



## Press Release

Luxembourg, 27 April 2017

### Commission measures to protect Cohesion spending used effectively, say EU Auditors

**The European Commission has made effective use of measures to protect the EU budget from irregular expenditure in the area of Cohesion, according to a new report from the European Court of Auditors. The auditors add that the Commission needs to remain vigilant in ensuring payments are free from error, improving its reporting procedures and making use of its new, stronger powers.**

Cohesion policy accounts for 37% of spending from the EU budget and totals some €350 billion for each of the periods 2007-2013 and 2014-2020. Responsibility for managing Cohesion spending is shared between the Commission and the Member States.

The auditors focused on the 2007-2013 programme period and also assessed the likely impact of changes in the regulations for 2014-2020. Overall, they found that during the period up to the closure of 2007-2013 programmes, the Commission had made effective use of the measures at its disposal to protect the EU budget from irregular expenditure.

For the period 2007-2013 the Commission also used the measures to protect the EU budget more extensively and focused on those Member States with the riskiest programmes. The Commission's assessment of weaknesses and the related financial corrections were in substance confirmed by the European Court of Justice.

*"The Commission's corrective measures put pressure on Member States to address weaknesses in their management and control systems", said Mr Henri Grethen, the Member of the European Court of Auditors responsible for the report. "However, preventive measures and financial corrections both generally deal with complex issues which take a considerable time to resolve. The resulting payment interruptions and suspensions represent a significant financial risk for Member States."*

The auditors also found that the Commission faced difficulties in monitoring the implementation of financial corrections. The information provided by the Member States on implementation in the 2007-2013 period did not allow for robust monitoring. The Commission's own reporting on preventive measures and financial corrections makes it difficult to get a comprehensive overview of the situation, largely because the information is presented in several reports and documents.

The regulations for 2014-2020 significantly strengthen the Commission's position on protecting the EU

*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](http://www.eca.europa.eu).*

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budget. The Commission has broader powers, and Member States' reporting on financial corrections is now integrated into the annual assurance package and examined by the respective audit authorities. The auditors consider that these arrangements represent a significant improvement in the design of the system.

The auditors recommend that the Commission should:

- apply a strict approach at the closure of 2007-2013 programmes to ensure that reimbursed amounts are free from material levels of irregular expenditure;
- present and compare all information on preventive and corrective measures in Cohesion spending by fund and Member State in a report and display the impact of financial corrections and the residual risk rate;
- for 2014-2020, set up an integrated monitoring system for both preventive measures and financial corrections;
- use the significantly strengthened provision for 2014-2020 with immediate effect and impose financial corrections wherever necessary.

### **Notes to Editors**

Cohesion policy aims to reduce development disparities between regions, restructure declining industrial areas and encourage cross-border, transnational and interregional cooperation in the European Union. It is the EU's main source of funding for investments, making up some 37 % of overall spending from the EU budget. The funds allocated to Cohesion policy were around €230 billion in the 2000-2006 programme period, €346 billion in 2007-2013 and €349 billion in 2014-2020.

Although the Commission remains responsible for the implementation of the EU budget, the actual management and control of EU funds and programmes is delegated to Member State authorities, which select beneficiaries and distribute funds. It is the Member States' responsibility to detect, correct and prevent errors in the first instance. If the Commission finds that irregular expenditure was co-financed or likely to be co-financed, it can intervene and correct expenditure already co-financed or can prevent its future co-financing.

Special Report No 4/2017: "Protecting the EU budget from irregular spending: The Commission made increasing use of preventive measures and financial corrections in Cohesion during the 2007-2013 period" is available on the ECA website [eca.europa.eu](http://eca.europa.eu) in 23 EU languages.