

EUROPEAN COURT OF AUDITORS



The DAS Approach

Definition and Treatment of DAS Errors

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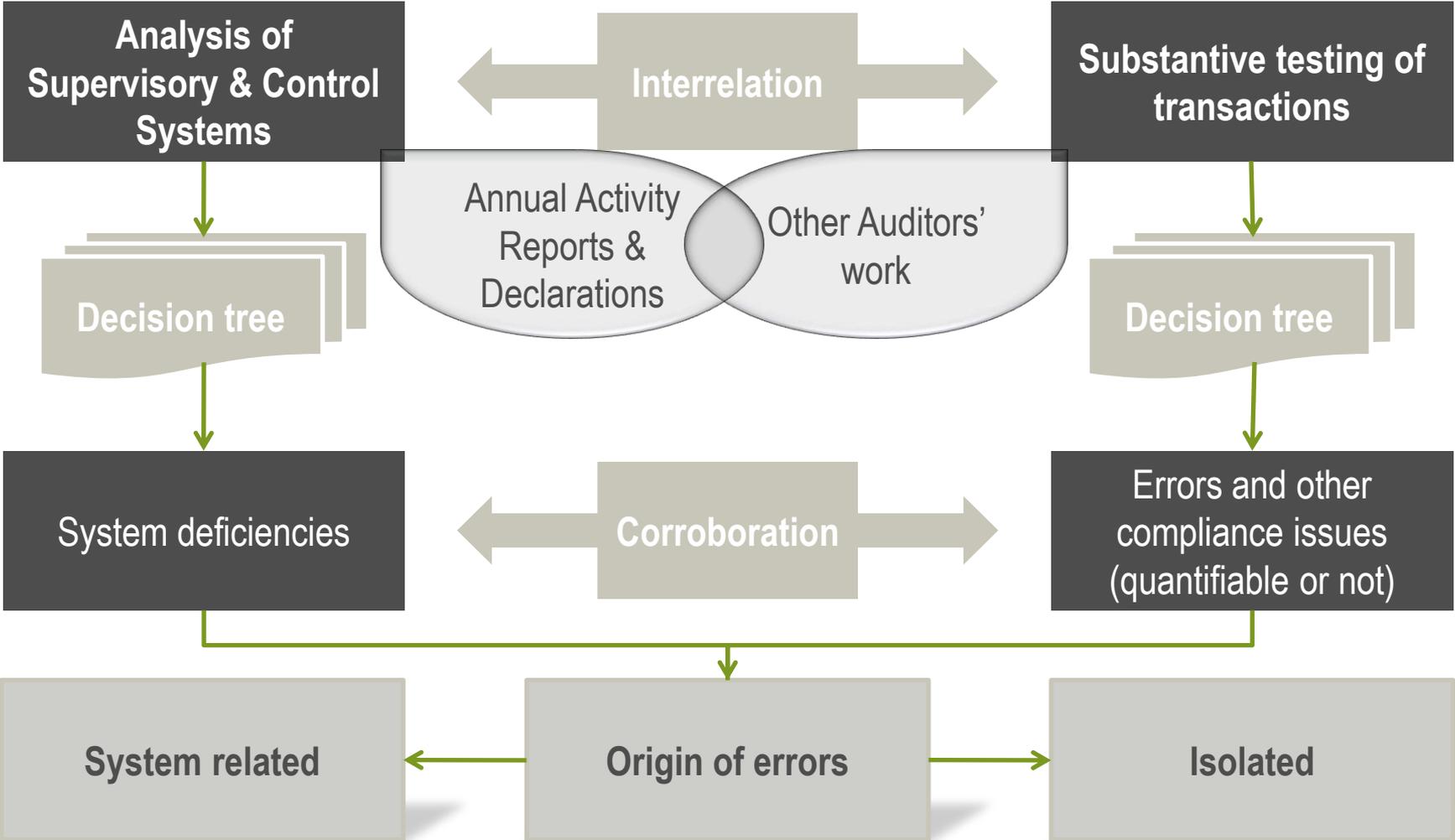
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Background

The methodology for audit work on **reliability of the accounts**, based on international standards has been **stable** since 1994, but the treatment of errors has taken into consideration the change to **accruals accounting**

As concerns the work on **legality and regularity**, the Court adopted a **revised approach** in 2006 (DEC 009/06) (key element: Assurance Model). A revised **definition and treatment** of **DAS errors** (detected in substantive testing) was adopted by the Court in 2007 (DEC 070/07).

Background - Interrelation of DAS sources



Main features of the guidelines

Errors are relevant for the DAS if they would reasonably **affect the decisions** of the addressees of the audit opinion.

Main questions to be asked:

- Does the error affect
- a “**condition for payment**”, or
 - an “**other compliance issue**” ?

Main features of the guidelines

What is considered as a condition for payment?

Should the amount paid **have been different** if the error had been known?

An answer has to be provided for all levels of the audit trail:

- o At **Commission** level;
- o At **national**/regional/intermediate level;
- o At **final beneficiary**/recipient level;

Main features of the guidelines

Other Compliance Issues

Specific conditions to be fulfilled, which result from related policy objectives and legal obligations or systems requirements.

Non-compliance with these requirements does not mean that the condition for payment is affected but it implies a **financial risk** and/or could lead to **financial corrections** to be borne by Member States or **fines** to be paid by final recipients of grants.

Main features of the guidelines

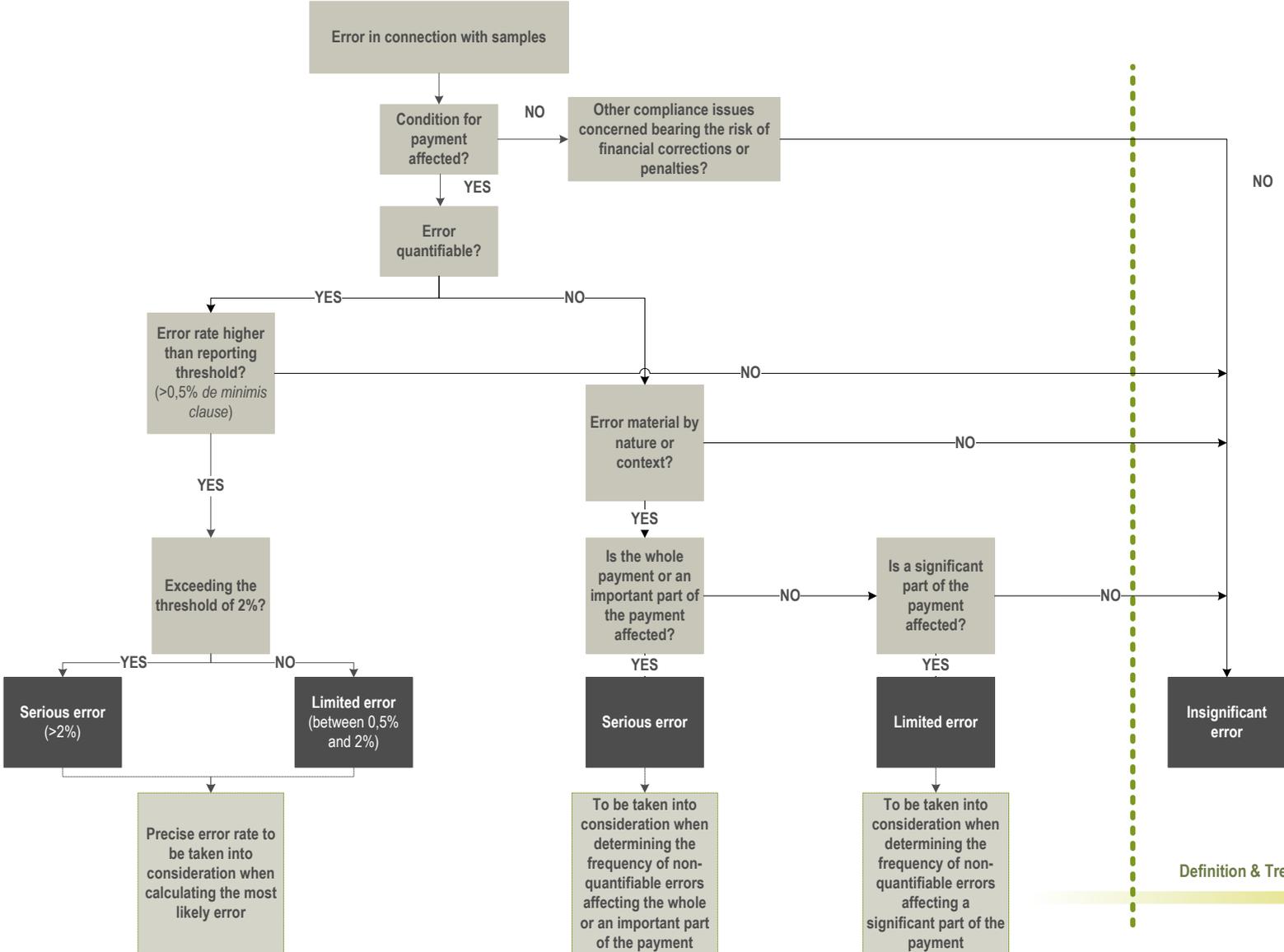
Quantifiable errors

Have a direct and measurable **financial impact** on the amount of the underlying transactions financed from the EU budget.

Non-quantifiable errors

- Concern the non-observance of an **other compliance issue**
- Concern the non-observance of a **condition for payment** having a direct financial impact but where it is not possible to quantify the exact amount of the error.

European Court of Auditors – Decision Tree



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Thank you for your
attention

Any Questions?



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