

Decision of the European Ombudsman in the case 1369/2020/JN on the European Commission's decision to reject costs claimed in an EU funded project in the area of urban traffic

Decision

**Case 1369/2020/JN - Opened on 03/12/2020 - Decision on 03/12/2020 - Institution
concerned** European Commission (No maladministration found) |

Dear Mr X,

On 12 August 2020, you submitted a complaint to the European Ombudsman against the European Commission concerning the above issue.

Following an audit of the project in question, the Commission decided to declare ineligible for EU funding the majority of the costs claimed. The Commission based its decision mainly on the auditors' finding that the time recording system was unreliable.

Your argue that the time recording system was adequate and compliant with the relevant requirements. You further consider that he Commission' decision is disproportionate. You also put forward arguments related to how the audit of the project was carried out.

After a careful analysis of all the information you provided with your complaint, we have decided to close the inquiry with the following conclusion:

There was no maladministration.

You have not put forward any explanations or evidence that would put into question the Commission's finding that the time recording system was unreliable. The Commission's finding was based on the audit report, which provided a very detailed account of the problems found with the time recording system, which constituted a systemic shortcoming.

The Commission's decision is in line with the case law of the Court of Justice of the EU. The Court of Justice has ruled that the principle of sound financial management [1] requires the Commission to recover the amount of costs that are unverifiable, unreliable or otherwise unsubstantiated. In doing so, the Commission acts in accordance with the law and does not breach the principle of proportionality, regardless of whether the project has been successfully



completed. [2]

Regarding the way in which the audit was conducted, we consider that the Commission addressed your arguments sufficiently and adequately, in particular in its letter of 10 June 2020.

Although we appreciate that you may be disappointed with this outcome, we hope that you will find these explanations helpful.

Yours sincerely,

Tina Nilsson Head of the Case-handling Unit

Strasbourg, 03/12/2020

[1] Article 317 of the Treaty on the Functioning of the European Union.

[2] Cases C-14/18 P *Alfamicro v. Commission* , judgment of 28 February 2019, para. 64-71, and C-584/17 P *ADR Center SpA v. Commission* , judgment of 16 July 2020, para. 99-109.