

ECA Gives its Opinion on Recast of Financial Regulation

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European Law Forum: Prevention • Investigation • Prosecution

News

On 31 October 2022, the European Court of Auditors (ECA) published its [opinion](#) on the Commission proposal for a recast of the EU's Financial Regulation (→ [euclid 2/2022, 105](#)). The opinion follows up an [ECA opinion](#) on the Commission's proposal of July 2022 and ECA's recent report on blacklisting (→ [euclid 2/2022, 105-106](#)).

The proposed recast aims, *inter alia*, to make the EU's basic rules governing the establishment, implementation and control of the EU budget better aligned with the Multiannual Financial Framework (MFF) package, to introduce improvements and simplifications to better respond to crises, and to improve the protection of the EU's financial interests.

In its opinion, the ECA welcomed several of the proposed amendments, such as the further digitalisation in the fight against fraud and the Early Detection and Exclusion System being operated under shared management with Member States. The auditors called to mind, however, that the scope for excluding untrustworthy counterparties will remain greater in direct management.

They also welcomed that programmes and activities will be implemented without compromising the climate and sustainability goals, as recommended in a [previous Special Report](#).

However, the ECA also raises several critical points of the Commission's proposal. For example, the proposed recast of the EU's Financial Regulation does not address the insufficient reporting on the Commission's debt management, which is particularly relevant since there is currently no coherent framework on the achievements of the debt management in relation to the NextGenerationEU and other borrowing programmes.

The ECA also calls for more transparency and accountability in connection with financial instruments and budgetary guarantee. Lastly, the proposals to shorten the time frame for ECA's audit activities on annual accounts should not be pursued at this stage, as the quality and rigour of statements of assurance could suffer as a result.

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ISSN: 1862-6947

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The project is co-financed by the Union Anti-Fraud Programme (UAFP), managed by the European Anti-Fraud Office (OLAF).



**Co-funded by
the European Union**