



EUROPEAN
COURT
OF AUDITORS

Speech
08 October 2026

Speech by Tony Murphy, President of the European Court of Auditors

**Presentation of the ECA's 2025 annual report
Committee on Budgetary Control – European Parliament**

08 October 2026

The spoken version shall take precedence.

Chair,

Honourable Members,

Commissioner,

I am very pleased to address this committee today to present the key findings and core messages of the European Court of Auditors' 2025 Annual Report. I am once again accompanied by my esteemed colleague, Jan Gregor, who is responsible for overseeing the audit work and preparation of the Annual Report.

The Annual Report is the ECA's core product. It accounts for approximately 50 % of the Court's resources and represents a substantial investment of time, expertise and effort by our staff and Members.

It offers valuable insights into the EU budget and its various policy areas. Alongside our compliance and performance audits, we identify risks, share lessons and make practical recommendations. Our independent assessments are intended to support Parliament and the other EU institutions in their roles as decision-makers and co-legislators, helping to ensure that public funds are managed well, spent in accordance with the rules and that decisions are based on reliable evidence.

A major decision is now being shaped, with the ongoing negotiations on the next Multiannual Financial Framework (MFF).

This is not simply a discussion that is about the size of the next EU budget, but about how that budget will be financed, delivered and controlled and whether it will be capable of meeting the expectations being placed upon it.

That is why the ECA's findings and recommendations are particularly relevant at this moment. Our Annual Report does not only assess the implementation of the current budget. It also provides lessons for the design of the next one.

Today, I will present the principal findings of the 2025 Annual Report, alongside relevant conclusions from the ECA's recent and ongoing work. But I will also focus on their implications for the next MFF.

Key takeaways from our 2025 annual report?

We provide a clean opinion on the 2025 EU accounts, confirming that they accurately present the Union's financial position. However, we draw attention to the transition to the Commission's new financial IT system, which caused accounting errors requiring manual corrections and reconciliations, as well as additional audit work.

We also noted the different treatment of borrowing in the EU budget versus in the EU financial statements. This results in a surplus in the budget, while the accounts report a deficit, or negative economic result, for the year.

Once again, we provide a clean opinion on EU revenue, which was free from material error. As in previous years, our opinion does not cover amounts resulting from underreported or evaded duties and taxes, since our assessment can focus only on reported figures.

Turning to expenditure, the EU's long-term budget includes both traditional spending under the Multiannual Financial Framework and funding under NextGenerationEU. NGEU funding primarily involves the Recovery and Resilience Facility, or RRF, which follows a different delivery model from the MFF based on the achievement of milestones and targets.

As a result, we continue to issue two distinct opinions on the regularity of expenditure: one covering traditional EU budget spending and another covering RRF expenditure.

Starting with traditional EU budget spending:

Our estimated level of error increased to 3.8 % in 2025, compared with 3.6 % in 2024. This is above our materiality threshold. Given the significant and widespread nature of the errors identified, we issue an adverse opinion on EU budget expenditure for the seventh consecutive year.

The estimated level of error is not a measure of fraud, inefficiency or waste. It is an estimate of the amount of money that was not used in compliance with EU and national rules.

Our audit covered expenditure totalled €130.8 billion under the general budget. The largest contributor to our error rate was 'Natural resources and environment' which had an estimated level of error at 3.9 % (2.6 % in 2024). **More than 95%** of spending under this heading **falls within the Common Agricultural Policy**, with errors ranging from the declaration of ineligible land to the incorrect calculation of payment entitlements. 'Cohesion, resilience and values' had an estimated level of error at 6.6 % (5.7 % in 2024). Together these two spending areas accounts for almost two thirds of our audited expenditure.

The most common errors we noted across the EU budget are eligibility issues, such as ineligible costs, projects, activities or beneficiaries. As well as breaches of public procurement and grant award procedures and missing supporting documentation.

So what do these findings mean for the next MFF?

The message from traditional EU budget spending is clear: error rates remain above the materiality threshold, and they are both significant and widespread.

The two largest contributors to the error rate are the Common Agricultural Policy (CAP) and cohesion policy

These findings show non-compliance with EU and national rules and that existing control frameworks are not sufficiently effective. They also demonstrate that we cannot yet rely fully on the work of national authorities.

We have gathered extensive evidence which significantly undermines the reliability of their work and limits the extent to which it can be relied upon, including numerous errors that should have been detected by these authorities but were not.

At the same time, we recognise that many national audit authorities operate under considerable pressure and face persistent capacity challenges.

The new MFF proposals would give Member States authorities greater responsibility for the management and assurance of EU funds, even though their current assurance bodies and systems cannot yet be relied upon to the extent required.

Bringing the Common Agricultural Policy (CAP) and cohesion policy together within a single European fund to promote simplification and flexibility will likely shift the administrative burden from the Commission to Member States and beneficiaries and increase the risk of error.

Therefore, greater flexibility should not come at the expense of predictability. Simplification should reduce unnecessary administrative burden, not merely relocate it, and must not weaken accountability.

The Recovery and Resilience Facility

The Recovery and Resilience Facility (RRF) delivery model differs from the traditional budget. Payments depend on the fulfilment of milestones and targets, and it follows a financing-not linked-to-costs model, rather than being based on actual costs and compliance with EU and national rules. Consequently, RRF results are not comparable with traditional budget expenditure, and we therefore issue a separate audit opinion.

As the new MFF is expected to largely mirror the RRF, our findings here are crucial. They highlight significant weaknesses that should not be repeated.

In 2025, RRF expenditure amounted to €45.4 billion. In payments to nine member states, we identified instances of milestones and targets that had not

been satisfactorily fulfilled, as well as issues related to double funding and the RRF eligibility period.

We also identified weaknesses in the design of milestones and targets, gaps in the Commission's monitoring, and again we note persistent shortcomings in the reliability of Member States' control systems. On this basis, we issue a qualified opinion on the RRF expenditure.

We found that in certain instances, previously agreed milestones and targets were revised in ways that reduced the promised outputs required of Member States under their recovery plans.

Particularly concerning is that some amendments were submitted only after the original payment requests had been submitted and while the Commission was still assessing them.

The changes were then adopted before the final payments were approved, bringing the outputs into line with those actually achieved rather than with those originally agreed, and without affecting the related payment. In many cases, no objective or convincing reasons were provided to justify the amendments.

This weakens the link between funding and delivery, creating a risk that Member States may receive funding even where performance falls short.

The deadline for Member States to submit their final RRF grant payment requests was by 30 September. In consequence, 21 were still submitted in September to meet the deadline, eight on both the 29 and 30 September. The Commission must now process around €90 billion by the end of 2026. This creates an immediate risk:

Our experience shows that pressure to spend at the end of a budgetary period can result in an increase in payments that do not comply with the rules and encourage the selection of lower-quality or scaled-back projects, ultimately resulting in an ineffective use of EU funds.

What does this mean for the next MFF

We must learn from the experience of the RRF. If the EU moves towards a performance-based financing not linked to the costs model, it must ensure that milestones and targets are credible, clearly defined, objectively measurable and directly linked to the results to be achieved. Performance information must also be reliable, transparent and capable of independent verification.

Our assessment is that the proposed performance framework is weakly designed. Its set up does not make it possible to measure what EU spending has achieved or what EU citizens ultimately receive in return for their money.

Debt & future budgets

The Commission's proposal for the 2028–2034 budget is nearly €2 trillion, or roughly 1.26 % of EU GNI. Within that, 0.11 % of GNI is earmarked solely for servicing debt related to NextGenerationEU.

EU borrowing could reach €1 trillion by 2027, with the (NGEU) being a major contributor and in its proposal for the next MFF, the Commission proposes a fixed annual amount of €24 billion (current prices) to cover both interest and principal repayments. The interest costs alone related to NGEU grant support over 2028–2034 period could be around €93 billion.

The Commission's proposals for the next budget also allow substantial new borrowing, including €150 billion for Member State National and Regional Partnership Plans (NRPPs), up to €100 billion in additional support for Ukraine, and the potential use of a severe-crisis instrument of up to €395 billion.

It is important also to note that the total proposed MFF budget amounts to €2 trillion, but this is contingent on the materialisation of new proposed revenue streams, which represent approximately 20 % of the proposed budget.

Overall, the message is one of caution: unless these new revenue streams are approved and materialise as expected, the EU budget could face a significant shortfall.

This would require either higher contributions from Member States, a reduction in the budget's overall level of ambition, additional borrowing or rollover of existing debt.

Moreover, the substantial planned borrowing could expose Member States to additional financial obligations at a time when national budgets are already under considerable strain.

Conclusion

To conclude, addressing the findings and shortcomings identified in our Annual Report is essential to strengthening the management and implementation of EU funds, particularly in the context of the current MFF, where absorption of shared management funds currently stands at only around 30%.

However, looking ahead, ambitious budgets require equally ambitious safeguards. If the Union moves towards a financing not linked to costs model, based on milestones

and targets, it must learn from past experience and strengthen accountability and transparency across the system.

Success should not be measured simply by fewer rules or greater flexibility, but by whether citizens see better results, public money achieves greater impact and trust in the European project is strengthened.

Finally, I would like to close by expressing my gratitude to the ECA's staff and College. Their commitment, expertise and careful work underpin the quality of this annual report and make an essential contribution to strengthening the ECA's role and mission.

Thank you for your attention.