

## FINAL COMPROMISE AMENDMENTS DISCHARGE 2020

Commission - 2021/2106(DEC)

AMs: 26

Covered: AM 1 EPP, AM 2 Greens, AM 5 EPP AM 7 Renew, AM 10 EPP, AM 11 ECR, AM 12 ECR, AM 13 Greens, AM 14 ECR, AM 15 Renew, AM 16 EPP, AM 18 Greens, AM 20 S&D, AM 21 Renew, AM 23 Greens, AM 25 Renew, AM 26 Renew

Fall: AM 3 ECR, AM 4 ECR, AM 6 The Left (1st part 'notes')

Not included in the compromises: AM 6 The Left (partially), AM 8 ECR, AM 9 The Left, AM 17 ECR, AM 19 Renew, AM 22 Renew, AM 24 Renew

Updated on 4/02/2022

### CA 1

Covered: AM 1 EPP, AM 2 Greens, AM 5 EPP, AM 12 ECR, AM 18 Greens

Fall: AM 3 ECR, AM 4 ECR, AM 6 The Left

1. Notes that for expenditure specifically for Heading III (Security and Citizenship) the Court of Auditors (the 'Court') chose to examine a sample of 27 transactions designed to contribute to the Court's overall statement of assurance; regrets that the Court did not estimate the error rate for Heading III, ***while taking into account the Court's explanation that (AM 1 EPP) the audit scope was not designed to be representative for this Heading; regrets this choice by the Court despite multiple calls from Parliament to calculate the estimated level of error; deplores the fact that eight out of the 27 transactions examined by the Court contained errors among which four contained quantifiable errors which had a financial impact on the amounts charged to the Union budget and four showed non-compliance with legal and financial provisions, but without a financial impact on the Union budget; agrees with the Court that failure to abide by the rules can undermine the sound financial management of Union spending and, potentially, affect the eligibility of the costs claimed (AM 2 Greens); highlights that such cases may have an important negative reputational impact and may eventually undermine compliance with the principles of sound financial management of Union spending; urges the Member States to address the causes which led to these situations of non-compliance and asks (AM 1 EPP) the Commission to report to the discharge authority about the progress achieved;***

***1 a (new) Stresses that the Court found five errors in payments made by the Commission; points out that one of the errors concerned a minor overpayment of costs for software licences while the other four related to staff allowances; notes the recommendation from the Court to reinforce consistency checks on staff declarations of allowances received from other sources and raise staff awareness of this issue in order to improve the Commission's system for managing statutory family allowance (AM 18 Greens);***

***1 b (new) Welcomes that in the Court's examination of the internal control systems of four authorities responsible for auditing their respective Member States' AMIF/ISF annual accounts and providing the Commission with an annual control report (ACR), the Court stipulated that all the audit authorities under examination had developed and implemented detailed procedures of sufficient quality to report on their work in the ACR; notes further that the Court identified shortcomings in the ACR's whose impact on the accounts was not material enough to detract from the audit authorities' conclusions, namely relating to sampling units not being clearly defined, audit samples being too small, responsible***

*authorities submitting draft accounts to the audit authority before completing their own on-the-spot controls and before including technical assistance payments, error rates being calculated and presented inaccurately in the body of the ACR's, value and coverage of the audit samples being incorrectly reported and failures to report that some audit work was outsourced; further notes that the Court found that the audit authorities had detailed audit programmes and used checklists to support their conclusions, while identifying shortcomings in the work of audit authorities relating to checks of project selection processes, inadequate testing of the eligibility of expenditure, insufficient audit trails or poor documentation of audit work, ineligible costs that were not always reported, procurement issues wrongly classified and inadequate reviews of outsourced audit work; regrets any shortcomings that make audit conclusions less reliable and that limit the assurance provided by the audit authority's work and asks Member States to address the issue; (AM 12 ECR)*

2. Welcomes the fact that the Court did not find major flaws in the Commission's clearance procedures regarding the Asylum, Migration and Integration Fund (AMIF) and the Internal Security Fund (ISF); *welcomes that Member States stepped up their national programmes in 2020, but* notes with concern that for both the AMIF and the ISF significant amounts, *corresponding to roughly 50 % of the available budget for those programmes,* remain undisbursed; *acknowledges that the significantly lower level of payments disbursed for Union actions compared to previous years resulted from advance payments and delayed project activities caused by pandemic-related restrictions;* calls on the Commission to further engage in dialogue with the relevant national authorities and identify areas where it could offer support; reiterates *furthermore* its call on Member State authorities to increase their efforts for accessing funding available under those programmes *with a view to contributing to the achievement of their important policy objectives; (AM 5 EPP)*

## **CA 2**

Covered: AM 10 EPP, AM 13 Greens, AM 14 ECR, AM 15 Renew, AM 16 EPP

3. *Welcomes* that, according to the Commission 2020 Annual Activity Report, the average residual error rate across the AMIF and the ISF is 1,37 %, well below the material threshold of 2 %; recalls, however, that that data refers only to detected errors and that the Court has previously identified shortcomings in the error detection mechanisms of the Commission for funds under shared management; calls on the Commission, *in accordance with the findings of the Court, to maintain* its efforts *in improving* the error and irregularities detection rate and *calls on (AM 10 EPP)* Member States to improve the reliability of data transmitted to the Commission with respect to error rates for all funds under shared management;

4. Regrets that the residual error rate has *remained almost in the same range as in (AM 15 Renew, AM 16 EPP)* the previous year (2,69 % in 2020 as compared to 2,65 % in 2019), for grants under direct management of the Directorate-General for Justice and Consumers (DG JUST); notes that the main cause of error is the lack of supporting documents which has even worsened in 2020; *reminds* that due to the COVID-19 crisis the audits had to be performed remotely without access to the bookkeeping of the beneficiaries; calls on the Commission to address this issue and make use of digital tools that allow remote access to bookkeeping of beneficiaries; welcomes the corrective action plan outlined by DG JUST; recalls the importance of *regular (AM 14 ECR)* monitoring visits for ensuring sound financial management *and calls on the Commission to step up efforts in that direction (AM 13 Greens);*

### **CA 3**

Covered: AM 20 S&D, AM 25 Renew

***4 a (new)*** Welcomes the strong cooperation between the European Anti-Fraud Office (OLAF) and the Court to combat fraud against the budget; notes that in 2020 six cases of fraud were reported to OLAF by the Court (compared to nine in 2019) and that for all those cases an investigation was opened by OLAF; (AM 20 S&D) notes that the main types of suspected fraud detected by the Court are artificial creation of the necessary conditions for Union financing, declaration of costs not meeting the eligibility criteria, use of grants for purposes other than what is allowed and procurement irregularities (AM 25 Renew);

### **CA 4**

Covered: AM 23 Greens, AM 26 Renew

***4 b (new)*** Calls on the Commission to fully comply with the 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 on the work towards the implementation of a roadmap for the introduction of new own resources over the duration of the MFF 2021-2027<sup>1a</sup> as a matter of compliance with the Union's legal provisions and good governance principle.

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<sup>1a</sup> OJ L 433I , 22.12.2020, p. 28.

### **CA 5**

Covered: AM 7 Renew, AM 11 ECR, AM 21 Renew

***4 c (new)*** Notes that for two of the AMIF-funded projects audited in Greece, the Court found non-satisfactory documentation of services provided (AM 11 ECR); welcomes that DG HOME took steps to improve the referral and reporting system through a centralised approach; calls on the Commission to report to the discharge authority on the progress achieved; (AM 7 Renew)

***4 d (new)*** Calls on DG HOME to provide guidance to the Member State authorities responsible for implementing its funds for both the 2014-2020 and 2021-2027 MFFs on how to document the completeness and quality of services when funding is based on standard unit costs; (AM 21 Renew)