

# Commission Proposed More Effective Management and Control of EU Budget



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## News

**Thomas Wahl**

On 16 May 2022, the European Commission presented a [proposal for the re-cast of the EU's financial rules](#) applicable to its general budget, known as the "Financial Regulation". The Financial Regulation is the EU's basic legal act that governs the establishment, implementation and control of the EU budget. A substantial revision of the Financial Regulation took place in 2018.

The Commission now proposed "targeted adjustments" to the Financial Regulation to align existing rules with the current long-term budget 2021-2027 and make improvements in view of three axes:

- Increased transparency;
- Better protection
- More agility.

Regarding a more effective control and a better protection of the EU's financial interests, the proposal foresees, *inter alia*:

- Mandatory collection of data on the recipients of EU funding including their beneficial owners;
- Improving the identification of irregularities and fraud through a single integrated IT system for data-mining and risk-scoring to enhance the quality and interoperability of data;
- Extending the scope of the early detection and exclusion system (which the Commission currently applies for funds under direct management) to the shared management mode, e.g. funding from the European Regional Development Fund or under the Recovery and Resilience Facility;
- Adding new autonomous grounds for excluding beneficiaries from EU funding, which include:
  - Refusal to cooperate in investigations, checks or audits carried out by an authorising officer, OLAF, the EPPO, or the European Court of Auditors;
  - Incitement to hatred or discrimination;
  - Breach of conflict of interest avoidance rules.
- Making better use of digitalisation and emerging technologies such as data-mining, machine learning, robotic process automation and artificial intelligence to help increase the efficiency and quality of controls and audits.

The proposal is now subject to negotiations by the European Parliament and EU Member States in the Council with the Commission expecting a swift adoption.

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