



Press Release

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2019 EU accounts: clean, but too many spending errors

In the European Court of Auditors' annual report for the 2019 financial year, published today, the auditors sign off the EU accounts as giving "a true and fair view" of the EU's financial position. At the same time, they conclude that payments were affected by too many errors, mainly in the category classified as 'high risk expenditure'. Against this background, and despite improvements in certain spending areas, the auditors issue an adverse opinion on expenditure. They also take the opportunity to stress the need for robust and efficient management of the financial package that was agreed in response to the coronavirus crisis, which will almost double EU spending in the next few years.

The overall level of irregularities in EU spending has remained relatively stable, at 2.7 % in 2019, compared with 2.6% in 2018. There are also positive elements in EU spending, such as the development in natural resources and sustained results in administration. However, due to the way the EU budget is composed and evolves over time, high-risk expenditure in 2019 represents more than half of the audited spending (53 %), an increase on 2018. This mainly concerns reimbursement-based payments, for instance in the fields of cohesion and rural development, where EU spending is managed by Member States. High-risk expenditure is often subject to complex rules and eligibility criteria. In this category, material error continues to be present at an estimated rate of 4.9 % (2018: 4.5 %). Concluding that the level of error is pervasive, the auditors have therefore given an adverse opinion on EU expenditure.

The auditors take the opportunity to look ahead. In July 2020, the European Council reached a political agreement combining an EU budget for 2021-2027 with a temporary recovery instrument 'Next Generation EU', addressing the economic and social impacts of the COVID-19 crisis. As a result, in the next few years EU spending will be significantly higher.

"Our adverse opinion on EU spending for the year 2019 is a reminder that we need clear and simple rules for all EU finances – and we also need effective checks on how the money is spent and whether the intended results are achieved", said ECA President Klaus-Heiner Lehne. "This is particularly important in view of the planned recovery fund to combat the effects of the COVID-19 pandemic. In these times of crisis, the European Commission and the Member States have a tremendous responsibility for managing the EU's finances in a sound and efficient way."

The purpose of this press release is to give the main messages of the annual report adopted by the European Court of Auditors. The full report is on eca.europa.eu.

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In the meantime, Member States' absorption of the European Structural and Investment (ESI) funds has continued to be slower than planned. Up to the end of 2019, the penultimate year of the current seven-year budget, only 40 % (€184 billion) of the agreed EU funding for the 2014-2020 period had been paid out, and some Member States had used less than a third. This has served to inflate outstanding commitments, which reached €298 billion by the end of 2019, the equivalent of almost two annual budgets. The situation has brought additional challenges and risks owing for the need for the European Commission and Member States to allow additional time for absorption in the new budgetary period.

Background information

In 2019, EU spending totalled €159.1 billion, the equivalent of 2.1 % of Member States' public spending and 1.0 % of EU gross national income. 'Natural resources' made up the largest share of funds audited (47 %), 'Cohesion' spending accounted for 23 % and 'Competitiveness' represented 13 %. About two thirds of the budget is spent under 'shared management', where it is the Member States that distribute funds, select projects and manage the EU's expenditure.

Each year, the auditors audit EU revenue and expenditure, examining whether the annual accounts are reliable and whether income and expenditure transactions comply with the applicable rules at EU and Member State level.

The EU's accounts are prepared by applying accounting rules based on international public sector accounting standards, and present the Union's financial position at the end of, and financial performance over, the previous financial year. The EU's financial position includes the assets and liabilities of its consolidated entities at year-end, both short-term and long-term.

A 'clean' opinion means that the figures present a true and fair view and follow the rules of financial reporting. A 'qualified' opinion means that the auditors cannot give a clean opinion, but the problems identified are not pervasive. An 'adverse' opinion indicates widespread problems.

In order to reach this audit opinion, the auditors test samples of transactions to provide statistically based estimates of the extent to which revenue and individual spending areas are affected by error. They measure the estimated level of error against a threshold of 2 %, this being the rate above which irregular revenue or spending is considered to be material. The estimated level of error is not a measure of fraud, inefficiency or waste: it is an estimate of the money that should not have been paid out because it was not used fully in accordance with EU and national rules.

The ECA is the independent external auditor of the European Union. Its reports and opinions are an essential element of the EU accountability chain. They are used to hold to account those responsible for implementing EU policies and programmes: the Commission, other EU institutions and bodies, and administrations in Member States. The ECA warns of risks, provides assurance, indicates shortcomings and good practice, and offers guidance to policymakers and legislators on how to improve the management of EU policies and programmes.

The annual report on the EU budget, the annual report on the European Development Funds and the summary document "2019 EU audit in brief" can be found at: eca.europa.eu.

On 13 November, the ECA will publish for the first time a report on the overall performance of the EU budget.