

Committee on Budgetary Control
The Chair

BUDG- SEC/CONT-COMMITTEE D(2025)19167

Ms Roberta METSOLA
President
European Parliament
PHS 09B011
B-1047 Brussels

Subject: Opinion of the Budgetary Control Committee on the dissolution and final financial report 2024 (period 1 January to 15 July 2024) of the Political group Identity and Democracy with regard to the “*Rules on the use of appropriations from budget item 400*”.

Dear President,

By letter of 4 July 2025 the Secretary-General of the European Parliament informed me that in accordance with the Rules on the Use of Appropriations from Budget Item 400 (“the 400 Rules”) and more specifically articles 1.3.2 on the dissolution of political groups , the former political group Identity and Democracy (“ID Group”) submitted its financial report for the period from 1 January until 15 July 2024 (2024 financial report).

In this letter, the Secretary-General explained that in the context of the dissolution of the political group, his services have received the documents on the implementation and execution of the budget of the political group, and that an analysis of samples selected according to a risk based approach, revealed several instances of non-compliance with the applicable rules.

In order to prepare the submission of the file to the Bureau in accordance with articles 2.7.3. and 2.7.4 of the 400 Rules, the Secretary-General requested me to inform you on the opinion of the committee on Budgetary Control on the 2024 financial report of the ID Group.

CONT Coordinators approved the opinion by written procedure on 3 September, which was subsequently endorsed by CONT committee on 4 September. Please find enclosed the opinion of the CONT committee on the above-mentioned issue.

Yours sincerely,

Niclas Herbst

Copy:

Mr Alessandro Chiochetti, Secretary-General

Mr Didier Klethi, Director-General for Finance

Ms Monika Strasser, Director-General for Budgetary Affairs

Mr Pascal Schonard, Director of the Authority for European Political Parties and European Political Foundations

Annex: Opinion for the Bureau on the Political group Identity and Democracy - Dissolution and final financial report 2024 (period 1 January to 15 July 2024)

Annex

OPINION FOR THE BUREAU

On the Political group Identity and Democracy - Dissolution and final financial report 2024 (2024 financial report)

The Committee on Budgetary Control,

- a. having regard to Articles 2.7.3 and 2.7.4 of the Rules on the use of appropriations from budget item 400,

Factual findings

1. Notes that, in accordance with Articles 1.3.2, 2.7.1 and 2.7.2 of the Rules on the use of appropriations from budget item 400 (“the 400 Rules”), the former political group

Identity & Democracy (ID Group) submitted on 8 October 2024 its final financial report covering the period 1 January to 15 July 2024;

2. Takes note that the former chair delegated all dissolution tasks to the group's Secretary-General, who is now Secretary-General of the newly constituted Patriots for Europe Group, and that the Secretary-General of Parliament mandated DG FINS to supervise the liquidation in line with Article 1.3.2 of the 400 Rules;
3. Notes the fact that net cash assets amounting to EUR 2 619 069.64 were transferred to Parliament's account and that residual fixed assets were sold to the Patriots for Europe Group at residual value, the proceeds being returned to Parliament;
4. Notes that DG FINS received the ID Group's full financial archive in both electronic and paper format and conducted a risk-based ex-post verification of the 2024 accounts, focusing on consistency checks and sample testing of high-risk contracts and donations;
5. Takes note of DG FINS's findings that at least EUR 4 333 635.78 of Item 400 appropriations were unduly spent by the group over the 2019-2024 term, exposing Parliament to a significant financial risk;
6. Notes that DG FINS offered the former Secretary-General of the ID Group two written opportunities (letters of 30 January 2025 and 11 April 2025) to comment and to provide additional documentation, and that the explanations submitted by letters of 13 February and 19 March 2025 did not remove the irregularities identified;
7. Notes that, under Article 2.7.3 of the 400 Rules, the Secretary-General has forwarded the file, together with DG FINS's assessment, to the Committee on Budgetary Control for opinion;

Recovery and accountability actions

8. Notes that the EPPO has announced to have opened an investigation into the alleged misuse of EU funds by the former ID group between 2019 and 2024; stresses that Parliament's administration must immediately transmit the case file to the European Public Prosecutor's Office;
9. Recommends to the Bureau to instruct the Secretary-General in consultation with the Legal Service to explore the possibility of opening without delay the required procedures with a view to recover the full amount of ineligible expenditure and to assess the potential liabilities of the responsible Members and hierarchy for intentional or gross-negligent authorisation of irregular expenditure;
10. Recommends to the Bureau to request the Legal Service and DG FINS to examine the feasibility of bringing a civil action for professional negligence against the external auditors who certified the ID Group's accounts without detecting material breaches of the Item 400 Rules, taking account of the Audit Standards requirements and of the liability regime under the corresponding Union or national law; recommends to the Bureau to suspend temporarily the external auditors who certified the ID Group's accounts from the list of approved external auditing companies made available to political Groups for the time of the inquiry; recommends to the Bureau to replace without

delay the suspended external auditors to ensure a sufficient number of options are available to the political groups;

11. Recommends to the Bureau to acknowledge the content of the letter of engagement for Auditors of Political Groups and request full compliance from the Auditors when qualifying their opinion as external auditors;
12. Recommends to the Bureau to request the Secretary-General to ensure that the list of external auditors auditing political groups provides sufficient number of options and the political groups have more choices to select the auditor which comply with the International Auditing and Assurance Standards Board (IAASB);
13. Recommends to the Bureau to instruct the Secretary-General and the Legal Service to examine without delay the legal feasibility of extending financial liability to the individual Members of the dissolved political group where evidence shows that those Members approved or knowingly benefited from the ineligible expenditure or would otherwise be unjustly enriched by the retention or expenditure of EU funds; invites the Bureau to consider, in light of that legal opinion, whether existing internal disciplinary procedures allow such recovery or a targeted amendment to Parliament's internal sanctions regime is warranted in order to make such recovery possible in future cases;
14. Recalls that Union case law does not allow debtors to escape pecuniary obligations through purely formal changes of organisation; in the competition field the Court of Justice has ruled that where there is economic continuity the successor undertaking inherits the predecessor's liabilities (ETI, C-280/06, Skanska, C-724/17); notes that, while the General Court's judgment in *MENL v Parliament* (T-829/16) did not concern a change of name or successor liability, it confirmed Parliament's power to declare expenditure ineligible *ex post* and to order recovery from a European political party once an audit reveals breaches of the funding rules, even when those breaches relate to past financial years; concludes that, taken together, this jurisprudence may permit Parliament both to recover Union funds retroactively and to pursue any entity that is the substantive economic continuation of the original debtor;
15. Notes that, by analogy, a political group should be treated as the successor of a dissolved group, and therefore held liable for any remaining debt under Articles 1.3.2 and 2.7.5 of the Item 400 Rules, whenever a substance-over-form assessment shows sufficient continuity; notes that such continuity may exist where a decisive share of the former group's Members move together into the new formation, where the same Secretary-General, treasurer or core secretariat staff continue to run daily operations, where premises, IT systems, bank accounts or other assets bought with Item 400 funds pass to the new structure, or where the new name and public messaging present the entity as the direct heir of the dissolved group or follow so closely in time that the rebranding appears designed mainly to shed liabilities;
16. Invites the Bureau to instruct the Secretary-General, in consultation with the Legal Service, to examine the possibility to apply the above test to the facts surrounding the formation of the Patriots for Europe Group, taking into account that the group's Secretary-General and several senior staff are identical to those of the dissolved ID Group; that a substantial majority of former ID Members sit in the Patriots for Europe Group, and, according to preliminary information, has assumed the use of assets financed from Item 400; and that the rebranding occurred within weeks of the dissolution of the ID Group;

17. Notes that, unless evidence to the contrary is presented, these elements may collectively satisfy the logical basis of the economic-continuity doctrine and therefore justify treating Patriots for Europe as a successor group for the purpose of recovery;
18. Notes that the European political party formerly registered as “Identité et Démocratie Parti” (ID Party) has, according to the public register of the Authority for European Political Parties and Foundations (APPF), recently changed its denomination to “Patriots.eu”, thereby affirming a legal continuity between the two parties; observes that this continuity on the party side reinforces the substantive finding of continuity on the group side, because the same political family, leadership and assets appear to have migrated in tandem;
19. Takes note of documentary evidence in the case file, in particular a La Poste contract for the postage of print products naming “IDENTITE ET DEMOCRATIE PARTI” as sender on four separate occasions, which shows that services financed from the ID Group’s Item 400 budget were in fact provided on an account belonging to the ID Party; recalls that Article 1.1.1 of the Item 400 Rules explicitly prohibits a political group from financing a European political party, and that the General Court in *MENL v Parliament* (T-829/16) upheld Parliament’s right to declare such expenditure ineligible and to recover it retroactively;
20. Considers that the documented co-mingling of contracts and suppliers between the ID Group and the ID Party, combined with the subsequent rebranding of the party into “Patriots.eu”, strengthens the case for treating the Patriots for Europe Group as a successor group; notes that it may demonstrate a common directing mind, a continuity of operational infrastructure and a concerted re-organisation apparently aimed at shielding Union funds from recovery;
21. Invites the Bureau to instruct the Secretary-General to request the Authority for European Political Parties and Foundations (APPF), pursuant to Article 27(2) of Regulation 1141/2014, to decide, where appropriate, on the suspension or proportional reduction of the operating contribution to the “Patriots.eu” Party; recalls that the Authorising Officer of the European Parliament may, under Article 27(3) of the same Regulation, exclude a European political party from Union funding for up to five years in cases of serious or repeated infringement, thereby ensuring that no further Union funds are paid until any parallel Item 400 debt is repaid in full;
22. Stresses that if a forensic audit confirms that the ID Party (now Patriots.eu) received an indirect advantage from Item 400 resources in breach of Article 1.1.1, Parliament should examine the possibility of pursuing the party itself for unjust enrichment and should explore joint and several liability between the party and the successor group, drawing on the economic-continuity doctrine and on national rules governing successor associations;
23. Asks the Bureau to instruct the Secretary-General to present, as soon as possible, a comprehensive implementation report outlining the amounts recovered, the status of liability procedures, and the outcome of EPPO investigations;
24. Requests to the Bureau and the Secretary-General to maintain the CONT Committee updated on the progress of the file and the recovery actions, so that the state of implementation of all recovery actions can be examined in the framework of the forthcoming discharge exercises;

