



## Press Release

Luxembourg, 10 November 2015

# “Wholly new approach” needed for EU investment and spending, say EU Auditors

In its annual report on the EU budget published today, the European Court of Auditors (ECA) calls for a wholly new approach to the management of EU investment and spending. Major changes are required by all those responsible for the way EU funds are managed. According to the ECA’s presentation of the report to the European Parliament, EU decision-makers must align the budget better with the EU’s long-term strategic priorities and make it more responsive in a crisis. EU legislators need to ensure spending schemes are clear about the results to be achieved and the risks it is acceptable to take; and financial managers have to ensure that the money spent complies with the rules and achieves the intended results.

As independent auditors, the ECA have signed off the 2014 accounts of the European Union, as they have done for every year since 2007. They say in their latest report that the upcoming review of the EU’s current spending cycle provides an opportunity to re-think priorities, and warn that if the EU is to address the pressing challenges it faces, it must manage the Budget better. The EU needs to deal with a number of financial backlogs in order to free up funds so they can be used where they are most needed. Some Member States are struggling to absorb the EU funds they have been allocated. The Commission has put funds at the disposal of Member States, without sufficiently considering their capacity to invest them. At the same time, new ways of funding EU policies should not put financial risks beyond public scrutiny and audit.

**ECA President Vítor Caldeira said, “The EU must invest its money better. It must ensure its investments match its priorities more closely, simpler rules are framed to achieve results and resources are managed more efficiently.”**

In the report, the auditors give a clean opinion on the accounts. They also conclude that the collection of EU revenue was free from error. However, the ECA’s estimated error rate for expenditure was 4.4% (compared with 4.5% in 2013). This is not a measure of fraud, inefficiency or waste; it is an estimate of the money that should not have been paid out because it was not used fully in accordance with EU rules.

The auditors found the same estimated level of error (4.6%) under shared management with the Member States and for expenditure managed directly by the Commission. The highest levels of error were found in spending under ‘economic, social and territorial cohesion’ (5.7%) and for

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'competitiveness for growth and jobs' (5.6%). Administrative expenditure had the lowest estimated level of error (0.5%).

Corrective action and recovery by the Commission and national authorities in shared management areas had a positive impact on the estimated error rate. Without this action, say the auditors, the error rate for all spending would have been 5.5% rather than 4.4%. But they add that more errors could have been corrected and they call on the Commission to make full use of its powers to reduce errors further and recover misspent funds.

#### **Notes to editors:**

The European Court of Auditors is the independent audit institution of the European Union. The ECA's audit reports and opinions are an essential element of the EU accountability chain. Its output is used to hold to account – notably within the annual discharge procedure – those responsible for managing the EU budget. This is primarily the responsibility of the European Commission, along with the other EU institutions and bodies. But for around 80% of spending – principally agriculture and cohesion – this responsibility is shared with the Member States. The ECA tests samples of transactions to provide statistically-based estimates of the extent to which revenue and the different spending areas (groups of policy areas) are affected by error.

EU budgetary spending totalled €142.5 billion in 2014, or around €300 for every citizen. This spending amounts to around 1% of EU gross national income and represents approximately 2% of total public spending in EU Member States.

The European Court of Auditors' full 2014 annual report can be found at <http://www.eca.europa.eu/en/Pages/AR2014.aspx>