditure to determine their effectiveness in making sure transactions are regular.
- We take statistical samples of transactions to provide a basis for detailed testing by our auditors. We examine the sampled transactions in detail, including at the premises of final recipients (e.g. farmers, research institutes or companies providing publicly procured works or services), to obtain evidence that each underlying event exists, is properly recorded and complies with the rules for making payments.
- We analyse errors and classify them as either quantifiable or not. Transactions are affected by quantifiable error if, based on the rules, the payment should not have been authorised. We extrapolate the quantifiable errors to obtain an estimated level of error for each area in which we make a specific assessment. We then compare the estimated level of error against a materiality threshold of 2 % and assess whether the errors are pervasive.
- Our opinions take account of these assessments and of other relevant information, such as annual activity reports and reports by other external auditors.
- We discuss all our findings both with the authorities in the member states and with the Commission to confirm our facts are correct.

What is our audit approach and methodology for the statement of assurance on the regularity of RRF expenditure?

- We issue a separate opinion on the regularity of the RRF expenditure as part of our statement of assurance on the EU budget. This is because we consider the RRF delivery model to be different and a temporary instrument. With this opinion, we aim to provide reasonable assurance on the payments, and provide detailed information based on this opinion in the statement of assurance (see [Figure 35](#)).
- We derive most of our assurance from substantive testing and the assessment of the supervisory and control systems. Our assurance is complemented by the AARs, the AMPR and the reports of the Internal Audit Service.
- Our work conforms to international audit standards and ensures that our audit opinions are supported by sufficient and appropriate audit evidence.

Figure 35 – Audit opinion



Source: ECA.



Source: ECA.



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A word on the '2024 EU audit in brief'

The '2024 EU audit in brief' provides an overview of our 2024 annual reports on the EU's general budget and the European Development Fund, in which we present our statement of assurance as to the reliability of the accounts and the legality and regularity of the transactions underlying them. We also covered the Recovery and Resilience Facility and provide a separate opinion on the legality and regularity of its expenditure. The EU audit in brief also outlines our key findings regarding revenue and the main areas of spending under the EU budget and the European Development Fund, as well as findings relating to budgetary and financial management.

The full texts of the reports may be found at eca.europa.eu.

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