



European Court of Auditors

Interparliamentary Conference on

Improving National Accountability of EU Funds

The Perspective of

The European Court of Auditors

The Hague, 29 January 2010



The Annual Statement of Assurance

As stipulated in the **Treaty**, the **European Court of Auditors** is the **EU's external auditor**

The central subject of the Court's **Annual Report** is its **Statement of Assurance** (in French – *Déclaration D'Assurance* - **DAS**)

The DAS provides **an opinion by expenditure area** and not by Member State. But, it still constitutes valuable **feedback at the national level**.



The Annual Statement of Assurance

The **DAS** covers:

(i) the **Reliability of the Accounts**

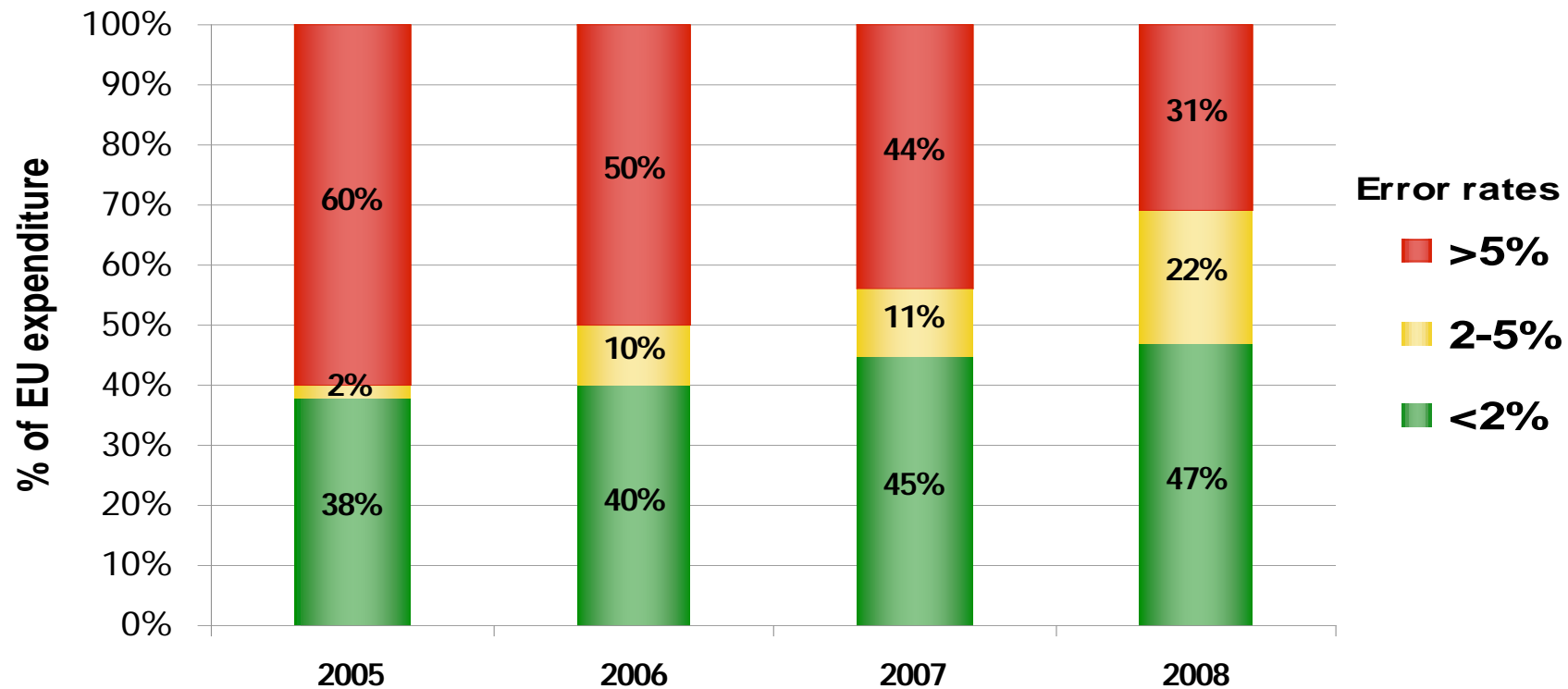
where the Court concludes that *"..the Annual Accounts of the European Communities present fairly, in all material respects, the financial position of the Communities as of 31 December 2008..."*

(ii) and the **Legality and Regularity of Underlying Transactions.**

where progress has been noted but problems persist




YEAR TO YEAR COMPARISON OF THE RESULTS ON THE LEGALITY AND REGULARITY OF UNDERLYING TRANSACTIONS





Legality & Regularity - the EU context

The nature of most expenditure within the EU context makes the audit task particularly challenging. In particular:

-  Over 80% of expenditure concerns payments, in the form of grants, made on the basis of claims submitted by many and diverse final beneficiaries.
-  There is a high level of complexity in the rules applied in the implementation of so many different expenditure programmes in the 27 Member States.



Legality and Regularity - Summary of 2008 DAS results




Specific assessments of the 2008 Annual Report		Assessment of supervisory and control systems	Error range
Revenue		Effective	Less than 2 % (below materiality threshold)
Agricultural and Natural Resources		Partially effective	Between 2 % and 5 %
Cohesion		Partially effective	Greater than 5 %
Research, Energy and Transport		Partially effective	Between 2 % and 5 %
External Aid etc.		Partially effective	Between 2 % and 5 %
Education and Citizenship		Partially effective	Effective
Economic and Financial affairs		Partially effective	Between 2 % and 5 %
Administrative expenditure		Effective	Less than 2 % (below materiality threshold)

Legend:

Functioning of supervisory and control systems

-  Effective
-  Partially effective
-  Not effective

Error range

-  Less than 2 % (below materiality threshold)
-  Between 2 % and 5 %
-  Greater than 5 %



Legality and regularity - The current situation

- ❏ The biggest problems are in the **Cohesion** area, carried out under '**Shared Management**'
- ❏ The Court has highlighted the importance of **effective primary controls** (i.e. carried out where the money is spent).
- ❏ This points to the **crucial role of the Member States**.



Encouraging Transparency and Accountability

- ❏ The Court welcomes initiatives that seek to improve the management of EU funds, at both the Commission and national levels.
- ❏ Improving supervisory and control systems at national, regional and local levels is crucial.
- ❏ The Court is ready to take into consideration 'audit results' originating from the Member States.



Encouraging Transparency and Accountability

- ❑ This requires a common understanding concerning the approach to be applied - such that the methodology is compatible and results are available within the tight time-frame.
- ❑ The European Court of Auditors chairs the Contact Committee Working Group on 'Common auditing standards and comparable audit criteria in the EU context'.



Encouraging Transparency and Accountability

- ❑ It is important to establish a basis for closer cooperation between the European Court of Auditors and national SAIs with due respect for their mutual independence.
- ❑ The Court has launched a pilot-project for a coordinated-audit with 3 SAIs in the context of the DAS.



Encouraging Transparency and Accountability

In conclusion:

- ❑ Our common objective must be a better understanding of where the problems are and of what needs to be done to resolve them.
- ❑ Let us all be open to new ideas on how to improve the management of EU funds.
For the benefit of all European citizens.