



Press Release

Luxembourg, 5 November 2014

EU must focus on getting better results from its spending, say EU Auditors

In its annual report on the EU budget published today, the European Court of Auditors (ECA) warns that the budget system is too focused on just getting funds spent and needs to place more emphasis on achieving results. As independent auditor, the ECA signed off the 2013 accounts of the European Union, but stresses that the management of EU spending is not yet good enough overall - either at EU level or in the Member States.

Throughout the 2007 to 2013 spending period, say the EU Auditors, the priority was given to spending the money - 'use it or lose it' - rather than to achieving good results. For instance, the choice of projects to receive EU funds focused first on disbursing the EU money available, secondly on complying with the rules, and only then - and to a limited extent - on results and impact.

ECA President Vítor Caldeira said, *"From now on, there has to be more careful management and control of EU funds. The European Commission and the Member States must pay more attention to how they spend our taxpayers' money. We need more incentives to improve performance and to deliver value for money as well as better long-term forecasts to ensure there is enough money for Europe's planned spending. Just following the usual procedure will no longer be enough."*

In their annual report for 2013, the EU Auditors give a clean opinion on the reliability of the EU accounts. They also conclude that the collection of EU revenue was free from error. However, for EU expenditure the estimated error rate was 4.7 % (compared with 4.8 % in 2012). The ECA's estimate of the error rate is not a measure of fraud, inefficiency or waste. It is an estimate of the money that should not have been paid from the EU budget because it was not used in accordance with EU rules. Typical errors include payments to a company declared as an SME, which is in fact owned by a large company, or making additions to an existing public contract without giving other tenderers a chance to bid.

Most errors occurred in spending areas where management is shared between the Member States and the European Commission. The two most error-prone spending areas were again *regional policy, energy and transport* with a 6.9 % estimated error rate and *rural development, environment, fisheries and health* with 6.7 %. Across areas under shared management, the estimated error rate was 5.2 % compared to 3.7% for the spending programmes mostly directly managed by the Commission. The estimated error rate for the EU's own administrative expenditure was 1%.

Corrective and recovery action by the Commission and national authorities had a positive impact on the estimated error rate. Without this action, say the EU Auditors, the error rate for spending overall would have been 6.3 % rather than 4.7%. As previously, the EU Auditors concluded that for a large proportion of the errors found, national authorities had sufficient information available to have corrected many of them before claiming reimbursement from the Commission. This could have significantly reduced the error rate, for instance from 6.7% to 2.0% in *rural development, environment, fisheries and health*.

The ECA is fully committed to assisting the EU institutions and the Member States to make the best use of EU funds to achieve the results that EU citizens rightly expect to see.

ECA Press

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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 the 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 are affected by error.

EU budgetary spending totalled €148.5 billion in 2013, or around €290 for every citizen. This spending amounts to around 1% of EU gross national income and represents approximately 2% of total public spending of EU Member States.

The ECA has also published a background document “Agriculture and cohesion: Overview of EU spending 2007-2013”, which draws lessons learnt regarding EU financial management and control issues during the past spending period and points out challenges in the new 2014-2020 spending period.

For more information about the 2013 Annual Report of the European Court of Auditors, click [HERE](#).