



Press Release

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Rules for final checks on cohesion and rural development spending adequate, but risks remain, say EU Auditors

European Commission guidelines to Member States for final checks on cohesion and rural development spending are adequate, but certain risks still need to be addressed, according to a new report from the European Court of Auditors. In future, more attention should be given to the results achieved, say the auditors, rules for cohesion and rural development should be further aligned and a full report on closure sent to the European Parliament and the Council.

After the end of a programme period, programmes need to be financially settled, which means that any irregular expenditure in the EU share of projects co-financed by the Commission and the Member States has to be identified and returned to the EU budget. This process is known as “closure”. EU audits of the 2007-2013 period regularly showed that both cohesion and rural development programmes were prone to material levels of irregular spending.

The auditors compared arrangements for the two policy areas and assessed how the Commission obtained assurance that the final declaration contained expenditure that was both legal and regular and used in accordance with its objectives. They also analysed the timeliness and reporting of the closure process.

For 2007-2013, they found that while Member States’ reporting of results was mandatory and evaluated by the Commission, payment of the final balance was not directly linked to the actual achievement of outputs and results.

“Closure is a crucial moment in the lifecycle of a programme,” said Ladislav Balko, the Member of the European Court of Auditors responsible for the report. “Any evaluation of how efficiently and effectively the funds were spent must include analysis of the results achieved.”

Closure did not coincide with either the end of the programme period or the end of the eligibility period. Because closure can take years to complete, overlaps between different periods and difficulties in following up activities from earlier years pose a risk to effectiveness. In addition, being able to spend a budget two or three years after the end of a programme discourages starting work on the next period.

The purpose of this press release is to give the main messages of the special report adopted by the European Court of Auditors. The full report is on www.eca.europa.eu.

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Another concern related to reporting: the auditors were of the opinion that the Commission should provide the European Parliament and the Council with a consolidated closure report containing key information on the most relevant performance and compliance aspects of programme implementation.

Overall, the Commission's guidelines to Member States for the closure of 2007-2013 programmes were timely and comprehensive and the Commission delivered additional support addressing Member States' needs. The Member States were satisfied with the support and believed, for the most part, that they were well prepared for closure.

The auditors identified certain risks to be addressed during the closure of 2007-2013 programmes. In particular, there are no binding deadlines for some areas relevant to closure which may contribute to additional delays.

Lastly, the auditors expressed concern that checks by Member States and the Commission are not sufficient to ensure the legality and regularity at closure of expenditure concerning financial instruments, contractual advances and some state aid-relevant major projects.

To guarantee the robustness of closure for 2007-2013, the auditors recommend the Commission ensures major projects are approved promptly and Member States implement procedures to verify the eligibility of expenditure, in particular for financial instruments and contractual advances. They also recommend that Member States pay the full EU contribution to beneficiaries in a timely manner.

To ensure that closure for cohesion and rural development after 2020 improves accountability and transparency, the auditors recommend that the Commission in its legislative proposals:

- further aligns the regulations between cohesion and rural development, aiming at a harmonised annual assurance process;
- introduces a final acceptance procedure concerning the legality and regularity of expenditure, as well as the outputs and results achieved once programmes are closed;
- specifies how it will inform the European Parliament and the Council about the outcome of the closure process;
- eliminates overlaps between eligibility periods and requires programmes to be closed promptly after the end of their eligibility period.

Note to Editors

Cohesion and rural development policies account for about 44 % of the European Union budget. For the 2007-2013 period, this amounted to some €430 billion.

Special Report No 36/2016: "An assessment of the arrangements for closure of the 2007-2013 cohesion and rural development programmes" is available in 23 EU languages.