

## **EPP top political priorities in CONT 2010-11**

with regard to the Commission's Draft Budget for 2011  
and its Work Programme for 2010

**Budgetary implications: All these measures have immediate and considerable impacts on the budget and will improve the balance of the EU budget if properly implemented**

- Commission will submit probably before the end of the discharge Procedure 2008 (April 2010) its concrete plans for the staff-, organisational and control structure of the **European External Action Service**
  - **The EEAS is a top priority:** Commission's present considerations are most likely to result in a roll-back of those measures specifically introduced as a result of the fall of the Santer-Commission:
    - **EU's key budgetary and institutional provisions which have evolved over 50 years** are undermined;
    - **Clear political and financial responsibilities are blurred** in an 'institution sui generis' which consists of intertwining services between Commission and EEAS;
    - **Handling of EU Funds by Non-EU officials as well as temporary agents:** They cannot be held financially or disciplinary liable, particularly where they have terminated their employment (N.B.: external area bears intrinsically high risk)
    - The establishment of such organisation will result in the creation of **huge bureaucracy** as it does not draw on Commission's horizontal resources;
    - Commission's established internal control systems (Internal Audit Service, OLAF, Accounting Officer) do not operate;
    - **Lisbon Treaty does not foresee** the creation of the EEAS as a 'sui generis institution';
  - **Parliament's right of scrutiny as discharge authority** must be a given, it is not per se added value to EP's institutional rights; As do all existing institutions, the EEAS will (in whatever form) be subject to the provisions of the Financial Regulation. All existing budgetary and control prerogatives of the European Parliament thus apply. Any exceptions to these rules would - on the contrary - constitute a loss for Parliament.
- We expect the Commission to come forward, the latest by mid 2010, with the promised and long overdue Commission's "**reflection paper**" **about the reform of OLAF** as a basis for negotiations in Council.
  - - Externalisation of the OLAF is unacceptable. The OLAF must remain an integrated structure of Commission and continue its successful work

there; An externalisation will objectively reduce OLAF's investigative scope and the actual investigative activities.

- We expect the Commission to adopt the **revised version of its Code of Conduct for Commissioners** by August 2010 in order to remedy shortcomings such as: (a) the absence of any definition of the term "conflict of interest", (b) the failure to prescribe a course of action if a conflict of interest arises, (c) a lack of clarity with regard to the acceptance of gifts and hospitality, and (d) the absence of any body designated to look into complaints as well as to relieve the President from the (possible) duty of self-assessment.
- We expect a visible progress on the **reduction of staff allocated to administrative support and coordination functions** (overhead), and their redeployment to core areas (supervision of the implementation of European law).
- We expect the Commission to submit a strategy paper on efficient and effective fraud prevention focusing on:
  - concrete proposals to improve fraud prevention and deterrent effects by **modifying the staff regulations**;
  - concrete proposals to improve the **sanction mechanisms**, - which would deserve its name - in cases of fraud and / or disciplinary action;
- **The revised Financial Regulation should contain provisions on:**
  - the introduction of a **uniform approach to the annual summaries and improve their value**. The annual summaries should provide an exhaustive qualitative analysis of each Member State's audit findings and should be considered as a first step towards national management declarations.
  - **the obligation of Members States to issue national management declarations** covering all EU funds coming under shared management, signed at an appropriate political level and certified by their national supreme audit body
  - the definition of the content of the **evaluation report** introduced by the Lisbon Treaty in order to:
    - a) ensure that evaluation of use of the Union's finances based on results achieved takes account of comments made by the European Parliament in its discharge resolutions,
    - b) to allow a more strategic horizontal look across the findings of the various evaluations carried out;
    - c) to allow a more political strategic look at the Commission's performance against its high level political objectives as set out in the Annual Policy Strategy
  - proposals **to further simplification of grants** in the form of lump sums, standard scales of unit costs and flat rates
  - the inclusion of the **tolerable risk of error concept**

- the Commission's ability to **create and manage Trust Funds**
- the Commission's ability to take **loans for the acquisition of buildings**
- **Enhanced fight against fraud, pending acts in co-decision**

The following legal provisions must be furthered by Commission in Council without any undue delay. Commission should provide visible evidence of its initiatives to unblock these procedures where appropriate the latest by June 2010:

  - Proposal for a directive on criminal law protection on the Community's financial interests (2001/0115(COD))
  - Proposal for a regulation on mutual administrative assistance for the protection of the Community's financial interests (2004/0172 (COD))
  - EC/Liechtenstein agreement: cooperation to combat fraud and other illegal activity to the detriment of their financial interests  
CNS/2008/0234
- We expect the Commission to **enhance the efficiency and effectiveness of multiannual recovery systems**, including at Member State level, and to consolidate data on recoveries and financial corrections in order to provide reliable figures.