

ECA: EU's Control System on Cohesion Spending Is Not Working

Thomas Wahl



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European Law Forum: Prevention • Investigation • Prosecution

News

In a [report](#), published on 8 July 2024, the European Court of Auditors (ECA) found that the EU's control system on cohesion spending is not working. Based on audits carried out during the 2014-2022 programming period and on information made available by the Commission, the ECA reviewed the management and control mechanism for cohesion spending. Cohesion policy is the major spending area in the EU accounting for more than a third of the EU budget. The aim of cohesion policy is to reduce economic and social disparities between EU countries and regions.

Since the cohesion spending is jointly managed by the Commission and the Member States, the EU established a pyramid control system. However, according to the EU auditors, shortcomings exist at all layers of the control system, i.e., the Member States' managing authorities, the Member States' audit bodies and the European Commission.

Most cohesion spending errors have resulted from ineligible expenditure and projects, followed by non-compliance on the part of funding recipients with state aid and procurement rules. The main three root causes of errors are: (1) Member States' inadequate administration, including inappropriate decision-making and inefficient verifications by managing authorities; (2) negligence or (suspected) intentional non-compliance by beneficiaries; and (3) issues with interpreting the rules.

The ECA stated that its audit results have consistently shown error levels above the 2 % materiality threshold, both annually and from a multiannual perspective (with a recent peak of 6.7% in 2022). As a consequence, there is a pressing need to strengthen the way the assurance framework for 2021-2027 cohesion spending is implemented. This process must be steered by the Commission given that it is ultimately responsible for implementing the EU budget.

AUTHOR

Thomas Wahl

Senior Researcher
Max Planck Institute for the
Study of Crime, Security and
Law

Published in
2024, Vol. 19(2) euclid
ISSN: 1862-6947
<https://euclid.eu>



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The project is co-financed by the [Union Anti-Fraud Programme \(UAFB\)](#), managed by the [European Anti-Fraud Office \(OLAF\)](#).



Co-funded by
the European Union