



EUROPEAN  
COURT  
OF AUDITORS

EN

# Opinion 06/2022

(pursuant to Article 322(1), TFEU)

**concerning the proposal  
for a Regulation  
of the European Parliament  
and of the Council  
on the financial rules  
applicable to the general  
budget of the Union (recast)  
[2022/0162 (COD)]**

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# Introduction

**01** On 16 May 2022, the Commission published its proposal for a targeted amendment of the Regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (the Financial Regulation). The legal basis of the Commission's proposal means that consulting the European Court of Auditors (ECA) is mandatory<sup>1</sup>, and both the Council and the European Parliament requested our views on 2 September and 13 September 2022, respectively. This opinion fulfils the consultation requirement.

**02** The Commission justifies this revision by the need to align the Financial Regulation with the Multiannual Financial Framework (MFF) package in order to maintain a single rulebook governing the expenditure of the Union. This means that all general financial rules are included in the Financial Regulation, the aim being to provide greater legal certainty for EU institutions and recipients of EU funds.

**03** In addition, the Commission has included other amendments in the proposal in order to:

- implement improvements and simplifications identified since the 2018 Financial Regulation came into force;
- respond to recent events and trends, such as the COVID-19 pandemic and crisis management;
- better protect EU financial interests (e.g. by making more use of digitalisation); and
- better contribute to the achievement of EU policy objectives and achieve additional simplification for recipients of EU funds.

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<sup>1</sup> Treaty on the Functioning of the European Union, Article 322(1)(a).

## General observations

**04** The Commission has proposed to recast rather than to revise the Financial Regulation. The Commission states that the recast aims “... to strike the right balance by focusing on changes that are really necessary”. A recast results in the adoption of a new legal act that incorporates, in a single text, substantive amendments to an earlier act, as well as remaining unchanged provisions. The new legal act thus replaces and repeals all earlier versions of the act.

**05** In line with the 2001 Interinstitutional Agreement<sup>2</sup> on the use of the recasting technique, the explanatory memorandum accompanying the proposal should include justification for triggering the recast, and explain the reasons for adopting such an approach, together with the reasons for each proposed substantive amendment. It requires the proposal for a recast to be presented in a way that clearly distinguishes the substantive amendments and new recitals from the unchanged provisions. Based on our analysis of the conditions laid down in the Interinstitutional Agreement and the Commission’s justification for the recast included in the explanatory memorandum, we consider that the Commission’s proposal fulfils the conditions for conducting a recast.

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<sup>2</sup> Interinstitutional Agreement on a more structured use of the recasting technique for legal acts, signed on 28 November 2001 (2002/C 77/01).

## Specific comments

**06** This section presents our comments on specific amendments proposed by the Commission. Our opinion is structured around the issues identified by the Commission in a series of “non-papers” (unofficial documents) which the Commission shared with the European Parliament, the Council and the ECA with a view to explaining the proposed amendments. We only cover those issues on which we have specific comments to make.

### Recording and storing data on recipients of EU funding, and data-mining

#### Articles concerned

- Article 2 – Definitions;
- Article 36 – Internal control of budget implementation; and
- Article 275 – Transitional provisions.

#### Background

**07** The Inter-institutional Agreement<sup>3</sup> of 16 December 2020 provides for the collection of information and figures on the final recipients and beneficiaries of EU funds, for the purposes of control and audit. The information on those ultimately benefitting – directly or indirectly – from EU funds (including data on beneficial owners) is necessary to enhance the protection of the EU budget and the Recovery and Resilience Facility (RRF) against fraud and irregularities.

**08** For the 2021-2027 MFF – where the budget is implemented under shared management – and the RRF, the Commission has already proposed to improve the collection and interoperability of data from Member States on recipients of EU funding, including on beneficial ownership. However, the adopted legislation does not envisage the compulsory use of the single data-mining and risk-scoring tool to be

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<sup>3</sup> Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources Interinstitutional Agreement of 16 December 2020 (2020/L 433 I/28).

provided by the Commission. The Commission proposes it to become compulsory for the next MFF. As highlighted in our special report on protecting the EU budget<sup>4</sup>, the tool should also make use of data available in various registers on national and EU level relevant for exclusion.

**09** The Commission proposes to strengthen fraud prevention, detection and response systems through the compulsory electronic recording and storage of data on the final recipients and beneficiaries of EU funds (including beneficial owners), and the integration of these data into a single IT system, to be provided by the Commission, for data-mining and risk-scoring. Access to this system would not be limited to the institutions implementing the Funds, but would also be available to EU investigative and control bodies (including the ECA, European Anti-Fraud Office (OLAF) and European Public Prosecutor’s Office (EPPO)).

### The ECA’s opinion

**10** We welcome the intention to create the single integrated IT system for data-mining and risk-scoring, its extended access to investigative and control bodies, and the possibility to make more use of automated tools and emerging technologies for control and audit purposes. Such a system would play an important role in the fight against fraud, corruption, and conflicts of interest affecting EU funds. However, we suggest not waiting for the next MFF to make it compulsory.

**11** The proposal describes the specific data that should be recorded about the recipients and beneficial owners of the recipients of EU funds<sup>5</sup>. However, the range of recipients, for which data are to be recorded and stored, is not as comprehensive as provided for in the sector-specific rules in the area of shared management and in the RRF Regulation, as it does not explicitly refer to companies awarded EU-funded public procurement contracts.

**12** In addition, in the case of shared management, the data on final recipients would not be transferred to the Commission and integrated into the single integrated IT system. This is due to the Commission’s proposal to restrict the meaning of “recipients” of EU funds<sup>6</sup>. According to the proposal, “references to recipients shall be understood as references to beneficiaries as defined in sector-specific rules”. This definition thus excludes data on “final recipients”, which Member States are required

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<sup>4</sup> [Special report 11/2022](#) – Protecting the EU budget: Better use of blacklisting needed.

<sup>5</sup> Article 36(6).

<sup>6</sup> Article 36(9). This redefinition is also provided in Article 38 of the proposal.

to collect under sector-specific rules, particularly for financial instruments. This data should be transferred by the Member States and recorded in the single integrated IT system.

## EU procurement and remunerated external experts

- Article 153 – Submission of application documents;
- Article 164 – Principles applicable to contracts, and scope;
- Article 169 – Interinstitutional procurement, joint procurement, and procurement on behalf of Member States; and
- Article 144 – Rejection from an award procedure.

### Background

**13** The COVID-19 pandemic has exposed the need for greater flexibility in procurement procedures in times of crisis. The Emergency Support Instrument (ESI) has already been amended to introduce more flexibility as regards procurement (e.g. joint procurement), and the Commission now proposes a similar level of flexibility in the Financial Regulation. This includes updating the definition of crisis to cover public-health emergency situations such as COVID-19. The proposal also covers the digitalisation of procurement and multiple sourcing contracts. In addition, the Commission makes proposals to address the problem it faces on the market for hiring remunerated external experts, and to strengthen provisions regarding professional conflicts of interest.

### The ECA's opinion

**14** In general, we welcome the proposed changes. Nevertheless, we wish to highlight a number of points.

**15** For contracts awarded by Union delegations or awarded exclusively in the interest of Union delegations in third countries, the Commission proposes allowing the contracting authority to restrict the submission of application documents by letter to only one of the usually required means<sup>7</sup> (either by post/courier service or by hand delivery to the premises of the authorising officer responsible). This amendment runs

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<sup>7</sup> Article 153(5).

the risk of restricting competition. Any restriction in relation to delivery by letter should be well justified and documented.

**16** The procurement rules of the general financial regulation apply directly to bodies under Article 70 and to public and private partnerships under Article 71 (as their framework and individual financial regulations stipulate). The Commission proposal<sup>8</sup> states that the “authorising officer responsible may only rely on a crisis declaration to launch a procurement procedure if the procedure is justified by a situation of extreme urgency that is resulting from the crisis” and that the crisis declaration depends on “relevant internal rules”. As such, a crisis declaration made in line with “relevant internal rules” opens the door to having varying sets of internal rules on crisis declarations across the full range of EU bodies. This poses a risk of inconsistent application.

**17** Another proposed change allows for other contracting authorities to be included by the authority that initiated the procurement procedure<sup>9</sup> in the case of a crisis declaration<sup>10</sup>. It is not specified whether all contracting authorities must have made a crisis declaration as per their relevant internal rules, or whether only the leading contracting authority needs to have made such a declaration. It should be made clear whether a coordinated approach is required from the participating contracting authorities.

**18** We welcome the proposed amendment requiring the authorising officer responsible to reject a participant who has conflicting interests from an award procedure<sup>11</sup>. We propose an additional minor change to Article 144, see [Annex](#).

### Early-Detection and Exclusion System (EDES)

- Article 138 – Protection of the Union’s financial interests by means of detection of risks and imposition of administrative sanctions;
- Article 139 – Exclusion criteria and decisions on exclusions;
- Article 142 – Duration of exclusion and limitation period;

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<sup>8</sup> Article 164(6).

<sup>9</sup> Article 169(1).

<sup>10</sup> Under Article 164(6).

<sup>11</sup> Article 144(1).



- o Article 152 – Electronic exchange systems; and
- o Article 153 – Submission of application documents.

## Background

**19** The Commission has proposed a number of wide-ranging and detailed amendments relevant to the Early-Detection and Exclusion System (EDES), which was the subject of “... our special report on protecting the EU budget<sup>12</sup>”. The relevant amendments mainly concern the specific EDES section of the Financial Regulation.

## The ECA’s opinion

**20** We welcome the proposed amendments aimed at extending EDES to shared management, which we recommended in our special report. We also welcome the Commission’s proposal to ensure that adequate exclusion arrangements apply for spending programmes under direct management, such as the RRF, where Member States are the beneficiaries. These amendments will create a consistent legal basis for all modes of management to deal with evidence of serious misconduct<sup>13</sup> that national or EU sources<sup>14</sup> have provided. However, the scope for excluding untrustworthy counterparties from receiving EU funds will remain greater under direct management than under shared management thus counterparties found to be in an exclusion situation will not be treated consistently across management modes as recommended in our special report on protecting the EU budget.

**21** We also welcome the proposal for an expedited exclusion procedure<sup>15</sup>, which according to the Commission would apply for cases where there is a final judgement or administrative decision by an authority of a Member State or third country about serious misconduct, or an exclusion decision by an international organisation, the European Investment Bank or the European Investment Fund, where these organisations have an equivalent procedure. According to the Commission, the purpose of the amendment is to provide a legal basis on which to develop a simplified contradictory procedure with the counterparty for the cases concerned. We understand that the simplified contradictory procedure will be determined by the

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<sup>12</sup> [Special report 11/2022](#) – Protecting the EU budget: Better use of blacklisting needed.

<sup>13</sup> Article 139(1).

<sup>14</sup> Article 138(2).

<sup>15</sup> Article 139(8).

Commission in conjunction with the EDES panel. The Commission should consider describing the purpose of the expedited procedure in the proposed amendment.

**22** We also note and welcome other changes that intend to strengthen EDES. They relate to:

- inclusion of beneficial owners, affiliates and persons with management responsibilities of excluded counterparties<sup>16</sup>, as recommended in our special report;
- conflict of interests as separate grounds for exclusion (alignment with the EU Public Procurement Directive)<sup>17</sup>;
- refusal to cooperate in an investigation, check or audit carried out by EU bodies (as explicit grounds for exclusion)<sup>18</sup>;
- incitement to discrimination, hatred or violence<sup>19</sup>;
- exclusion of unreliable guarantors<sup>20</sup>;
- presumption of notification of an adversarial letter and administrative decisions<sup>21</sup>; and
- proof of remedial measures<sup>22</sup>.

## Union contributions to global initiatives

- Article 240 – Union contributions to global initiatives.

### Background

**23** Global initiatives are described as multi-donor, pooled funds supporting a global goal (e.g. climate change, education, and the fight against AIDS). The Commission

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<sup>16</sup> Article 138(2).

<sup>17</sup> Article 139(1)(iv).

<sup>18</sup> Article 139(1) and Article 142.

<sup>19</sup> Article 139(1)(vi).

<sup>20</sup> Article 138(2).

<sup>21</sup> Articles 152 and 153.

<sup>22</sup> Article 139(10).

considers participation in these funds as the most efficient way to contribute to the achievement of key EU policy objectives, while simultaneously helping combat global challenges faced by the international community.

**24** In the Commission’s opinion, the governance structure of existing budgetary instruments is not suitable for the EU to contribute to established global initiatives, in particular where the EU is a minor donor. In such cases, the new article provides for the possibility to contribute to an initiative without a direct link to costs or specific results, but with some specific conditions attached.

### **The ECA’s opinion**

**25** In our view, not linking contributions to costs incurred or specific results limits the EU’s ability to check how its funds have been used. We also note that the Commission does not propose a definition of “global initiative”.

**26** We consider that the beneficiary of the contribution should provide the Commission each year with sufficient information on the operational and administrative expenditure of the global initiative concerned. The Commission should prepare for the discharge authority an annual report on the risks faced, and on the cost efficiency and effectiveness of such contributions, with a view to justifying continuing or discontinuing such contributions. A proposed amendment to Article 240 is included in the *Annex*.

## **Borrowing and lending**

- o Article 52 – Presentation of the budget.

### **Background**

**27** The Commission is required to inform the European Parliament and the Council regularly and comprehensively about all aspects of its debt management strategy<sup>23</sup>. The European Parliament, the Council and the Commission also jointly decided that, following the adoption of NextGenerationEU (NGEU)<sup>24</sup>, the provisions on reporting on

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<sup>23</sup> Article 5(3) of Council Decision 2020/2053 (ORD).

<sup>24</sup> Council Regulation COM(2020) 441 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 pandemic.

borrowing and lending operations would “be assessed and as appropriate revised” as part of the next revision of the Financial Regulation.

**28** The Commission prepares various reports that cover different types of borrowing programmes, liabilities and treasury management, however the requirements for this reporting are not precisely stipulated. It does not prepare a regular and comprehensive report on the implementation of the Commission’s debt-management strategy and achievement of debt-management objectives relating to NGEU and other EU borrowing programmes. Examples of these objectives include borrowing funds at the lowest possible cost over the medium to long run, and keeping a prudent degree of risk.

**29** The Commission’s proposal<sup>25</sup> lays down that the draft budget shall contain “a comprehensive overview of borrowing and lending operations”.

#### **The ECA’s opinion**

**30** We welcome the Commission’s aim of improving budgetary documentation on borrowing and lending operations. However, the purpose and contents of the proposed “comprehensive overview” are not clear, in particular whether or not it will cover the implementation of the Commission’s debt-management strategy. Furthermore, it is not clear how the information in the “comprehensive overview” will differ from that to be provided on “ongoing capital operations and debt management” under Article 52(1)(d)(iii). It is not clear what the added value of an additional overview will be, given that there are already several reports providing overviews of borrowing and lending operations.

**31** An additional overview of borrowing and lending does not address the lack of comprehensive a comprehensive reporting on the implementation of the Commission’s debt-management strategy and achievement of debt-management objectives relating to NGEU and other EU borrowing programmes.. The fact that this information is not available implies that the Commission’s accountability for some debt-management objectives will remain unclear.

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<sup>25</sup> Article 52(1)(d)(iii).

## Reporting on financial instruments and budgetary guarantees

- Article 41 – Draft budget; and
- Deleted Article 250 – Annual report on financial instruments, budgetary guarantees and financial assistance.

### Background

**32** The Financial Regulation imposes a number of reporting obligations on the Commission as regards contingent liabilities and the Common Provisioning Fund (CPF). The Commission proposal aims to streamline reporting on financial instruments and budgetary guarantees.

### The ECA's opinion

**33** The Commission proposes, among other changes, to remove Article 250, which provides for a report containing information such as a summary of financial assistance to Member States and third countries, which is not currently reported elsewhere. The Commission's motivation for removing Article 250 is rather to present comprehensive reporting on financial instruments and budgetary guarantees in the working documents attached to the draft budget and prepared according to Articles 41(4) and 41(5).

**34** No longer producing the Article 250 report risks that aggregated data on EU's contingent liabilities resulting from budgetary guarantees and financial assistance is not reported to the same extent. The Article 250 report provides an overview of the EU's total risk exposure and risk-management system, as well as an analysis of contingent liabilities by category: budgetary guarantees and financial assistance to Member States and third countries. It also provides an assessment of the sustainability of the EU's contingent liabilities. At the moment, the Article 250 report is the only one to present all types of contingent liabilities and total amounts. In view of the increased size and importance of the EU's contingent liabilities<sup>26</sup>, we suggest maintaining the reporting requirement under Article 250 of the Financial Regulation. Alternatively, the Commission should ensure that the content of the Article 250 report is fully integrated into another publicly available report.

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<sup>26</sup> See Chapter 2 of ECA's 2021 Annual report.

## Union award procedures affecting security or public order

- o Article 137 – Protection of security and public order.

### Background

**35** The Commission intends to establish a horizontal framework for Union award procedures where protection of the security and public order of the Union and its Member States is necessary. For this purpose, the proposed new provision provides a number of specific conditions for the entities participating in Union award procedures, which concern security or public order. It also provides the rules and procedures for applying these conditions in accordance with the Union’s international obligations, in particular in the area of public procurement.

### The ECA’s opinion

**36** We believe that the proposed modifications “laying down specific conditions for the participation of third country entities in Union award procedures that concern security or public order” are in line with developments in the area, for example the 2019 foreign direct investment (FDI) screening regulation<sup>27</sup>, which requires the Commission and Member States to scrutinise those FDIs likely to affect security or public order.

**37** However, the FDI screening regulation describes the situations giving rise to “security and public order” concerns<sup>28</sup>, which is not the case in the proposal. We believe that this could lead to inconsistent application of the rule. We therefore suggest issuing comprehensive implementation guidance.

**38** Moreover, the proposal states that where no financing decision is required, the authorising officer responsible decides whether a specific award procedure is affected by security or public order considerations<sup>29</sup>. We suggest that comprehensive implementation guidance should set out the basis on which the authorising officer should make such a decision.

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<sup>27</sup> Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union.

<sup>28</sup> Article 4: “factors that may be taken into consideration to determine whether a foreign direct investment is likely to affect security or public order”.

<sup>29</sup> Article 137(2).

## Miscellaneous changes

### Background

**39** The Commission's proposal includes a number of miscellaneous changes that have not been presented in a specific non-paper. They concern the main topics of the recast as described in paragraph **02**.

### Article 25 – Donations

#### Background

**40** EU institutions may accept donations. However, donations over €50 000 involving costs exceeding 10 % of the donation must be authorised by the European Parliament and the Council. As an example, those costs may relate to transport and distribution of donated vaccines. In view of its experiences during the COVID-19 pandemic, the Commission proposes cancelling the need for authorisation by the European Parliament and the Council for in-kind donations exceeding €50 000<sup>30</sup> in exceptional circumstances in the areas of humanitarian aid, emergency support, civil protection or crisis management aid.

#### The ECA's opinion

**41** We suggest that in order to maintain transparency, the Financial Regulation should require that the Commission report on the use of exception to the European Parliament and the Council.

### Article 33 – Performance and the principles of economy, efficiency and effectiveness

#### Background

**42** The Commission proposes that programmes and activities should be implemented in such a way as to achieve their objectives without doing significant harm to environmental objectives, such as climate change, mitigation, and adaptation, the sustainable use and protection of water, and pollution prevention<sup>31</sup>.

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<sup>30</sup> Article 25(3).

<sup>31</sup> Article 33(2)(d).

### The ECA's opinion

**43** We welcome the change introduced as recommended in our special report 22/2021 – Sustainable finance: More consistent EU action needed to redirect finance towards sustainable investment. The impact of this amendment will depend on how “significant harm” will be interpreted in sectoral legislation and assessed in practice.

## Article 252 – Approval of the final consolidated accounts

### Background

**44** The Commission proposes that the ECA's deadlines for sending observations on the provisional accounts should be brought forward by one month. It also proposes requiring the ECA to adopt its opinions on the reliability of the annual accounts by 31 July.

### The ECA's opinion

**45** The Commission justifies bringing the deadlines forward on the grounds that they are already complied with in practice. While it is true that the ECA communicates by letter the outcome of its work on the accounts by 31 July, i.e. prior to publication of its opinion, which normally occurs in October, it has not done so for the other bodies referred to in Article 247.

**46** At the same time, the deadlines for the Commission and other bodies<sup>32</sup> to transmit provisional accounts to the ECA remain the same (31 March and 1 March, respectively).

**47** This proposal represents a significant change for the ECA. This is specifically the case for its audit of Union bodies under Articles 70 and 71 due to their number. The proposal reduces by one month the time available for the ECA to carry out the audit of the accounts. This would jeopardise the sufficiency and quality of the basis for the statements of assurance. The shorter deadlines also involve disconnecting the timeline for the audit of the accounts from the timeline for the audit of legality and regularity. This would further affect the feasibility of carrying out our audit work and the adversarial procedures within the set deadlines.

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<sup>32</sup> Current Article 245 FR.



**48** Therefore, we consider that the proposed modification should not be pursued at this moment in time. Instead, we suggest setting up a dialogue between the Commission and the ECA to develop a realistic approach towards reviewing the deadlines, which could be introduced during the next review of the Financial Regulation.

This opinion was adopted by the Court of Auditors in Luxembourg at its meeting of 27 October 2022.

*For the Court of Auditors*



Tony Murphy  
*President*

# Annex

## Proposed changes

In **Table 1**, we set out suggested specific changes and comments concerning the Commission's proposal. **Table 2** includes less important amendments that are suggested but not mentioned in the opinion itself.

**Table 1 – Changes discussed in the opinion**

Text of the proposal	Suggested change	Comments
<p>240(2) Union contributions to global initiatives shall be subject to the following conditions, taking into account the nature of the Union financing:</p> <p>(i) (...);</p> <p>(ii) (...);</p> <p>(iii) (...);</p> <p>(iv) (...);</p> <p>(v) (...).</p> <p>In the event of suspected cases of serious irregularities such as fraud, corruption or conflict of interests, the authorising officer responsible, the EPPO in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, OLAF and the Court of Auditors shall make use of the rules of the initiative to request additional information and carry out joint audit, control, or investigative missions with the relevant body under the initiative, in line with Article 129.</p> <p>(3) (...).</p> <p>(4) (...).</p>	<p>240(2) Union contributions to global initiatives shall be subject to the following conditions, taking into account the nature of the Union financing:</p> <p>(i) (...);</p> <p>(ii) (...);</p> <p>(iii) (...);</p> <p>(iv) (...);</p> <p>(v) (...);</p> <p>(vi) the rules of the initiative shall guarantee the European Court of Auditors' audit rights, as provided for by Article 287 TFEU.</p> <p>In the event of suspected cases of serious irregularities such as fraud, corruption or conflict of interests, the authorising officer responsible, the EPPO in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939 <b>and</b> OLAF <b>and</b> the <del>Court of Auditors</del> shall make use of the rules of the initiative to request additional information and carry out joint audit, control, or investigative missions with the relevant body under the initiative, in line with Article 129.</p>	

Text of the proposal	Suggested change	Comments
	<p>(3) (...).</p> <p>(4) (...).</p> <p>(5) the Commission will receive each year from the beneficiary entity sufficient information on the operational and administrative expenditure of the global initiative concerned.</p> <p>(6) the Commission will prepare for the discharge authority a yearly report on the risks faced, and on the cost efficiency and effectiveness of such contributions, with a view to justifying continuing or discontinuing such contributions.</p>	

**Table 2 – Other changes proposed**

Text of the proposal	Suggested change	Comments
<p>38(1) (last subparagraph):</p> <p>“The first subparagraph of this paragraph shall also apply to other Union institutions when they implement the budget pursuant to Article 59(1)”</p>	<p>“The first subparagraph of this paragraph shall also apply to other Union institutions when they implement the budget pursuant to Article 59(1)”</p>	<p>This repeats a point made in the first subparagraph as an amendment.</p>
<p>144(1)(d) has conflicting interests which may negatively affect the performance of the contract in accordance with point 20.6 of Annex I.</p>	<p>(d) has <b>professional</b> conflicting interests which may negatively affect the performance of the contract in accordance with point 20.6 of Annex I.</p>	<p>Alignment with the new definition of “professional conflicting interest” in Article 2.</p>
<p>158(4)(c) are subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the person or entity concerned;</p>	<p>are subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service <del>functionally independent of the person or entity concerned</del>;</p>	<p>“functionally independent of the person or entity concerned” is redundant as “independent external” is stated at the beginning of the sentence.</p>
<p>158(6). In multi-donor actions, where the Union contribution reimburses expenditure, the procedure set out in paragraph 4 shall consist...</p>	<p>158(6). In multi-donor actions, where the Union contribution reimburses expenditure, the procedure set out in paragraph 4 <b>of Article 159</b> shall consist...</p>	<p>We have noticed that Article 158(6) is the same as 159(7). However, the reference to paragraph 4 is not correct in this case, and should be changed to 159(4).</p>