

# ECA Presents 2017 Annual Report on EU Budget



Thomas Wahl

## News

On 4 October 2018, the European Court of Auditors (ECA) informed the public of its [2017 Annual Report](#). It forms the basis for the statement of assurance, which the ECA is required to provide to the European Parliament and the Council under Art. 287 TFEU.

Each year, the EU auditors check the EU accounts and give their opinion on two questions:

- Are the accounts accurate and reliable?
- To what extent is there evidence of EU money being received or paid out in error (regularity and legality of EU finances)?

As regards the first question, the ECA gave a “clean opinion,” which means that the EU accounts present a true and fair view of the EU’s financial position. As regards the second question, the ECA issued a “qualified opinion,” i.e. pervasive problems on the regularity of transactions underlying the accounts could not be identified. The qualified opinion is only the second one in a row since 1994: until last year, ECA opinions were “adverse,” i.e. indicating widespread problems.

The ECA annual report essentially found that the level of irregularities in EU spending has continued to decrease. The level of error in payments during 2017 was 2.4%, whereas it was 3.1% in 2016 and 3.8% in 2015. Moreover, in 2017, a significant part of the audited expenditure – mainly *entitlement payments* – was not affected by a material level of error. The highest error rate was incurred in cost reimbursement in the areas of natural resources and cohesion.

Sufficient information was also available to prevent or to detect and correct a significant proportion of errors.

Other key findings of the report include the following:

- The use of available resources from European Structural and Investment (ESI) funds remains most challenging;
- The Commission should make better use of its own performance information and develop an internal culture more focused on performance;
- 13 instances of suspected fraud (of 703 audited transactions) were found. Auditors reported these cases to OLAF.

In the foreword to the annual report, ECA President *Klaus-Heiner Lehne* ultimately remarked that the budgetary significance of the EU is much smaller compared to that of the Member States. The EU budget comprises only approx. 1% of the gross national income of the entire EU. Therefore, EU decision-makers should

### AUTHOR

**Thomas Wahl**

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

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be realistic about what can be achieved with EU money. According to *Lehne*, “the EU should not make promises if it cannot deliver.”

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