

Review 04

EN

The Commission's 2023 annual management and performance report for the EU budget



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Executive summary

I Every year, in its annual management and performance report (AMPR), the Commission provides an account of the management of the EU budget and the performance of EU programmes and policies. With its adoption, the College of Commissioners takes overall political responsibility for the management of the EU budget. This report is a key document in the annual discharge procedure where the European Parliament, following a recommendation from the Council, holds the Commission to account for the implementation of the EU budget.

II The Commission is required to provide us with the AMPR of a specific year by the end of June of the following year. As there is limited time for us to review the report before the annual discharge procedure, we looked at how the Commission prepared the [2023 AMPR](#) and reported on performance-related issues, focusing on Volume I. In addition, our [2023 annual report](#) included a chapter on performance with key performance messages from our 2023 special reports and a review of the performance achieved by selected programmes financed under multiannual financial framework (MFF) heading 4.

III As this is a review rather than an audit report, we have based our work on publicly available information and our previous work. We also obtained information and explanations from the Commission.

IV We note that Volume I of the [2023 AMPR](#) was prepared following the Commission's corporate management board strategic guidance. The Commission had good, well-defined procedures for preparing the AMPR, but there was still scope for improvement concerning data quality.

V Overall, the implementation of EU programmes financed under the current MFF was still at an early stage at the end of 2023. Chapter 3 of our [2023 annual report](#) included observations on the performance of the Asylum, Migration and Integration Fund (AMIF), and the Integrated Border Management Fund (IBMF). Regarding these two specific funds, the AMPR reported a noticeable progress in the implementation of the AMIF since the [2022 AMPR](#), while the key performance indicators (KPIs) for the IBMF remained at the same low level as reported in 2022.

VI The AMPR reflects different views than some of the main observations that we made on cohesion funding and the Recovery and Resilience Facility (RRF) in our [2023 annual report](#). These differences relate to the error rate for cohesion funding; and to the compliance with payment and eligibility conditions, the quality of monitoring and control systems, and the sound financial management for the RRF.

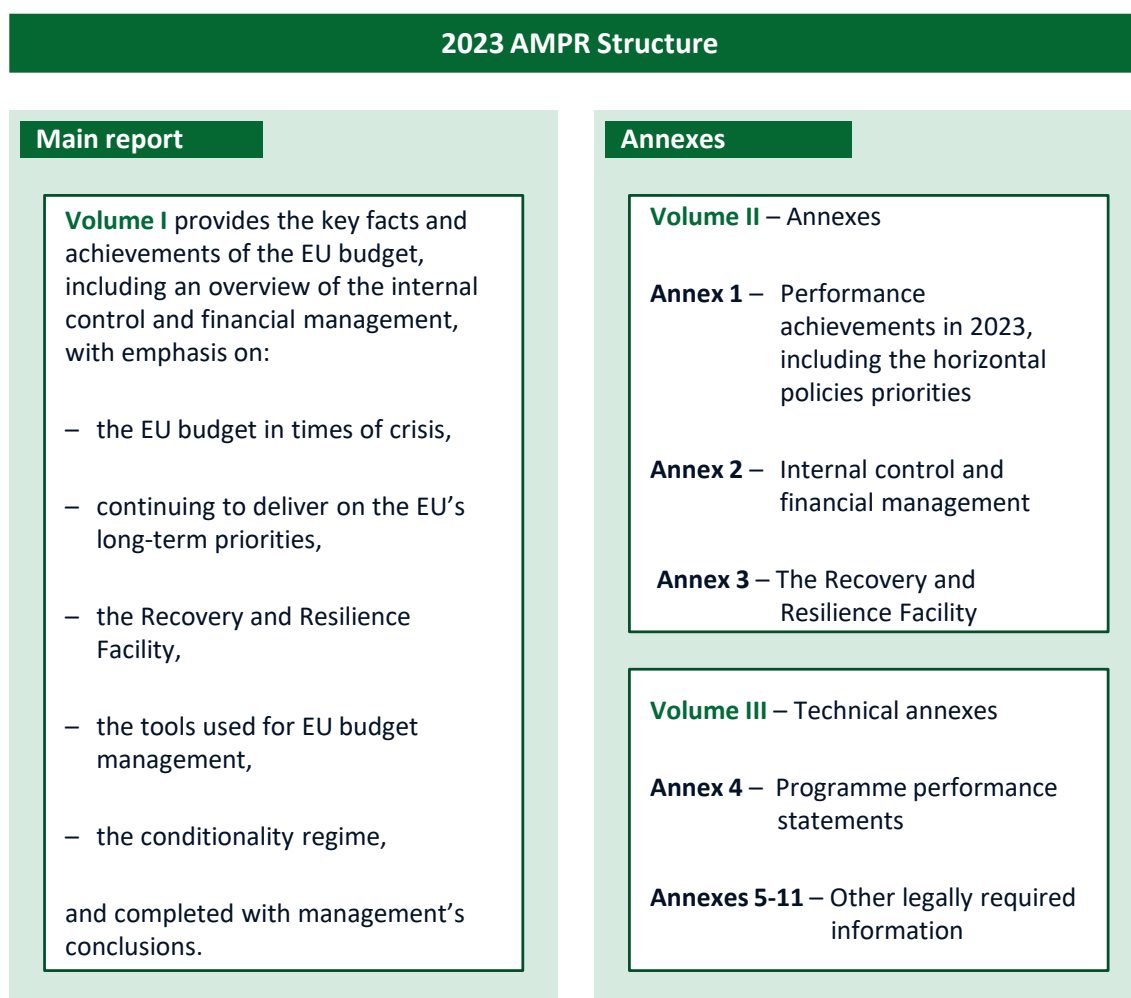
VII Our review of the main financial assertions presented in Volume I of the AMPR did not identify inconsistencies.

Introduction

01 The annual management and performance report (AMPR) is the Commission's high-level annual performance report on the EU budget. It is a key input for the annual discharge procedure through which the European Parliament, following a recommendation from the Council, scrutinises the implementation of the EU budget. The AMPR is part of the Commission's integrated financial and accountability reporting that also includes the consolidated annual accounts of the EU, a long-term forecast of future EU budget (2024-2028) inflows and outflows, the report to the discharge authority on internal audits carried out in the previous year, and the report on the follow-up to the discharge for the previous year. The legal deadline for the Commission to make available to the European Parliament, the Council and the ECA the AMPR for year n is the end of June of year n+1.

02 The AMPR was first published in 2015 and has evolved over time. Since 2020, it has been organised in three volumes; their content is presented in [Figure 1](#) below.

Figure 1 – 2023 AMPR structure



Source: ECA.

03 Volume I of the [2023 AMPR](#) ends with a management conclusion and a statement by the College of Commissioners that it takes overall political responsibility for the management of the budget. This volume reports on:

- o maintaining support for Ukraine;
- o the EU’s response to the Middle East crisis;
- o strengthening the EU’s security and defence capabilities;
- o providing official development assistance;
- o supporting border control and addressing migration pressure;
- o supporting the [Commission’s long-term priorities](#);
- o the Recovery and Resilience Facility;
- o the tools to ensure that EU budget is well managed and safeguarded;
- o the conditionality regime to protect the EU budget.

Scope and approach

04 Every year, in addition to our special reports, we cover aspects concerning the performance of the EU budget in our annual report. The AMPR is made available to us in June of the following year (see paragraph **01**), by which time we need to have completed our audit work for the annual report of the year in question. This limits our coverage of the AMPR in our annual report for the same year.

05 The [2023 annual report](#) chapter on performance examined how the Commission reported on the performance of spending programmes under multiannual financial framework (MFF) heading 4 in the programme performance statements annexed to the [2022 AMPR](#). In addition, we are publishing this separate review of the [2023 AMPR](#).

06 This review covers the following aspects related to Volume I of the Commission's [2023 AMPR](#):

- how the Commission prepared the AMPR, including related controls;
- how the Commission reports on performance-related issues, including the consistency of the AMPR with relevant reports from the ECA, and the evidence for quantified assertions.

07 As this is a review rather than an audit report, we have based our work on publicly available information, such as Commission documents and our own previous work. We also obtained relevant explanations from the Commission's central services (Directorate-General for Budget (DG BUDG) and Secretariat-General (SEC-GEN)).

08 The European Parliament's [report on discharge](#) from May 2023 called for the ECA to take account of the AMPR in its annual reporting or through a separate document, if necessary, in order to account for the annual discharge exercise. Since we had limited time to review the AMPR, we focused on Volume I.

Processes for preparing the AMPR

09 The Commission’s Corporate Management Board¹ provided strategic guidance for the structure and content of the [2023 AMPR](#). This year’s strategic guidance, which was issued in January 2024, set the following priorities to be included in the [2023 AMPR](#):

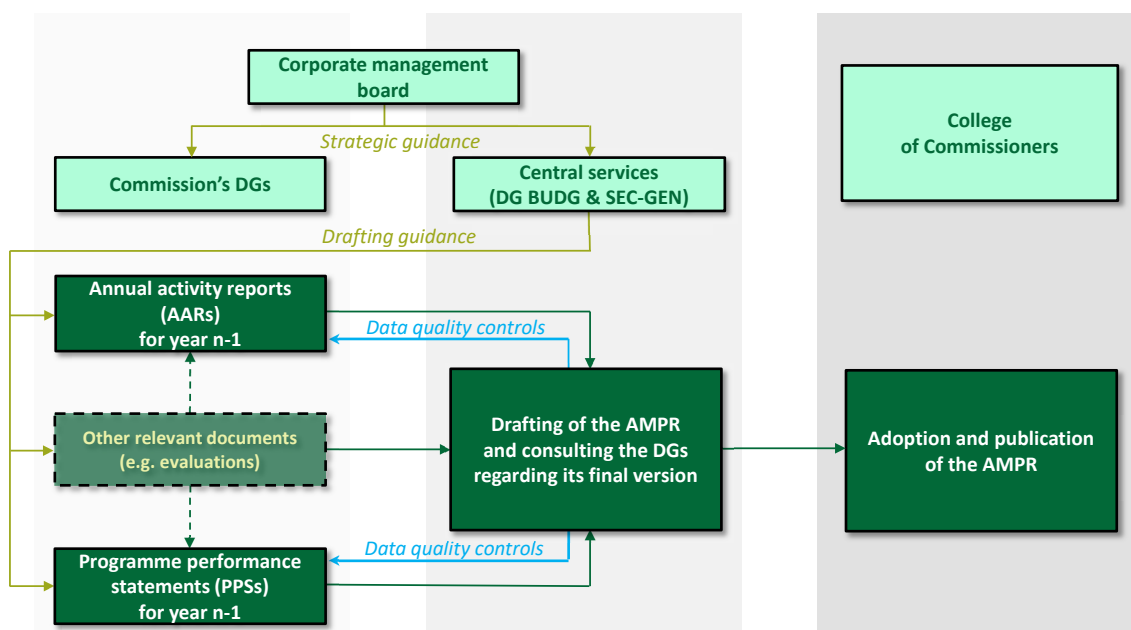
- an update on implementation and achievements of the Recovery and Resilience Facility (RRF),
- the EU’s support to Ukraine and its response to the broader consequences of the unstable geopolitical environment,
- and the state of play on implementing the rule of law [conditionality mechanism](#).

10 According to the guidance, Volume I of the AMPR should be concise, oriented towards the general public, and should present the main achievements of the EU budget and the way it addresses the current key geopolitical challenges, including Russia’s war of aggression against Ukraine and the conflict in the Middle East.

11 Work on the AMPR was led by two of the Commission’s “central services”: DG BUDG and the SEC-GEN. The AMPR was prepared based on contributions by the Commission services responsible for the various spending programmes, which produced the annual activity reports (AARs) and programme performance statements (PPSs). DG BUDG issued detailed instructions to the other departments to guide them when preparing their budget submission documents including the PPS, and the AARs. Stand-alone evaluations with significant findings were also considered when drafting the AMPR’s main messages. [Figure 2](#) presents a simplified process of how the AMPR was compiled and adopted, and the [Annex](#) gives the roles of the different parties involved in preparing the AMPR.

¹ Heading 1.4 “The corporate management board” in [Communication to the Commission: Governance in the European Commission](#), Brussels, 24.6.2020, C(2020) 4240 final.

Figure 2 – The AMPR process: from preparation to publication



Source: ECA.

12 The technical annexes contained in Volume III of the AMPR include the PPSs, showing the progress made in achieving each spending programme's objectives, and using indicators defined in the relevant programme legislation. According to the Commission, the data input process for the indicators has integrated checks on data quality. These verifications check for completeness, formatting (for example as a date or number) and reasonableness (numbers need to be within reasonable ranges). DG BUDG reviewed the data once again after the PPSs were prepared, based on their knowledge of the programmes.

13 The AARs are management reports sent by the head of each Commission department to the College of Commissioners. These reports account for the performance of the department concerned, rather than that of the programmes managed (as is the case for the PPSs). The AARs provide financial and management information, including a declaration of assurance signed by each director-general, or director for the executive agencies, stating that the control procedures in place provide the necessary guarantees that spending has been legal and regular, and that resources have been used for their intended purpose and in accordance with the principle of sound financial management. The central services reviewed the draft AARs and provided feedback to the responsible departments.

Performance-related messages in Volume I of the 2023 AMPR

The Commission had good, well-defined procedures for preparing the AMPR, with scope for improving the quality of performance information

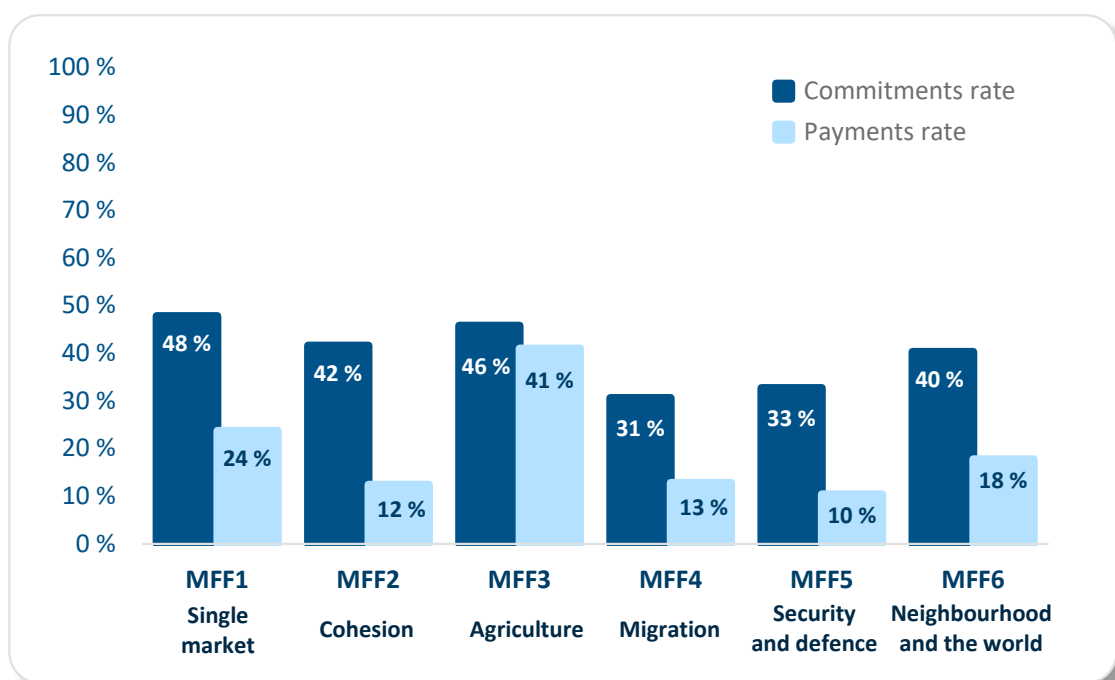
14 Volume I of the [2023 AMPR](#) followed the Corporate Management Board's guidance and presented a high-level performance overview of the EU budget, addressing in particular key issues like the EU's support for Ukraine, the response to the conflict in the Middle East, the RRF and sound financial management (see paragraph [03](#)).

15 It can take several years to deliver results from EU spending. Budgetary commitments are approved before making payments and results are often not readily measurable in the early years of programme implementation within an MFF period. Programmes implemented under one period can continue to deliver results during the subsequent MFF. For this reason, the PPSs in Volume III of the AMPR included information on programmes from the previous 2014-2020 MFF period.

16 The reporting of shared management programmes and their corresponding indicators requires data from the member states, which takes more time compared with direct management, because the member state authorities first must consolidate data at national level and then report it to the Commission. This means that the [2023 AMPR](#) and the PPSs related to shared management contained performance data up to 31 December 2022, while the programmes under direct and indirect management can include data up to 31 December 2023.

17 The annexes to the AMPR provide information on the degree of implementation of the various programmes funded by the MFF. [Figure 3](#) summarises the implementation rate of the main EU programmes (excluding the RRF) from the perspective of the commitments and payments during the first 3 years into the 7-year programming cycle (2021-2027). It shows that overall, programmes are still in the early stages of implementation.

Figure 3 – Implementation rate of the main 2021-2027 EU programmes by the end of 2023



Source: European Commission, July 2024.

18 We reported in chapter 3 of our [2023 annual report](#) that in certain cases, when the Commission considered that the indicator values reported by member states for the 2014-2020 period for programmes financed under MFF heading 4 were inaccurate and it had better quality data available from other sources, it used that instead. The Commission recognised in its PPS for heading 4 of the [2022 AMPR](#) that there was a need to strengthen the quality of performance monitoring with more regular and reliable data for result indicators. Similar to our [2022 AMPR review](#), we note that the Commission had good, well-defined procedures for preparing the AMPR, but that there was still scope for improvement concerning data quality.

19 Chapter 3 of our [2023 annual report](#) addressed how the Commission reported on the performance of the Asylum, Migration and Integration Fund (AMIF) and the Integrated Border Management Fund (IBMF) from MFF heading 4 of the current MFF in its [2022 AMPR](#). In the case of AMIF, the [2022 AMPR](#) reported no progress in the programme's key performance indicator (KPI) targets due to the early stage of their implementation. The [2023 AMPR](#) reported some performance, with two of the seven KPIs presented in the PPS showing very good progress (29 % – *Number of people resettled* and 41 % – *Number of people admitted through humanitarian admission*). In the case of the IBMF, while implementation of underlying operations has started, results had not yet materialised: the KPIs showed no progress from the [2022 AMPR](#) to

the [2023 AMPR](#). Seven of the eight KPIs still present a 0 % progress rate, while one remained at the same value as last year (12 %).

20 The references to supporting border control and addressing migration pressure in Volume I of the APMR are consistent with the underlying information on performance of the AMIF and IBMF in Volume III of the AMPR.

21 As regards the predecessors of the AMIF and IBMF funds under the previous MFF period, there was no update of the KPI values in the [2023 AMPR](#) as the legal deadline for reporting data on 2023 implementation is December 2024. In addition, as a result of the extension of the funds for 1 year following Russia's war of aggression against Ukraine, the deadline for the *ex post* evaluations was moved to December 2024 and therefore important performance information was not yet available.

22 Furthermore, concerning data monitoring and reporting, 14 of our 29 special reports published in 2023 contained 41 recommendations related to the quality of data, data collection, monitoring and performance reporting across different areas. These include the RRF, public procurement, transport, energy, aquaculture, authorised economic operators, and defence. The Commission fully or partially accepted 93 % of these recommendations.

Assertions made in the AMPR are not always consistent with the findings in our annual report

23 We published 29 special reports in 2023. These addressed many of the challenges that the EU faces across its different spending areas and policies. Our [annual report for 2023](#) mapped these messages into five strategic areas: post-crisis recovery; competitiveness; resilience and European values; climate change, environment and natural resources; and fiscal policies and public finances. The nature of the audit process means that our audits mostly examined spending prior to 2023 and therefore not all topics addressed by the [2023 AMPR](#) (e.g. budgetary consequences of Russia's war of aggression against Ukraine and the conflict in the Middle East) featured in our 2023 special reports' audit scope. However, certain themes, such as climate change, EU defence, and the RRF, were addressed in both our special reports and Volume I of the Commission's AMPR.

24 In Volume I of the AMPR, the Commission noted that effective tools were in place to ensure accountability, transparency and sound financial management of the EU budget. With regard to the RRF, the AMPR reported the satisfactory fulfilment of all

milestones and targets for the payments made in 2023, and that there was reasonable assurance of the legality and regularity of the payments made. We presented our observations concerning the legality and regularity of expenditure for the traditional EU budget and for the RRF in our [2023 annual report](#). We also published two special reports² in 2023 on the RRF, to which we referred to in our annual report. These observations and reports include significantly different views to those of the Commission concerning the level of the error rate for cohesion funding (chapter 6 of our [2023 annual report](#)). We also had different views concerning the compliance with payment and eligibility conditions; and some aspects of the quality of monitoring and control systems, as well as the sound financial management of the RRF (chapter 11).

25 Volume I of the AMPR follows the strategic guidance of the Corporate Management Board when summarising the achievements of budgetary management. It refers to the consequences of Russia's war of aggression against Ukraine, the mid-term revision of the EU's long-term budget and the revision of the member states' recovery and resilience plans. Chapter 2 of our [2023 annual report](#), dealing with budgetary and financial management, referred to these challenges. We also noted that outstanding commitments reached a record level of over €543 billion at the end of 2023 (compared with €450 billion at the end of 2022) and we concluded that continued low implementation of the 2021-2027 shared management funds in 2023 will put the commitments made in 2022 at risk of decommitment from 2025.

26 Volume I of the AMPR does not refer to this, but the Commission reports on the increased risk of decommitments in its long-term forecasts of future EU budget inflows and outflows (see paragraph [01](#)). Annex 4 of Volume III of the AMPR also provides information on commitments and payments at programme level, but not on outstanding commitments.

We did not note inconsistencies between Volume I of the 2023 AMPR and its supporting documentation

27 We reviewed the main quantitative assertions made by the Commission in Volume I of its [2023 AMPR](#). This covered 76 % of the amounts higher than €1 billion, for which we requested and obtained supporting information and explanations from the Commission. In addition to this, we looked at whether selected amounts from

² [Special report 07/2023](#): Design of the Commission's control system for the RRF, and [special report 26/2023](#): The Recovery and Resilience Facility's performance monitoring framework.

Volume I were consistent with the amounts reported in the AMPR annexes, the AARs and the EU's financial statements. We did not note inconsistencies.

28 In its [2023 AMPR](#), the Commission outlined how it was reinforcing the reliability of performance information. It introduced new guidelines to be followed by the departments when preparing the AARs, as part of the implementation of previous internal audit recommendations.

Closing remarks

29 The legal deadline for the Commission to make available the AMPR by the end of June of the following year limits what we can address comprehensively in time for the annual discharge procedure. This review therefore focuses on Volume I of the [2023 AMPR](#) (paragraphs [01](#) and [08](#)).

30 This volume of the AMPR was prepared following the strategic guidance of the Commission's Corporate Management Board and presented the key facts and achievements in relation to budgetary management for 2023. Similar to last year, we noted that the Commission had good procedures for preparing the AMPR, but there was still room for improvement with regards to the quality of performance data (paragraphs [09-13](#) and [18](#)).

31 Overall, by the end of 2023, implementation of EU programmes under the current MFF was still at an early stage (paragraphs [14-17](#)). Concerning the AMIF and IBMF funds we reviewed in chapter 3 of our [2023 annual report](#), there was noticeable progress for AMIF compared to last year and while underlying operations had started, the KPIs for the IBMF remained at the same level of low progress as in 2022 (paragraph [19](#)).

32 In terms of the content of our [annual report](#), the AMPR reflected different views than some of our main observations concerning cohesion funding (chapter 6 of our annual report) and the RRF (chapter 11) (paragraph [24](#)).

33 In addition, we drew attention in our [annual report](#) to the record level of outstanding commitments in 2023. This was not referred to in Volume I of the AMPR, but the Commission addressed the level of outstanding commitments in its long-term forecasts of future EU budget inflows and outflows (paragraphs [25](#) and [26](#)).

34 Our review of the main quantitative assertions made by the Commission in Volume I of the AMPR did not identify other inconsistencies (paragraph [27](#)).

This review was adopted by Chamber V, headed by Mr Jan Gregor, Member of the Court of Auditors, in Luxembourg at its meeting of 21 October 2024.

For the Court of Auditors

Tony Murphy
President

Annex

Roles of different participants in producing the Commission's main performance reporting documents

Report	Central services (DG BUDG/SEC-GEN)	Commission departments	College
AMPR	<ul style="list-style-type: none"> ○ draft the report ○ follow strategic orientations from the Corporate Management Board ○ consult responsible departments 	<ul style="list-style-type: none"> ○ indicate main issues or messages to be included in the AMPR in their programme performance statements (PPSs) and AAR ○ provide feedback on drafts 	<ul style="list-style-type: none"> ○ ensures consistency of political messages ○ adopts the report
PPSs	<ul style="list-style-type: none"> ○ issue templates/instructions/guidelines ("budget circular") and provide training ○ review drafts and send feedback to responsible departments 	<ul style="list-style-type: none"> ○ collect data for the indicators ○ draft the programme performance statements (PPSs) 	<ul style="list-style-type: none"> ○ adopts the report (as part of the draft budget proposal)
AAR	<ul style="list-style-type: none"> ○ issue templates/instructions/guidelines ○ review drafts and send feedback to departments responsible ○ organise peer reviews 	<ul style="list-style-type: none"> ○ draft report ○ sign off report (director-general, or director of an executive agency) 	<ul style="list-style-type: none"> ○ decides on the follow-up

Source: ECA.

Abbreviations

AAR: Annual activity report

AMPR: Annual management and performance report

DG BUDG: Directorate-General for Budget

KPI: Key performance indicator

MFF: Multiannual financial framework

PPS: Programme performance statements

RRF: Recovery and Resilience Facility

SEC-GEN: Secretariat-General

Glossary

Annual activity report: Report produced by each Commission directorate-general and EU institution or body, setting out how it has performed in relation to its objectives, and how it has used its financial and human resources.

Annual management and performance report: Report produced every year by the Commission on its management of the EU budget and the results achieved, summarising the information in the annual activity reports of its directorates-general and executive agencies.

Annual report: ECA annual audit report containing a statement of assurance on the reliability of the EU accounts and the regularity of underlying transactions, which the ECA is required to provide to the European Parliament and the Council in accordance with the Treaty on the Functioning of the European Union.

Commitment: Amount earmarked in the budget to finance a specific item of expenditure, such as a contract or grant agreement. Outstanding commitments are the sum of commitments made but not yet translated into payments.

Corporate Management Board: Central management body of the Commission, providing coordination, oversight, advice and strategic direction on corporate issues, including resource allocation and risk management. It meets regularly, is chaired by the Secretary-General and brings together the directors-general responsible for budget, human resources and security, and the Director-General of the Legal Service. Senior members of the relevant Commissioners' cabinets participate as observers.

Direct management: Management of an EU fund or programme by the Commission alone, as opposed to shared management or indirect management.

Discharge: Annual decision taken by the European Parliament giving the Commission final approval for the way a budget has been implemented.

Indicator: Information used to measure or assess an aspect of performance. A key performance indicator measures performance against key objectives.

Indirect management: Method of implementing the EU budget whereby the Commission entrusts implementation tasks to other entities (such as non-EU countries and international organisations).

Key performance indicator: Quantifiable measure showing performance against key objectives.

Multiannual financial framework: The EU's spending plan setting priorities (based on policy objectives) and ceilings, generally for 7 years. It provides the structure within which annual EU budgets are set, limiting spending for each category of expenditure.

Programme: The means by which specific EU policy objectives are delivered, generally through co-financed projects.

Programme statement: Justification for the operational appropriations requested by the Commission for each spending programme in the draft annual budget, based on implementation in previous years measured through indicators.

Recovery and Resilience Facility: The EU's financial support mechanism to mitigate the economic and social impact of the COVID-19 pandemic and stimulate recovery, and meet the challenges of a greener and more digital future.

Regularity: Extent to which a transaction or activity complies with the applicable rules and regulations and any contractual obligations.

Shared management: Method of spending the EU budget in which, in contrast to direct management, the Commission delegates to the member state while retaining ultimate responsibility.

Sound financial management: Management of resources in accordance with the principles of economy, efficiency and effectiveness.

Special report: Document setting out the findings of an ECA audit to determine whether an activity has adhered to the principles of sound financial management and achieved its objectives.

ECA team

This review was adopted by Chamber V Financing and administering the Union, headed by ECA Member Jan Gregor. The task was led by ECA Member Jorg Kristijan Petrovič, supported by Martin Puc, Head of Private Office and Mirko Iaconisi, Private Office Attaché; Colm Friel, Principal Manager; Mircea-Cristian Martinescu, Head of Task; Dana Šmíd Foltýnová, and Slobodan Dimitrovski, Auditors. Laura McMillan provided linguistic support.

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The annual management and performance report (AMPR) is the Commission's high-level performance report on the EU budget, and part of the Commission's annual financial reporting package. The legal deadlines involved limit what we can address comprehensively in time for the annual discharge procedure and consequently this review focuses on Volume I of the 2023 AMPR. Our review notes that overall, the Commission had good procedures for its preparation, while there was scope to improve the quality of performance data. We also highlight that the AMPR reflects views that differ from observations we raised in our annual report, concerning cohesion funding and the Recovery and Resilience Facility.

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