

THE EUROPEAN COURT OF AUDITORS COORDINATION OF CAP AUDITS



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NOTA BENE

The opinions and views expressed in this presentation are those of the authors and do not necessarily represent those of the European Court of Auditors.



Liaison with the national Supreme Audit Institutions (SAIs)

- Cooperation foreseen by the Treaty

Article 248(3) of the Treaty establishing the European Community states that: "In the Member States the audit shall be carried out **in liaison with national audit bodies** or, if these do not have the necessary powers, with the competent national departments. The Court of Auditors and the national audit bodies of the Member States shall **cooperate** in a spirit of trust while maintaining their independence."



Liaison with the national Supreme Audit Institutions (SAIs)

- Moreover, the Treaty of Nice contains the following declaration:

"The Conference invites the Court of Auditors and the national audit institutions to **improve the framework and conditions for cooperation** between them, while maintaining the autonomy of each. To that end, the President of the Court of Auditors may set up a **contact committee** with the chairmen of the national audit institutions."



Liaison with the national Supreme Audit Institutions (SAIs)

- Cooperation between the SAIs of the EU Member States and the ECA dates back to the Court's founding in 1977. Over the years, this cooperation has become more organised and institutionalised.
- Regular **meetings** of SAI Presidents (Contact Committee) / working parties / joint audits, etc.



Cooperation with Member States



The large-scale decentralisation of the management of the EU budget towards the national authorities in the Member States has moved the centre of gravity of the Court's audit work towards these countries

Cooperation between the European Court of Auditors and the national audit bodies has therefore developed from a simple legal obligation into a practical necessity, since Community and national administrations have become more closely linked

That is why, in addition to the regular exchanges of information between the SAIs, it has become necessary for the respective institutions' audit approaches to develop in such a way as to ensure the most effective compliance with international auditing standards



Liaison Officer of the European Court of auditors



The **Liaison Officer** of the European Court of Auditors :

- ✓ is responsible for the coordination, supervision and follow-up of the European Court of Auditors' bilateral and multilateral relations with the national audit institutions of the Member States, candidate countries and third countries and with international audit organisations (EUROSAI, INTOSAI, IFAC etc.);
- ✓ cooperates and liaises with his counterparts in the Supreme Audit Institutions of the Member States and candidate countries;
- ✓ monitors the work and achievements of the relevant cooperation networks in which the Court is represented;
- ✓ assists the Court's representation and participates, as appropriate, in the meetings of SAI's in the framework of, inter alia, the Liaison Officers' and Presidents' Contact Committees, Contact Committee working groups etc. and provide administrative support for the Contact Committee.



All of these duties are carried out under the authority of the President of the Court.

How does it work (with Member States)



- ✓ There are numerous and frequent exchanges of information with Supreme Audit Institutions in the Member States, particularly in the context of the Court's audit visits to Member States
- ✓ In order to ensure the smooth running of bilateral cooperation between the Court and SAIs, at the end of each month, the Liaison Officer informs the SAIs' LOs of any audit visits scheduled for the coming four months on the basis of information provided by Audit Chambers
- ✓ When the audit mission is confirmed, the unit in charge of the visit notifies, in writing, the body to be audited and the Liaison Officer of the SAI of the country to be visited, of the details of the audit. It should be pointed out that the Court has adopted standard letters to be used when giving notice of audits and communicating the results
- ✓ A list of current Liaison Officers, to whom notification letters should be addressed is made available to the Court's auditors



How does it work (with the Commission)

- ✓ In addition to the bilateral cooperation between the Court and SAIs, the Court has similar exchanges with the Commission (DG AGRI for CAP audits)
- ✓ **DG AGRI**, every 4 to 6 weeks, informs Chamber I of any audit visits scheduled for the coming four months (mission programme of DG AGRI, Directorate J)



Planning and co-ordinating CAP audits

Difficulties in practice

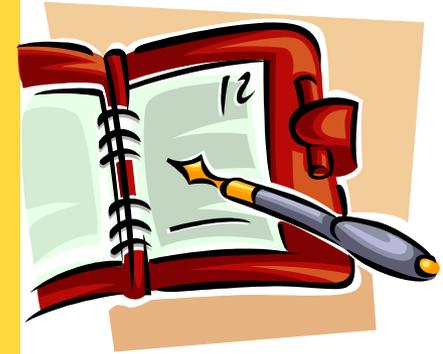


When planning an audit visit, the Court takes into account the information obtained from Member States and from the Commission in order to avoid overlapping with other audits planned by other control bodies

Although it may not always be possible, the Court generally agrees to postpone an audit mission which poses difficulties to the auditees

However, difficulties may be generated by the number of stakeholders involved, the increasing number of audit missions as well as unpredictable events such as changes of dates by other parties

The difficulties encountered can only be dealt with on a case by case basis



Planning and co-ordinating CAP audits

Difficulties in practice



Given the nature of the audit and taking into account the audit approach, a co-ordination of the audit work is not always possible

Depending whether the audit planned is a financial or a performance audit, the objectives of the Court's audits and those scheduled by the Supreme Audit Institutions or other control bodies in the Member States may diverge

According to the Court's approach in auditing CAP expenditure the Court' auditors will visit both the Commission and the Member States. And when they visit Member States they check not only the payments by the paying agency but also whether, for example, an individual farmer met the conditions to receive EU funding. This approach may not always correspond to the approach adopted by SAIs. For example certain SAIs apply a single audit approach

In regard to the latter point, the Treaty requires the Court to check the legality and regularity of the underlying transactions. This requires the Court to visit the final beneficiary (i.e. the farmer). However, not all SAI's are authorized to make such visits



Planning and co-ordinating CAP audits

Example of difficulties encountered recently



A Member State raised concerns regarding the scheduling of audits of the CAP by the respective services of the ECA and the Commission and, in particular, the clustering of audit activity in a given region. It was suggested that a rolling schedule be put in place setting out, so far as is possible, the anticipated ECA and Commission audit missions for a Member State for the next twelve months.

In fact, setting up a rolling schedule of missions would encounter major difficulties notably due to the fact that

- DAS transactions are selected randomly and in several drawings over the year. Thus, we cannot predict which Member States or regions are likely to be selected.
- Contrary to EAGF DAS transactions, some 80% of which are identified at an early stage, the rural development sample is drawn on a quarterly basis while the number of transactions per quarter is determined by the overall level of payments undertaken by the Member States during the period.

Notwithstanding these difficulties, the Court and the Commission should make every effort to coordinate to the maximum extent possible our interventions in the Member States.





Any questions ?

