



35th Conference of Directors of Paying Agencies Greece – 10-11 April 2014

**Speech by Mr. Rudolf Moegele
DG AGRI**

War on Error



Error rates and Reservations 2013

	Sector	2013 Expenditure	adjusted residual error rate	Number of Reservations
ABB02	Market Measures	3.192.638.395	7,4%	11
ABB03	Direct Payments	41.661.932.291	2,3%	20
EAGF		44.854.570.686	2,7%	31
ABB04-EAFRD	Rural Development	12.997.715.068	5,2%	31
Total		57.852.285.754	3,3%	62

Risk Categories

IMPACT on Declaration of Assurance (based on functioning of systems, materiality and legality and regularity criteria)		Number of aid schemes/paying Agencies			
		ABB02	ABB03	ABB04	Total
1	Reasonable assurance (RER <2%)	26	37	32	95
2	Reasonable assurance with low risk (RER between 2 & 5% with mitigating factors)	10	11	8	29
3	Limited assurance with medium risk (RER between 2 & 5% without mitigating factors)	0	18	18	36
4	Limited assurance with high risk (RER >5%)	11	2	13	26
TOTAL		47	68	71	186



Discharge Resolution (1/3)

"116. Stresses that the authorities of the Member States for the majority of transactions affected by error in shared management areas (e.g. agriculture and cohesion) had sufficient information to detect and correct the errors; therefore, once again requests the Member States to urgently reinforce the primary controls to address this unacceptably high level of mismanagement;

Discharge Resolution (2/3)

....moreover, calls on the Commission to shield the Union budget from the resulting risk of irregular payment by applying financial corrections in the event that such weaknesses in Member States' management and control systems are found; calls, therefore, on the Member States and the Commission once again to urgently reinforce first-level checks to address this unacceptably high level of mismanagement";

Discharge Resolution (3/3)

"191. ... calls, in order to remedy shortcomings in LPIS systems, for action plans to be implemented promptly; calls, in the event of failure to comply with the deadlines, for proportionate reduction and suspension of monthly or intermediate payments to the Member States concerned in order to avoid creating a financial risk to the budget of the Union."

We are all in the same boat





Challenges for the coming years

1. Legality and Regularity



Challenges for the coming years

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2. Follow up of reservations and action plans

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1. Legality and Regularity
2. Follow up of reservations and action plans
3. Suspension and reduction of payments

No pain, no grain

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"No pain, no grain."

Challenges for the coming years

1. Legality and Regularity
2. Follow up of reservations and action plans
3. Suspension and reduction of payments
4. New legal framework

Challenges for the coming years

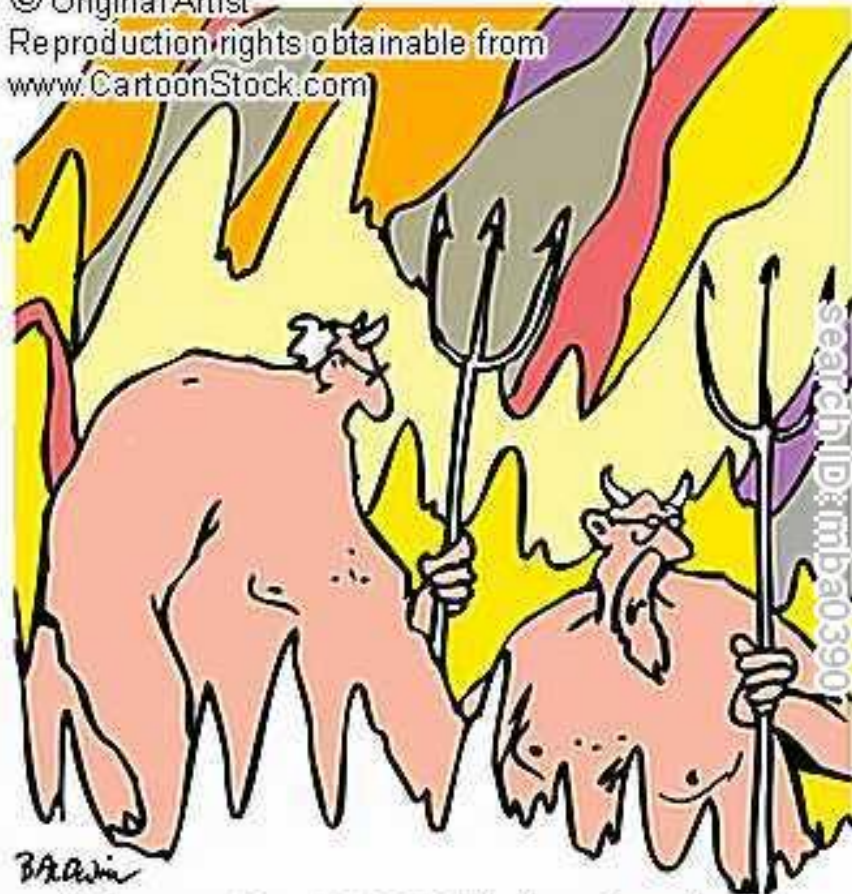
1. Legality and Regularity
2. Follow up of reservations and action plans
3. Suspension and reduction of payments
4. New legal framework
5. How can and will DG AGRI help?

Challenges for the coming years

1. Legality and Regularity
2. Follow up of reservations and action plans
3. Suspension and reduction of payments
4. New legal framework
5. How can and will DG AGRI help?
6. Protecting the EU budget and bringing down the error rate

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"You make 23,725 little mistakes,
they never let you forget it."

How do financial corrections and recoveries protect the EU Budget?

	Sector	2013 Expenditure	adjusted residual error rate	amount at risk	Number of Reservations	Net Financial corrections as % of 2013 expenditure	Recoveries & Net Financial Corrections as % of expenditure
ABB02	Market Measures	3.192.638.395	7,4%	237.398.285	11	5,3%	
ABB03	Direct Payments	41.661.932.291	2,3%	973.925.419	20	0,8%	
EAGF		44.854.570.686	2,7%	1.211.323.704	31	1,1%	1,3%
ABB04-EAFRD	Rural Development	12.997.715.068	5,2%	673.862.105	31	0,8%	1,6%
Total		57.852.285.754	3,3%	1.885.185.809	62	1,1%	1,4%

"If people are not making mistakes, they are not trying new things. If they are making the same mistake twice, they are not learning new things!"

Walter C. Wright



Thank you for your attention.