



Council of the
European Union

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AGRI 537
COH 44
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OUTCOME OF PROCEEDINGS

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| From: | Budget Committee |
| On: | 25 June 2024 |
| To: | Permanent Representatives Committee/Council |
| No. prev. doc.: | 11001/24 |
| Subject: | Special report No 07/2023 by the European Court of Auditors: The Commission's systems for recovering irregular EU expenditure – Potential to recover more and faster |
| | – Council conclusions (25 June 2024) |

Delegations will find in the annex the Council conclusions on the European Court of Auditors' special report No 07/2024 entitled “The Commission's systemes for recovering irregular EU expenditure – Potential to recover more and faster”, approved by the Council (General Affairs) at its 4039th meeting held on 25 June 2024.

COUNCIL CONCLUSIONS**on the European Court of Auditors' special report No 07/2023: The Commission's systems for recovering irregular EU expenditure – Potential to recover more and faster**

THE COUNCIL OF THE EUROPEAN UNION:

1. WELCOMES the special report No 7/2024 by the European Court of Auditors (hereafter referred to as "the Court") and the replies of the Commission to the report;
2. ACKNOWLEDGES that developing effective systems for managing and monitoring irregular expenditure incurred by beneficiaries of EU funds is key to the protection of the EU's financial interests;
3. TAKES NOTE of the findings of the Court's report, in particular that:
 - the Commission records irregular expenditure under direct and indirect management accurately and promptly; however, there are long delays in the recovery process that can undermine the effectiveness of audits implementation and the recovery of funds;
 - systemic irregular expenditure is not followed to the same extent in external actions as in internal policies;
 - under shared management, the Commission is responsible for monitoring Member States' systems for recording and recovering irregular expenditure in agriculture, while in the case of cohesion the main role and responsibility lies with the Member States;
 - the data that the Commission publishes on irregular expenditure is not always complete and consistent;
 - the Commission's systems for managing and monitoring irregular expenditure are partially effective;

4. STRESSES the importance of effective recovery of irregular expenditure to protect the EU budget and to deter from further irregular activities, and the Commission's responsibility in this process with regard to direct, indirect management and to a certain extent to agriculture EU funds;
5. WELCOMES the fact that the Commission has accepted all of the Court's recommendations, although one only partially, and BROADLY SHARES the replies of the Commission to the findings and recommendations included in the Court's report;
6. Considering the Court's recommendations, INVITES the Commission to:
 - further enhance processes, including through the already available guidance, to shorten delays for establishing amounts receivable, issuance of recovery orders and follow-up of recoveries in direct and indirect management modes, also by taking into account the outcome of investigations conducted by OLAF and the EPPO;
 - improve the recording of and the timing to establish irregular expenditure in external actions by examining the financial impact of systemic irregularities, while revising audit procedures and planning, in collaboration with partnership organisations;
 - continue identifying with Member States further margins for improvement in EU agriculture funds control systems, with a view to increase and harmonize upwards the rates of recovery for irregular expenditure. The proposed solutions and guidance should avoid additional administrative burden, consider the differences in control systems, national rules and procedures across Member States, as well as the involvement of the different national bodies in the recovery process;
 - improve transparency, by providing comprehensive reporting that includes established irregular expenditure during the year for the figures available and the corrective measures taken, as well as by presenting more consistent data which can be corroborated.