

# ECA Blames EU for Excessive Spending Errors

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## News

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On 10 November 2020, the European Court of Auditors (ECA) presented its [annual report on the 2019 financial year](#). Each year, the ECA audits the revenue and expenditure of the EU budget and provides a positive or negative opinion on the extent to which the annual accounts are reliable and income and spending transactions comply with applicable rules and regulations. In 2019, the EU spent €159.1 billion in total.

The auditors signed off the [2019 accounting](#), giving “a true and fair view” of the EU’s financial position (“clean opinion”). No objections were also raised on revenue for 2019, which was legal and regular as well as free from material error. However, the auditors found widespread problems as regards expenditure. Although the overall level of irregularities in EU spending has remained relatively stable (2.7% in 2019 compared with 2.6% in 2018), the error rate in the “high-risk expenditure” category is high (4.9%). High-risk expenditure concerns reimbursement-based payments, which are often subject to complex rules and eligibility criteria, e.g. research projects, investment in regional and rural development, and development aid projects. Compared with 2018, high-risk expenditure increased and represents the majority of audited spending (53%). Commonly found errors in this area included, for instance, ineligible projects and infringement of internal market rules; ineligible beneficiaries; and non-compliance with public procurement rules or irregular grant award procedures. Given the composition and the evolution of the EU budget over time, the pervasive level of error as regards expenditure has led to the ECA’s adverse opinion in this regard.

The audit also mentions that the ECA reported nine suspected fraud cases out of 747 transactions examined for the 2019 statement of assurance to OLAF. This is similar to the number of cases reported in previous years. Of the reported cases, OLAF has opened five investigations. In four cases, OLAF decided not to open an investigation.

The audit report also looks into the future, given the political agreement on the multiannual financial framework (MFF) for 2021-2027 and the temporary recovery instrument, the “Next Generation EU” ([separate news item](#)). ECA President [Klaus-Heiner Lehne](#) said in this context: “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.” He called to mind that the Commission and the Member States have a tremendous responsibility for sound and efficient financial management. This corresponds to demands by other legal experts that the agreed, historically high EU finances must be accompanied by appropriate control mechanisms ([U. Sieber, Guest Editorial, eucrim 2/2020, 65-66](#)).

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