



16 October 2019

Joint Committee for EU Affairs

# 2018 annual report of the EU auditors



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COURT  
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**Tony Murphy**

Member of the European Court of Auditors

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# 2018 EU key figures

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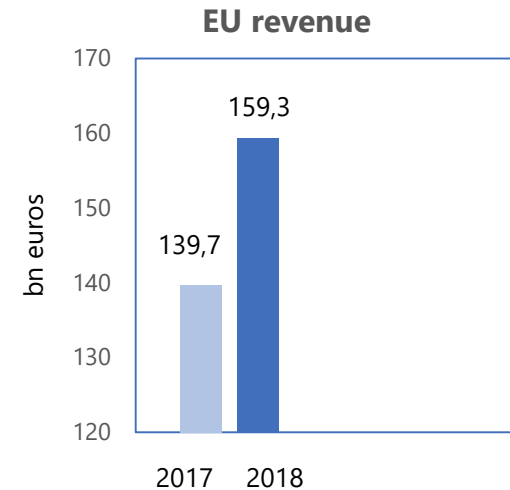
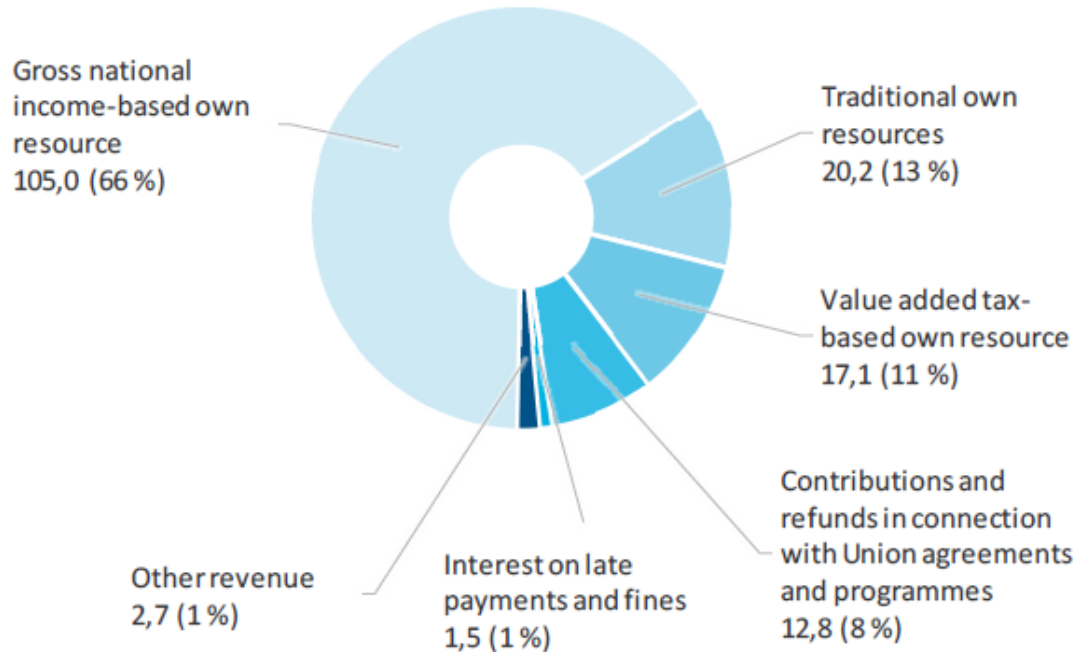
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# 2018 EU Revenue

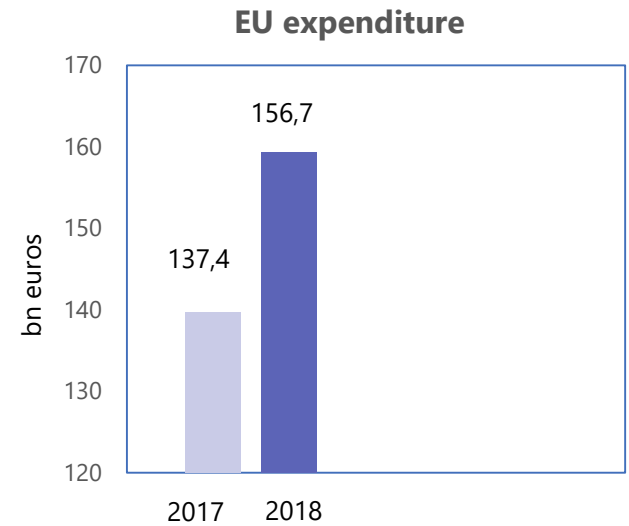
Revenue for the EU budget in 2018 **totalled 159.3 billion euros**

**Ireland:  
2.6 billion euros**

(billion euros)



# EU Spending 2018



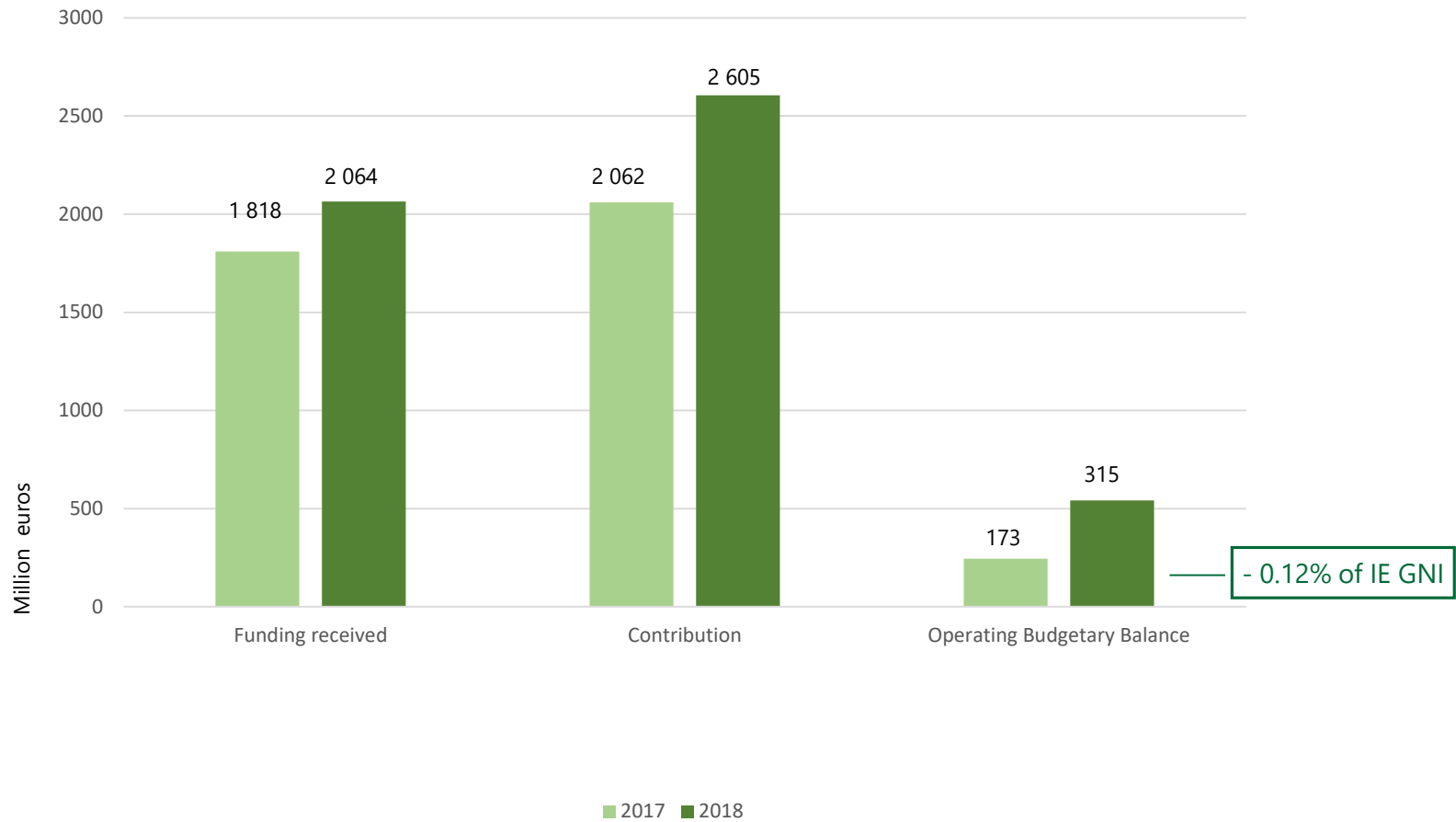
Expenditure totaled 156.7 bn euro

Representing just over 300 euro for each EU citizen

Equivalent of 2.2% (2017: 2.0%) of total government spending across the Member States

1.0% (2017: 0.9%) of EU Gross National income

# Ireland's contribution



# EU funds received and contribution- breakdown Ireland

	IE 2017 (€million)	Proportion of total IE expenditure - 2017	IE 2018 (€million)	Proportion of total IE expenditure - 2018
<b>SMART AND INCLUSIVE GROWTH</b>	232	13%	417	20%
<i>Competitiveness for growth and jobs</i>	181	10%	213	10%
<i>Economic, social and territorial cohesion</i>	51	3%	204	10%
<b>SUSTAINABLE GROWTH: NATURAL RESOURCES</b>	1 508	83%	1 560	76%
<b>SECURITY AND CITIZENSHIP</b>	26	1%	25	1%
<b>GLOBAL EUROPE</b>	0	0%	0	0%
<b>ADMINISTRATION</b>	52	3%	62	3%

**Direct  
Payments  
€ 1220  
Million**

**Rural  
development  
€ 319 Million**

<b>Funds received from EU Budget</b>	<b>1 818</b>	<b>100%</b>	<b>2 064</b>	<b>100%</b>
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<b>Total contribution towards EU Budget</b>	<b>2 062</b>
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**2 605**

Coming from mainly GNI (€1,9 BN), other sources include TOR and VAT

Gross National Income (GNI)	241 068
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253 085

<b>Operating Budget balance</b>	<b>-173</b>
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**-315**

Operating Budget balance (% GNI)	-0,07%
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-0,12%

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# 2018 annual report



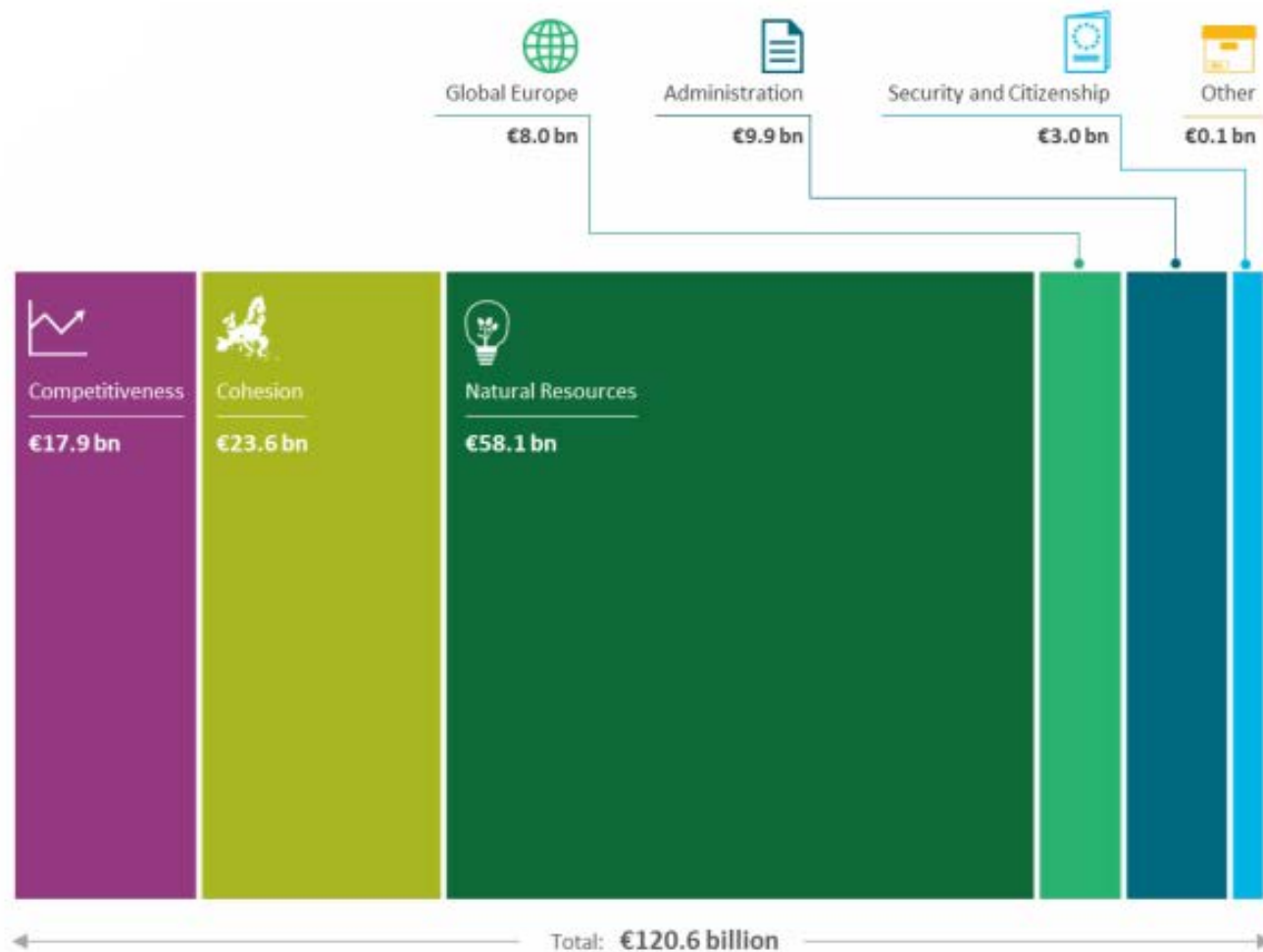
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# Annual Report 2018

## 2018 expenditure audited





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## What we found

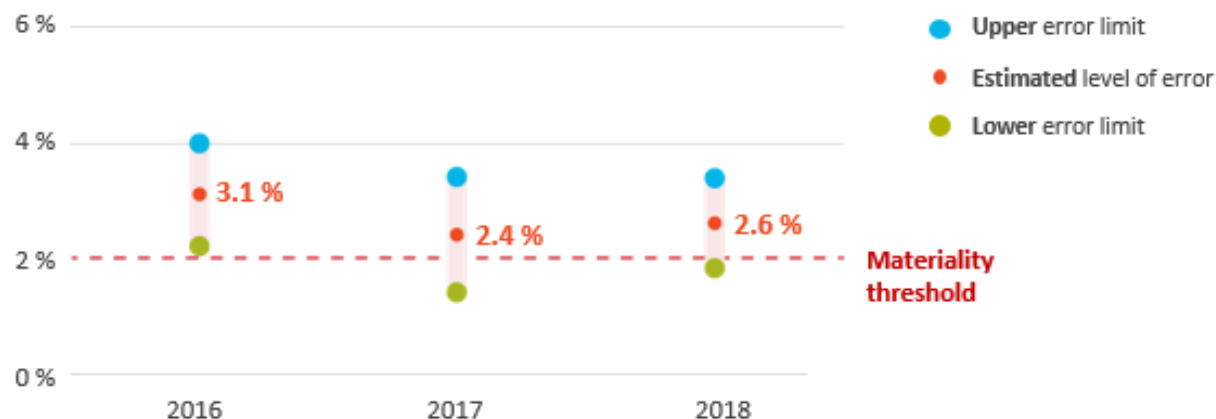
EU accounts present a true and fair view

Revenue for 2018 is legal and regular

Level of error within last years range

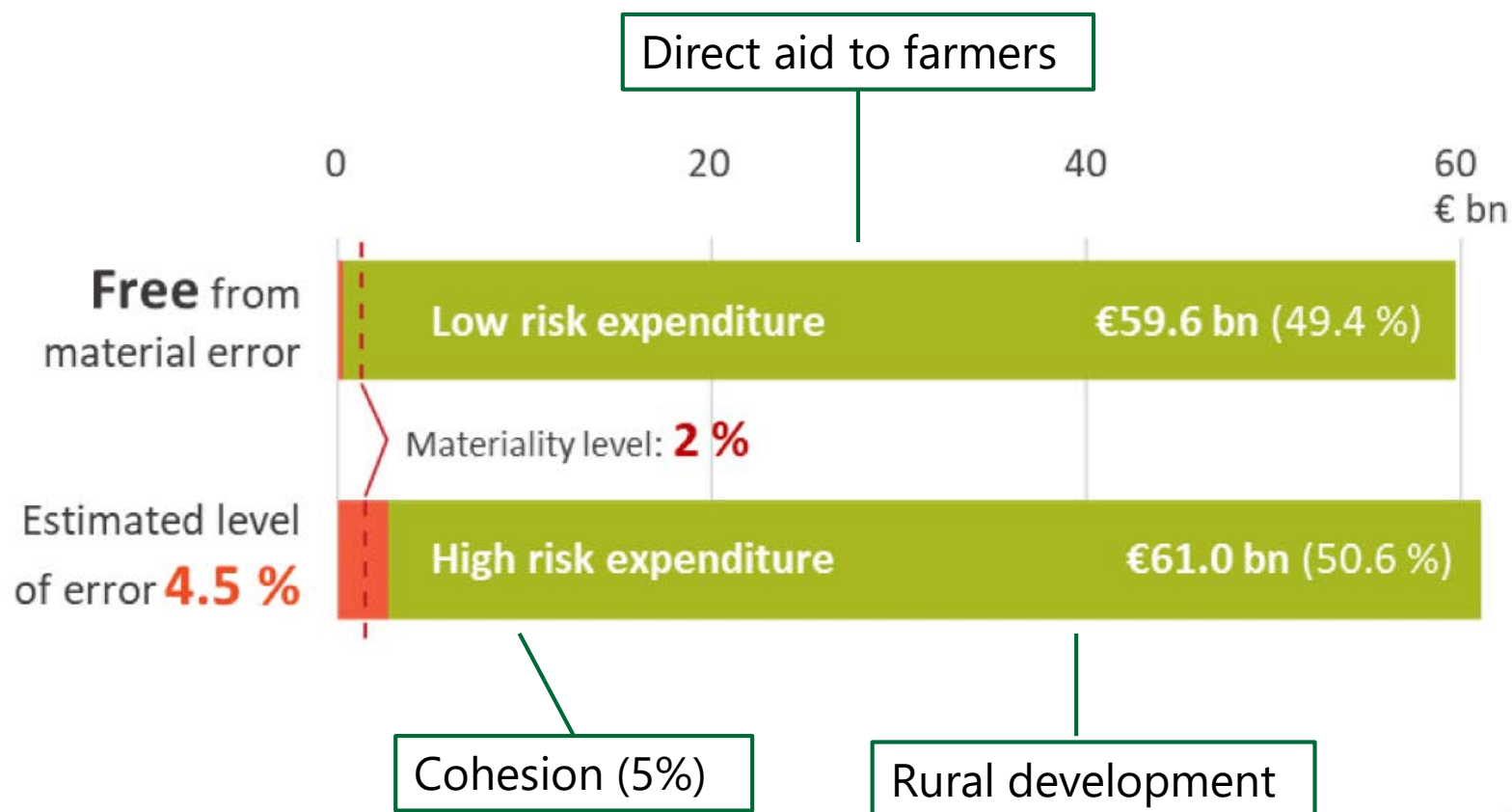


**Figure 2 – Estimated level of error for the EU budget as a whole (2016-2018)**



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About half of 2018 expenditure is free from material error



# Annual Report 2018 – Chapter 6

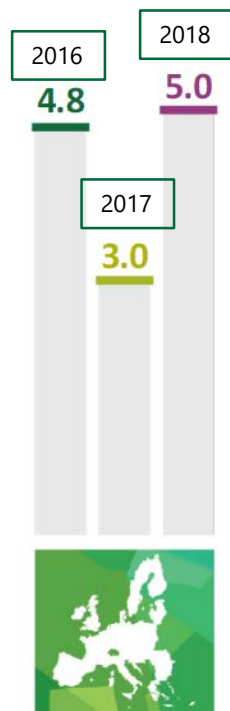
## Economic, territorial and social Cohesion



Amount subject to audit	Affected by material error?	Estimated most likely level of error:
€23.6 billion	Yes	5.0 % (2017: 3.0 %)

Increased error rate compared to 2017  
Similar to 2016

Ireland not in sample this year



Economic, social and territorial cohesion

Wider spread of types of errors



**Ineligible expenditures and projects** contributed most, followed by **infringement of internal market rules** and the **absence of essential supporting documents**

We cannot currently rely on the Commission figures!

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## Natural Resources



Amount subject to audit	Affected by material error?	Estimated most likely level of error:
€58.1 billion	Yes	2.4 % (2017: 2.4 %)

2016 2017 2018

2.5 2.4 2.4



Error rate similar to 2017 and 2016

Ireland not in sample this year

Direct payments as a whole were free from material error

Rural development and market measures with complex eligibility conditions increase the risk of error

Main sources of error:

- ineligible beneficiaries, activities or costs;
- the provision of inaccurate information on areas or animal numbers;
- non-compliance with procurement or grant award rules;
- administrative errors



Natural resources

# Suspected fraud detected during our audit work

**We report all suspected fraud cases detected during our audit work to OLAF, the European Union's anti-fraud office.**

Nine instances of suspected fraud were detected during the 2018 audit.

The instances of suspected fraud concerned the artificial creation of the necessary conditions for EU financing, the declaration of costs not meeting the eligibility criteria and procurement irregularities.

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## Overall findings: further emphasis on performance of the EU spending needed

Based on our analysis of selected programmes covering 97% of the financial programming for the 2014-2020 MFF, we conclude that the **performance indicators** currently used for the EU budget do **not always provide a good picture of actual progress made** in achieving policy objectives.

Many indicators were not well chosen

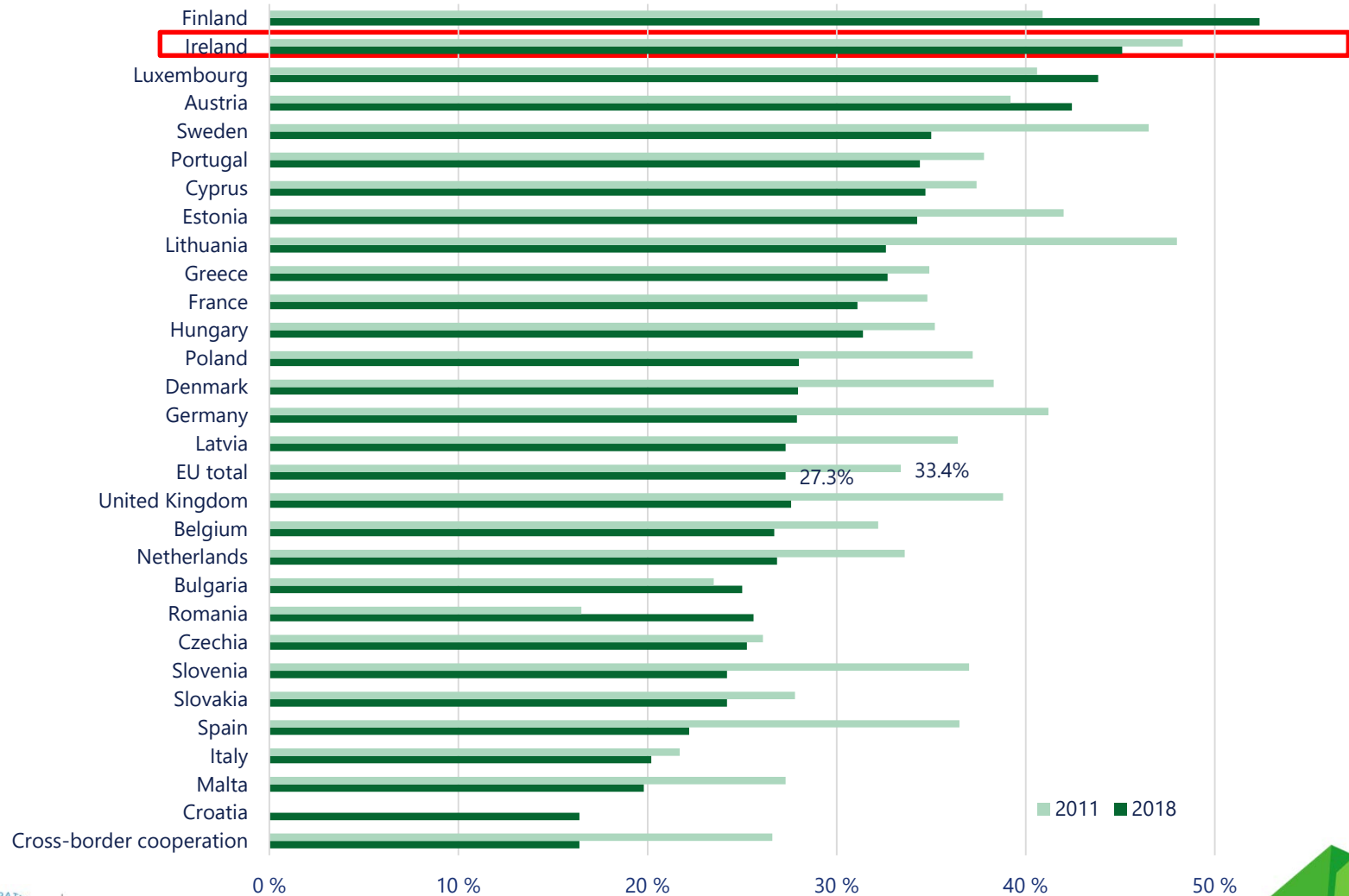
Progress could not be calculated for many indicators

For some programmes, data available was of insufficient quality

Some programmes include targets that are not sufficiently ambitious

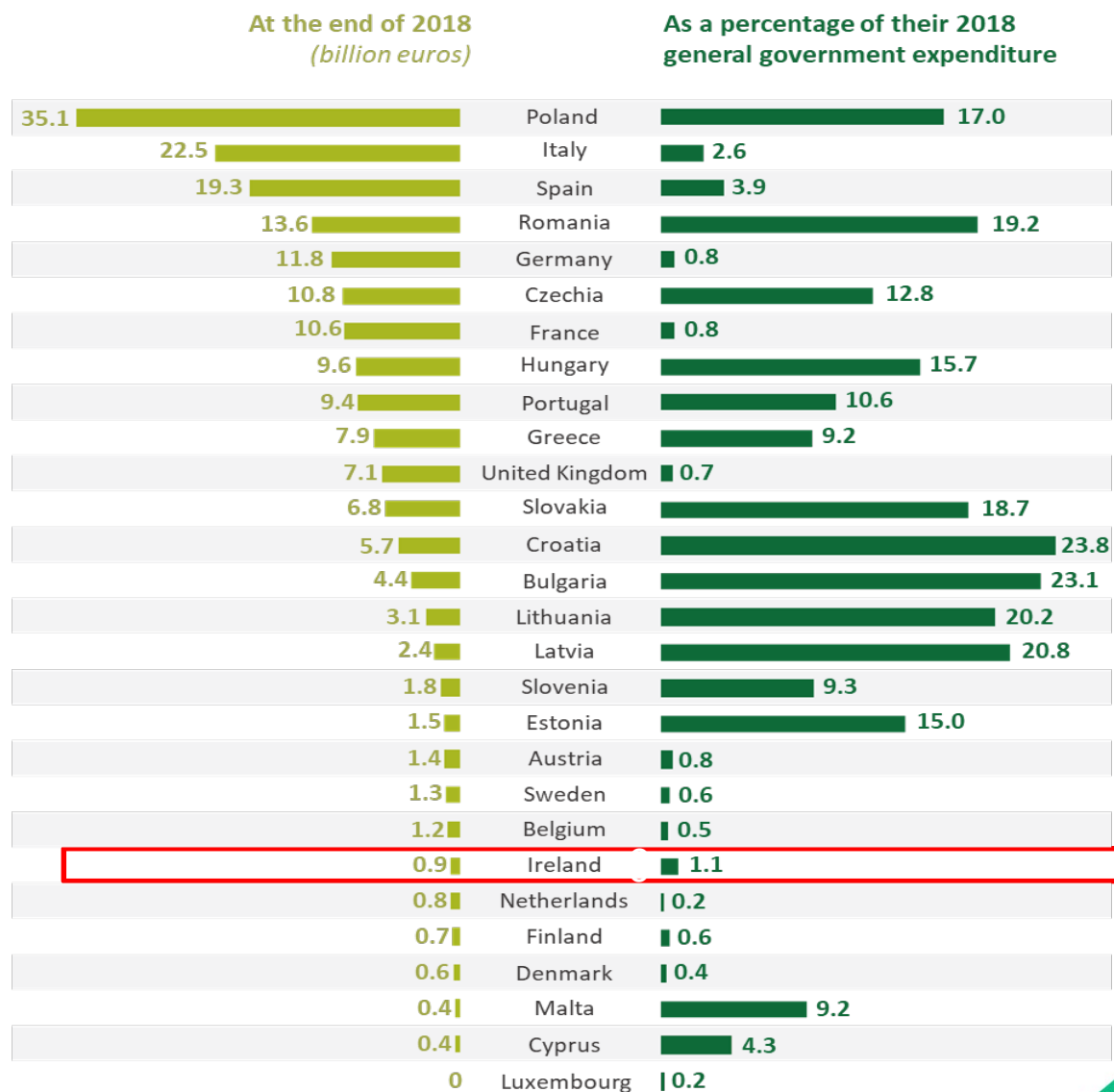
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## Member States' ESI Funds absorption rates at the end 2018 and 2011



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## ESI funds outstanding commitments per Member State





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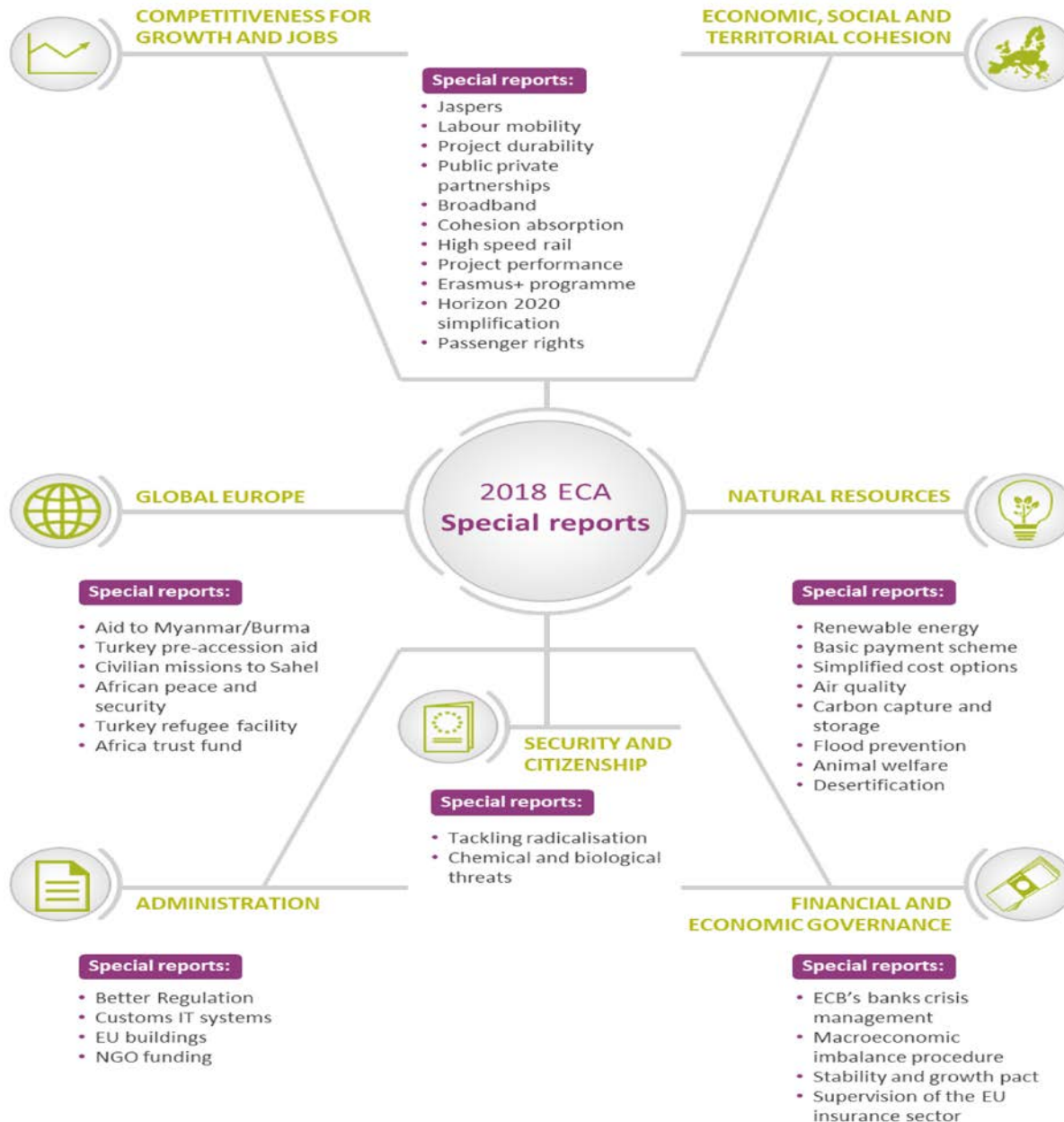
# 2018 special reports

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# Some Special Reports -2019

- Farmers Payments Scheme
- Cross border Health Care
- E-commerce vulnerability to tax fraud 
- EU wide stress tests for banks 
- Organic Products 
- Commission's public consultation





# Publications

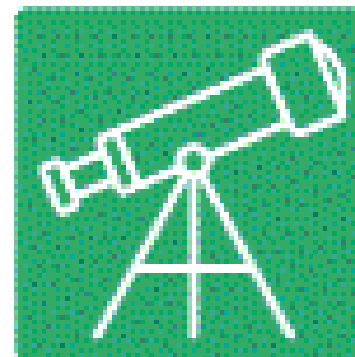
## Upcoming

### Irish Relevant

- Biodiversity on Farmland (Ireland in our sample of Member States visited)
- Cost-effectiveness of EU funded energy efficiency investments in buildings (Ireland also in our sample)
- Pesticides
- EU response to dairy market disruptions

### General Public Interest

- Combating Child Poverty
- Digitising European Industry
- Trade Defence Instruments



# Thank you

# for your attention!



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