

Term	Acronym/abbreviation	Explanation
Absorption		The extent, often expressed as a percentage, to which EU funds allocated to Member States have been spent on eligible projects.
Agri-environment climate commitment		A practice, going beyond the usual environmental requirements, which farmers can choose to apply and for which they receive a payment from the EU budget.
Annual activity report	AAR	A report produced by each Commission directorate-general, EU institution and body, setting out how it has performed in relation to its objectives, and how it has used its financial and human resources.
Annuality		The budgetary principle by which the budget must be raised and spent within the financial year to which it pertains.
Appropriation		The EU budget comprises commitment and payment appropriations. A commitment appropriation is a pledge to provide finance subject to certain conditions. A payment appropriation is an authorisation to make a payment once the corresponding conditions have been met.
Assigned revenue		Funds paid into the EU budget (e.g. fines and corrections and third country contributions to research programmes) which can only be used for a defined purpose.
Assurance engagement		An arrangement whereby an auditor provides a conclusion, based on sufficient evidence in the form of financial information or other data it collects or calculates. For example, the ECA bases its opinion on the legality and regularity of EU spending on the results of its testing of a sample of transactions.
Attestation approach		An arrangement whereby an auditor provides a conclusion, based on sufficient evidence obtained through audit work, on financial information, other data or specific assertions prepared by the auditee.
Audit authority	AA	An independent national entity responsible for auditing the systems and operations of an EU spending programme.
Authorising officer		A person responsible for implementing an EU body's revenue and expenditure.
Basic payment scheme	BPS	An EU agricultural scheme which makes payments to farmers based on eligible land area.
Beneficiary		A natural or legal person receiving a grant or loan from the EU budget.
Bridging facility		An instrument ensuring continuity of financing from one EU funding scheme to the next.
Budget support	BS	The direct transfer of EU aid to the national treasury of a partner country, subject to certain conditions.
Budgetary authority		The term used to refer to the European Parliament and the Council of the European Union when exercising their decision-making powers on EU budgetary matters.
Carryover		The transfer of unused budget appropriations from one financial year to the next, subject to certain conditions.
Certification body		For agricultural spending, a public or private entity designated by the Member State to certify the reliability of an accredited paying agency's annual accounts and the legality and regularity of the underlying transactions.
Certifying authority		A body designated by a Member State to certify the accuracy and conformity of statements of expenditure and requests for payment.
Clearance of accounts		An annual process by which the Commission accepts the amounts requested for payment by implementing bodies and partners, following checks.
Closure		The financial settlement of an EU programme, through payment of the balance due to, or the recovery of funds from, a Member State.
Cohesion Fund	CF	An EU fund for reducing economic and social disparities in the EU by funding investments in Member States where the gross national income per inhabitant is less than 90 % of the EU average.
Commitment		An amount earmarked in the budget to finance a specific item of expenditure, such as a contract or grant agreement. A commitment requires an underlying commitment appropriation.
Commitment appropriation		An annual ceiling on the amounts available in the EU budget for specific items of expenditure.
Common agricultural policy		An EU policy comprising subsidies and a range of other measures designed to guarantee food security, ensure a fair standard of living for the EU's farmers, promote rural development and protect the environment.
Common fisheries policy		The EU's framework for managing fish and fishing, designed to ensure sustainable fish stocks and a stable income for the fishing community.
Common monitoring and evaluation framework	CMEF	The rules and procedures for evaluating the performance of the common agricultural policy.
Common Provisions Regulation	CPR	A regulation laying down the rules governing the five European Structural and Investment Funds and ensuring their effective coordination.
Confidence interval		A statistical measure of the precision of the results of sampling, used when estimating an error rate.
Conformity clearance		The process whereby the Commission verifies whether a Member State has made correct use of the agricultural funds at its disposal and has operated its management and control systems effectively. In the case of an infringement, the procedure may result in the Member State being required to make a repayment.
Connecting Europe Facility	CEF	An instrument identifying investment priorities and providing financial aid to the energy, transport, and information and communication technology sectors for the creation of high performance, sustainable and interconnected infrastructure.
Consolidated accounts		The aggregated accounts of all the EU institutions, agencies and bodies, presented in a single document.
Contingent liability		A potential payment obligation that may be incurred depending on the outcome of a future event.
Contradictory procedure		Procedure in which audit findings are provided to the auditee for discussion and comment within a given time frame.
Contribution agreement		An agreement between the Commission and an organisation implementing action under indirect management that has demonstrated an ability to manage funds to the same level as the Commission.
Coordination Committee for the European Structural and Investment Funds		A committee at the Commission with a mandate to discuss the implementation of the regulations governing the structural and investment funds (ESIF).
Corrective capacity		A measure used by the Commission when estimating the level of future corrections.
Coupled support		EU payments to farmers for the production of a specific product.
Cross-compliance		A mechanism whereby payments to farmers are dependent on their meeting requirements on the environment, food safety, animal health and welfare, and land management.
Cumulative residual risk		The expenditure which remains irregular at the end of a programming period, once all corrective measures have been taken.
De minimis state aid		An amount of state aid below which no Commission approval is necessary.
Decommitment		Cancellation by the Commission of all or part of an unused commitment.
Decoupled [income] support		EU payments to farmers which are not tied to the production of a specific product.
Delegation agreement (obsolete)		The predecessor to the contribution agreement, replaced with the entry into force of the 2018 Financial Regulation.
Direct aid/direct payment		An agricultural support payment, such as area-related aid, made directly to farmers.
Direct management		Management of an EU fund or programme by the Commission alone, in contrast to shared management or indirect management.
Disbursement rate		The percentage of the total funds disbursed from a financial instrument to final recipients.
Discharge		An annual decision taken by the European Parliament giving the Commission final approval for the way a budget has been implemented.
Draft amending budget		A proposal made by the Commission to modify the EU budget in the course of implementation.
Economic result		The result for the year, as presented in the EU's consolidated accounts, representing the difference between revenue and expenditure.
Equity investment		Money invested in the shares of a company in return for an ownership interest and a share of the profits.
Error		The result of an incorrect calculation or an irregularity arising from non-compliance with legal and contractual requirements.
Estimated level of error		A statistical estimate of the level of error affecting a population, based on testing of a representative sample of transactions.
Europe 2020 strategy		The European Union's ten-year strategy, launched in 2010, to boost growth and create jobs.
European Agricultural Guarantee Fund	EAGF	An EU fund for financing direct payments to farmers and measures regulating or supporting agricultural markets.
European Agricultural Fund for Rural Development	EAFRD	An EU fund for financing the EU's contribution to rural development programmes.
European Fund for Strategic Investments	EFPI	An investment support mechanism launched by the European Investment Bank (EIB) and the Commission to mobilise private investment in projects of strategic importance for the EU. Also known as the 'Juncker Plan'. Now integrated into the EIB Group.
European Maritime and Fisheries Fund	EMFF	An EU fund that supports fishermen in the transition to sustainable fishing, and coastal communities in diversifying their economies.
European Regional Development Fund	ERDF	An EU fund that strengthens economic and social cohesion in the EU by financing investments that reduce imbalances between its regions.
European Social Fund	ESF	An EU fund for creating educational and employment opportunities and improving the situation of people at risk of poverty.

European Structural and Investment Funds		The five main EU funds which together support economic development across the EU: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund. They are covered by a common set of rules.
Ex post evaluation	ESIF / ESI funds	An independent assessment of the effectiveness, efficiency, coherence, relevance and EU added value of a completed project or programme.
External lending mandate	ELM	An arrangement between the EU and the European Investment Bank in which the former guarantees the latter's lending outside the EU in support of external policy objectives.
Final recipient/recipient		A natural or legal person receiving a grant or loan from the EU budget or ultimately benefitting from an EU-funded activity.
Financial correction		A measure to protect the budget from irregular or fraudulent expenditure by withdrawing or recovering funds to compensate for payments made in error to EU-backed projects or programmes.
Financial instrument		Financial support from the EU budget in the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments.
Financial intermediary		An entity acting as a link between the fund manager of a financial instrument and the final recipients.
Financial Regulation		The rules governing how the EU budget is set and used, and the associated processes such as internal control, reporting, audit and discharge.
Geospatial aid application	GSAA	An online tool for submitting area-based claims for agricultural aid.
Grant		A non-repayable payment from the EU budget to a beneficiary for the implementation of an eligible project or programme.
Greening		The adoption of agricultural practices which benefit the climate and the environment. Also commonly used to refer to the related EU support scheme.
Gross national income	GNI	A standard measure of a country's wealth, based on income from domestic sources and abroad.
Impact		The long-term consequences of a completed project or programme, which may be socio-economic, environmental or financial.
Indirect costs		Expenses, such as overheads or other administrative costs, which a beneficiary incurs in respect of an EU project or action.
Indirect management		A method of implementing the EU budget whereby the Commission entrusts implementation tasks to other entities (such as third countries and international organisations).
Infringement procedure		A procedure whereby the Commission takes action against any EU Member State that fails to fulfil its obligations under EU law.
Input		The financial, human, material, administrative or regulatory means used to implement a project or programme.
Integrated administration and control system	IACS	An EU system used by Member States to manage and check payments made to farmers under the common agricultural policy.
Interim payment		EU projects or programmes often involve multiple payments: advance, interim and final. Beneficiaries apply for interim payments once they have reached a milestone specified in the contract or grant agreement.
International standards on auditing Irregularity	ISA	Professional standards setting out the attributes and responsibilities of independent auditors.
Judgemental sampling		An infringement of EU (or relevant national) rules or contractual obligations.
Land parcel identification system	LPIS	In contrast to statistical sampling, a procedure whereby the auditor exercises their discretion to select items from a population for audit testing in order to meet pre-determined criteria.
Legality and regularity/Regularity		A database of agricultural land in the Member States, used in the payment of direct aid under the common agricultural policy and in eligibility checks on farmers' claims.
Major project		Conformity with EU (or relevant national) laws or contractual obligations.
Managing authority	MA	An EU-funded project with a total eligible cost exceeding €50 million in a sector such as transport, environment and energy.
Market measure		The national, regional or local authority (public or private) designated by a Member State to manage an EU-funded programme.
Materiality threshold		Public intervention in the agricultural markets to mitigate the effects of price drops and structural difficulties through sector-specific support (e.g. fruit and vegetables, wine, school milk).
Maximum aid intensity		A threshold above which irregularities detected in an audited population or set of financial statements are considered to affect accuracy and reliability.
Monetary unit sampling	MUS	Total amount of support that can be paid to a funding area, expressed as a percentage of eligible costs. The maximum aid intensity varies by programme and depends on factors such as geographical location.
Multianual financial framework	MFF	A statistical sampling method in which the chance of a particular transaction being selected is proportional to its size.
Omnibus Regulation		The EU's spending plan setting priorities (based on policy objectives) and ceilings, under six main headings, generally for seven years. It provides the structure within which annual EU budgets are set, limiting spending for each category of expenditure. The current MFF covers 2014-2020.
Operational programme	OP	A revision to the Financial Regulation, applicable since August 2018, amending and simplifying the EU's financial rules, and making budgetary management in various fields more results-focused.
Output		The basic framework for implementing EU-funded cohesion projects in a set period, reflecting the priorities and objectives laid down in partnership agreements between the Commission and the Member States.
Own resources		Something produced or achieved by an EU-funded project, such as training courses delivered, sewage plants constructed, length of road built.
Partnership agreement	PA	The funds used to finance the EU budget, the vast majority coming from Member State contributions.
Paying agency		An agreement between the Commission and a Member State or third country in the context of an EU spending programme, setting out, for example, strategic plans, investment priorities or the terms of trade or development aid provision.
Payment appropriation		A body appointed by a Member State to administer EU agricultural spending.
Payment entitlement		An authorisation to make a payment once the corresponding conditions have been met.
Performance		A transferable right that entitles an active farmer to EU support, when declared together with eligible agricultural land.
Performance reserve		A measure of how well an EU-funded action, project or programme has met its objectives and provides value for money.
Permanent grassland		An amount of the budget allocated to European Structural and Investment Fund spending which is retained until certain targets are met.
Pre-financing payment		Agricultural land on which grasses or other herbaceous forage crops are grown for more than five consecutive years.
Priority axis		A cash advance to fund defined activities in a given period.
Programme authorities		In the cohesion policy area, one or more investment priorities corresponding to a key objective of an operational programme.
Programme estimate		The collective term for the managing, certifying and audit authorities in cohesion spending.
Programming period		A document, drawn up by a partner country and endorsed by the European Commission, setting out the cooperation or development work to be implemented, and the financial, human and material resources required.
Provision		The period within which an EU spending programme is planned and implemented.
Public procurement		An accounting term for the best estimate of a likely future liability of uncertain timing or amount, recorded on the balance sheet.
Quantifiable error		The purchase by public law bodies of products, services and works through open and competitive procedures, in order to achieve quality and value for money.
Recoverable VAT		In reporting the results of transaction testing, a classification used by the ECA when the amount of a transaction affected by error can be measured.
Regularity		The VAT that a taxable person can deduct from the VAT payable to the tax authorities, on account of their having already paid this amount on their own purchases of goods and services.
Representative error rate		The extent to which a transaction complies with the applicable rules and regulations.
Representative statistical sampling		A statistical estimate of the error affecting a population, based on testing of a representative sample of transactions drawn from that population.
Reservation		The application of statistical techniques to draw a sample which reflects the characteristics of the population from which it is taken.
Residual error rate/Residual risk rate/Residual total error rate	RER/RRR/RTER	Weaknesses flagged by a director-general in the declaration of assurance they provide in an annual activity report. The proportion of a population that is not deemed regular after taking into account the effect of all control procedures, recoveries and corrections.

Result		The immediate effect of a project or programme upon its completion, such as the improved employability of course participants or improved accessibility following the construction of a new road.
Result indicator		A measurable variable providing information for assessing the immediate effects of supported projects on the targeted population.
Settlement		Payment of the balance due to, or the recovery of funds from, a Member State, in order to close an EU programme.
Shared management		A method of spending the EU budget in which, in contrast to direct management, the Commission delegates to the Member State while retaining ultimate responsibility.
Simplified cost option	SCO	An approach for determining a grant amount using methods such as standard unit costs, flat-rate financing or lump sums rather than the actual costs incurred by the beneficiary. Designed to reduce the administrative burden.
Single area payment scheme	SAPS	An area-related agricultural payments scheme applied in ten Member States on a transitional basis, under which farmers receive a standard amount of aid per hectare. All other Member States apply the basic payment scheme. A size definition applied to companies and other organisations, based on the number of staff employed and certain financial criteria. Small-sized enterprises have fewer than 50 staff, and turnover or a balance sheet total not exceeding €10 million. Medium-sized enterprises employ fewer than 250 staff, and have turnover up to €50 million or a balance sheet total up to €43 million.
Small and medium-sized enterprises	SMEs	A joint Commission/European Investment Fund financial instrument whose purpose is to facilitate access to finance for small and medium-sized enterprises
SME initiative		The management of resources in accordance with the principles of economy, efficiency and effectiveness.
Sound financial management		Direct or indirect government support to a business or an organisation, putting it at an advantage over its competitors. The EU has rules governing state aid to prevent distortion of the single market. The Commission oversees compliance with these rules.
State aid		A statement published in the ECA's annual report, setting out its audit opinion on the reliability of the EU accounts and the regularity of the transactions which underlie them.
Statement of assurance	SoA/DAS	A statistically based sampling technique used in audit testing to provide representative results.
Statistical sampling		EU revenue collected from customs duties and sugar levies.
Traditional own resources	TOR	An operation, such as a payment made or revenue received, recorded in the EU's accounts.
Transaction		A mechanism for building capacity in specialised areas whereby a body in a partner country receives support from a counterpart in an EU Member State.
Twinning		An indirect consumption tax on the production and distribution of goods and the provision of services, ultimately borne by the final consumer.
Value added tax	VAT	