



# Journal

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**2018**

Work Programme

Special theme  
The ECA Work Programme



*Featuring the making of, its contents and presentation of the Work Programme*

*p. 5*



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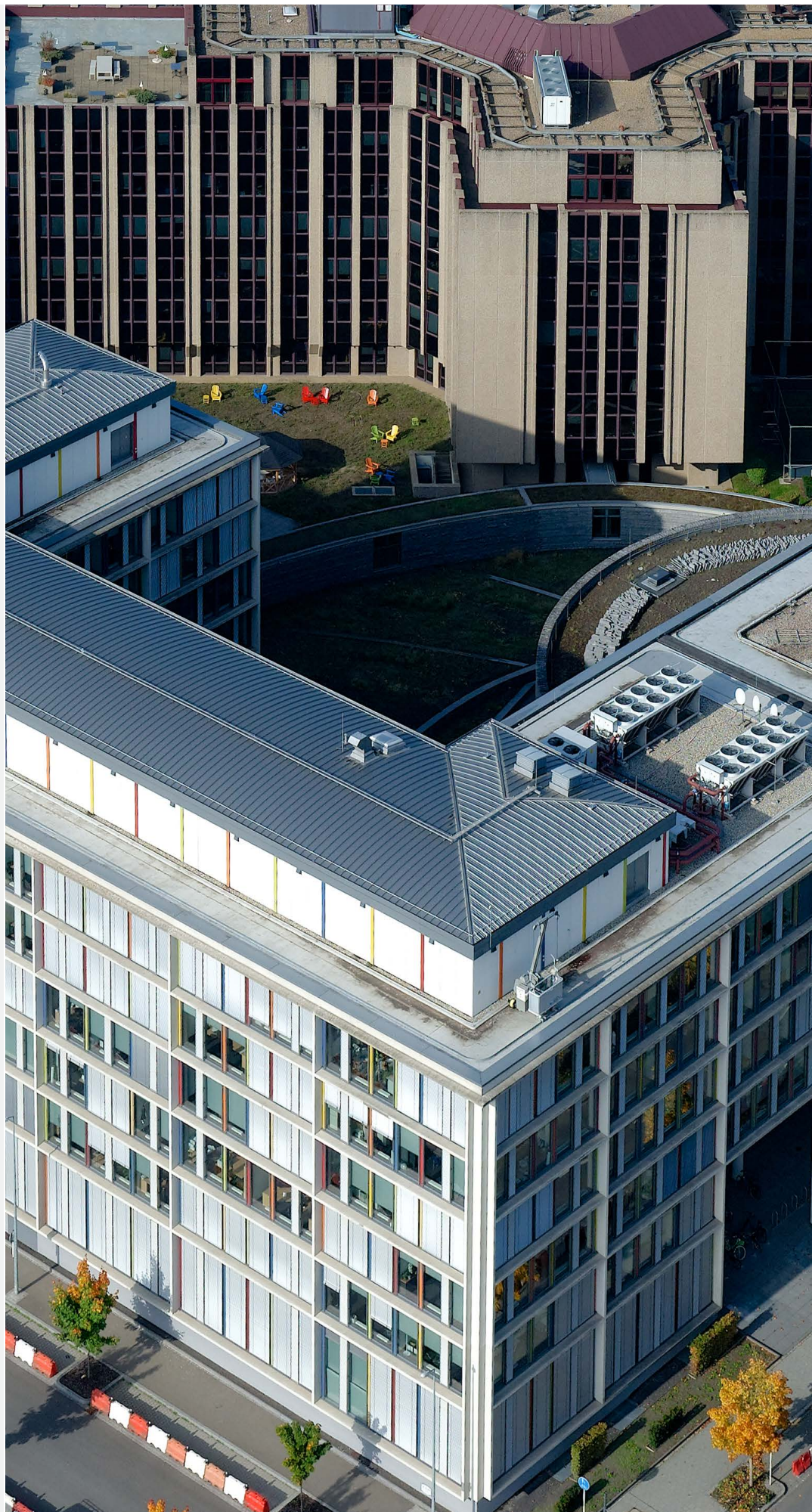
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## Having an impact starts with selecting the right topics



It's January, and many of you will have made resolutions for the year ahead. Perhaps you have a list of objectives and dates for their implementation. You may even have gone further and shared the list with your partner and other family members. Which means making yourself vulnerable if you do not live up to your good intentions.

The ECA has been doing all this for several years now, including publishing its annual work programme on its website. And so much the better! Transparency keeps the ECA accountable to its institutional stakeholders and the public at large. After all: who audits the auditor? Publishing a work programme becomes a commitment to deliver. It means others can count on the ECA for relevant and timely information and check that the ECA is keeping its resolutions and promises.

But there is more to a work programme than just accountability towards others. It is also an important management tool for operational purposes: to plan the allocation of resources and the timing of ECA reports. Internally, planning is encoded in an IT system that contains details of auditor weeks, budgets and timelines, identifying who will produce what, when, and with what means.

Just as important, if not more so, than the two elements mentioned above – accountability and the work programme as a management tool – are the choices made. Faced with a vast array of interesting topics, the ECA needs to select very carefully which policies, which regulations, which programmes and which projects it will audit. The impact of the ECA's products depends very much on the audit tasks it undertakes. And fortunately the EU Treaties enable the ECA to make this selection independently.

But the freedom to choose also brings a huge responsibility. This is why the ECA's work programming process has been chosen as the main theme for this year's first ECA Journal. Because as compact and concise as the 2018 work programme may appear, there is a lot more to it than meets the eye.

In the following pages we give a range of insights into how the ECA plans its work. What analysis is there before choices are made (see for example page 13 on policy scans)? How are audit ideas devised and then whittled down to a manageable number of most relevant audit tasks (see page 16)? What does it take for an audit to be made a high priority task (see page 20)? And how does the ECA tap into the needs and suggestions of institutional stakeholders (see for instance the external perspectives on page 31)? However, we kick off with ECA President Klaus-Heiner Lehne (see next page), who describes the ECA's work programming as a cooperative process, both internally and with our stakeholders. Because being relevant also means listening to the needs expressed by others and acknowledging their expertise.

The relevance of the ECA's output depends substantially on the quality of its selection of audit tasks. Implementing them poses quite another challenge. I wish you every success with your own work programme, both personal and professional, in 2018 ... and good luck with your planning for 2019!

Gaston Moonen



Klaus-Heiner Lehne, ECA President

## ECA 2018 Work Programme: tying into stakeholders' needs

### Interview with Klaus-Heiner Lehne, ECA President

By Gaston Moonen, Directorate of the Presidency

#### Towards a more strategic and consistent approach

*Following its decision to review programming procedures in January 2017, the ECA adopted the Annual Work Programme (AWP) for 2018 which was published on 18 October 2017. As we embark on next year's exercise, what lessons can be learnt from last year?*

I believe that this year's AWP, the first under the new programming procedure, was a positive experience. It has resulted in a more varied portfolio of products including briefing papers, landscape reviews and rapid case reviews. It now also covers a broader range of policies and programmes. By taking key decisions directly at the level of the ECA College we have made significant progress towards a more strategic and consistent approach to the programming of our work. In my view, the move to a Court-wide approach to programming has been one of the main success factors in this change.

The ECA 2018 Work Programme was produced faster, presents an extended product range and takes up many suggestions from stakeholders. ECA President Klaus-Heiner Lehne explains why, how it came about and what its aims are.



*By taking key decisions directly at the level of the ECA College we have made significant progress towards a more strategic and consistent approach to the programming of our work.*



As a by-product of this, the procedure is faster, requires fewer resources, and limits unnecessary work on ideas which will not make it to the final cut. Moreover, the ECA decided to give high priority status to twelve tasks, although I believe that how this prioritisation is reached, can still be refined in the years to come.

This coming year will be a chance to fine-tune the process, from the selection of tasks on the basis of substance alone, to the input of stakeholders, to a further reduction in the duration of tasks. We also need to be quicker, more reactive and more flexible in allocating staff to audits tasks.

*What do you mean by a 'Court-wide approach' to programming?*

I mean a work programme of which the whole ECA, with every single one of its Members and with every chamber, takes ownership and can defend in its entirety. In this sense, the reform of our programming is the prolongation of the ECA's organisational reform enacted under my predecessor, President Caldeira, in January 2016. We plan our work not according to a given structure, but rather by adapting that structure to the tasks the ECA considers necessary.

To make this happen we need a cooperative process, with regular internal communication between the chambers and the Presidency. Although the process has become more centralised, everyone must be able to have a say. In this way we can combine the specialised knowledge of the chambers with the wider picture and balance perceived at College level.

### **Being responsive to stakeholders' needs**

*The ECA Strategy for 2018-2020 includes the ambition to be more responsive to the needs of the ECA's stakeholders, the European Parliament and Council. To what extent was this achieved in the current Work Programme?*

The ECA decides and executes its work programme in complete independence. But this does not mean that it works in a vacuum. Nor does it preclude us from reaching out to our institutional partners to hear what their information needs are. We are talking about two institutions with very different structures and cultures, and therefore I believe that the our approach should be specifically tailored to each one.

Concerning the European Parliament, we have developed a close relationship with the body which coordinates the work of the parliamentary committees, the Conference of Committee Chairs (CCC), in order to receive audit suggestions as early as possible in the planning process.

It is worth noting that three quarters of the parliamentary committees provided input last year, with a total of 77 suggestions, and that around two-thirds of these are now taken up in our work. However, I believe that this coverage can and must be extended this year, and that was the point I also made on 16 January of this year when I met them and discussed the ECA Work Programme. The Parliament's plenary also regularly addresses the ECA, for instance as part of the discharge process but also in a variety of other contexts.



*Although the process has become more centralised, everyone must be able to have a say.*



*The ECA decides and executes its work programme in complete independence. But this does not mean that it works in a vacuum.*



*... three quarters of the parliamentary committees provided input last year, with a total of 77 suggestions, and (...) around two-thirds of these are now taken up in our work*

Concerning the Council we have received on a number of occasions specific suggestions which were very useful to us and which the ECA has acted upon, but I believe we can deepen our interaction. The ECA is now in a dialogue with successive Council Presidencies with a view to structuring this process.

I should add that receiving suggestions and ideas, taking them up, and completing audits cannot be seen as ends in themselves. For the ECA's recommendations to have an impact on the ground, the Parliament and Council should bear in mind the content of the recommendations contained in our special reports when reviewing legislation or when acting as a budgetary authority. The impact of our work in practice and on the lives of citizens and businesses should always be our focus.

*Who else should the ECA be listening to in preparing its work programme?*

I believe that we also need to be aware of the priorities of national parliaments and those of our counterparts in the supreme audit institutions, think tanks, academia, and the Commission's own impact assessments. And last but not least of the expectations of citizens themselves as to what European Union they want to see in the future. Last year's special report on the 'Commission's intervention in the Greek financial crisis' and the very large echo it received in the media is an example of such public awareness of our work.

And of course we should actively foster knowledge management of our own staff, for instance through the so-called Subject Briefs<sup>1</sup>, and continue to shift as much staff as possible from support functions to core functions.

*Is there not a risk that through interactions with its stakeholders the ECA creates expectations which will not be fulfilled?*

On the contrary, we can only help the Parliament and Council in their endeavours if we are aware of their needs. It is clear to everyone that with limited staff we can only carry out a limited number of audits. During the programming process, many excellent ideas surface and by definition we must be selective. In addition we sometimes lack staff with the necessary qualifications in specific new areas such as security, and this is one reason why we decided to set up a *reflection group* to ensure that the Court makes itself 'future-proof'.

Where further progress could be made is in better explaining which suggestions the ECA decides to take up and why it does not take up others. Where a suggestion is ambiguous, it should be clarified directly with its author. The more focused an audit is, the better. Where an issue is perhaps too broad to produce a useful result, we should consider whether and how it could be sequenced in several steps. Narrowing the focus of an audit and defending this choice sometimes requires courage, but it very often increases the quality of the end-result substantially.

<sup>1</sup> Subject briefs are overviews, mostly created by ECA staff members, to internally share knowledge on specific policy areas.



*...we can only help the Parliament and Council in their endeavours if we are aware of their needs. It is clear to everyone that with limited staff we can only carry out a limited number of audits.*

At the end of the day, our stakeholders understand well that it is up to us, in complete independence, to make choices on how to allocate our resources, and to defend those choices.

### **ECA input into the legislative process**

*Does the ECA have any role in the joint programming undertaken by the Parliament, Council and Commission as part of the Better Lawmaking Agreement?*

Such an involvement would be beyond our mandate and a step into the law-making arena. However, the content of programming carried out by the other institutions, separately or jointly, is of course relevant for the ECA in planning our own work independently.

More generally, in the last two decades we have seen an increasing emphasis on formalised planning and on the pre-legislative phase in the European Union institutions, and in particular the Commission. Such forward-planning is positive, and increases the quality of the output, so long as the necessary flexibility remains to address unpredictable developments. It is this relative flexibility which we must also retain in the ECA throughout our programming process. As the saying goes, “only fools never change their minds”!

*Is the ECA then absent from the pre-legislative phase?*

Definitely not, in fact there are multiple opportunities for the ECA in this phase.

The impact of our audits is multiplied if their timing is right, for instance if they can feed into an ongoing legislative review. To take only one example, the European Parliament is keenly looking forward to our audit on Erasmus+ in order to remedy any shortcomings in time for the new Multi-annual Financial Framework.

I am also satisfied that for the first time we have managed to include briefing papers in our work programme, namely on the future of the EU budget, and on key issues in three of the big policy fields, the Common Agricultural Policy, cohesion and research and innovation. These briefing papers will be our contribution to the debates currently taking place, with the aim to have them published before the Commission issues its legislative proposals.

We also have a role to play in scrutinizing the Commission’s legislative proposals whenever they have a financial impact, but also if we are asked for an opinion by either Parliament or Council. This happened most recently concerning the review of the Financial Regulation and the Regulation on Political Parties and Foundations at European level. This will be the case in particular from this May onwards when the Commission will issue its legislative proposals for the main spending programmes for the post-2020 period.

The legislative process and the quality of legislation can only benefit from the insights of our audit work. No other body has the possibilities that we have, under the Treaties, to examine in detail how EU policies and programmes are implemented across our Union and beyond.



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# The main topics covered by the ECA 2018 Work Programme

By Martin Weber, Director of the Presidency

## More audit tasks planned for 2018

Every year the ECA publishes a work programme to inform other institutions and EU citizens about the audit tasks it will execute in the year ahead. Through these audits we aim to address key issues affecting the EU. These include, but are not limited to, the five priority areas identified in our 2018-2020 Strategy: the sustainable use of natural resources, growth and inclusion, migration and global development, the single market, and an accountable and efficient European Union.

The 2018 work programme lists 47 audit tasks. This is a significant increase compared to last year (30 tasks). The programme was published on 18 October 2017 (a month earlier than last year). This year we opted for a more concise presentation, reducing the number of pages by half to a total of seven.

## Increased variety by topic and type of report

The audit tasks vary considerably in form and content, and more so than in previous years. Content-wise they range from concrete issues like flood prevention, protection and preparedness to an examination of the Commission's activities overseeing the practical implementation of EU law.

As to the types of report, there is also a large variation: our audit findings will be presented in special reports and landscape reviews – as well as newer, more recently launched products such as briefing papers and rapid case reviews. Another new feature is the clear designation of 'high priority' tasks.

## Prioritisation of audit tasks in the work programme

Twelve of the 48 tasks are labelled 'high priority': in view of their relevance and urgency we intend to complete and publish these in 2018.

The ECA work programme is obviously an important element in the institution's organisation of its work and its relations with stakeholders. But what is the work programme about, and which audit tasks does it contain this year?



**Figure 1: ECA's five priority areas for the 2018-2020 period; high priority audit tasks for 2018**

Source: ECA

**Figure 1** provides an overview of the ECA's five priority areas for the 2018-2020 period and the related high priority tasks for 2018. **Table 1** provides a short summary of the audit objectives for each of these tasks.

The 2018 work programme is a public document and can be downloaded at:

<https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=43189>

### High priority tasks – reports to be published in 2018

Name of the task	Objective of the task
<b>Sustainable use of natural resources and addressing climate change</b>	
Food Safety	To assess whether the EU framework ensures that food safety control and labelling are well designed and implemented.
Desertification in the EU	To assess whether the EU is well prepared for adapting to desertification.
Future of the CAP briefing paper	To provide an overview on a Commission's Communication on modernising and simplifying the Common Agriculture Policy (CAP).
<b>Investment for cohesion, growth and inclusion</b>	
Transport and mobility landscape review	To highlight the main risks and challenges for the EU transport and mobility policy area in the five key modes of transport, i.e. air, road, rail, maritime and inland waterways.
Simplifying Cohesion policy briefing paper	To provide an overview of the extent to which the Commission and Member States analysed the occurrence of gold plating, the measures taken to mitigate or eliminate it and the possibilities to further simplify the rules for the 2014-2020 programme period. The briefing paper would also analyse the measures put forward to take additional simplification measures for the post 2020 programme period.
<b>Migration, security and global sustainable development challenges</b>	
Facility for Refugees in Turkey	To assess the performance of the Facility for Refugees in Turkey (FRT) system and projects.
EUTF for Africa	To assess if the Commission designed and operated the EUTF for Africa well and whether it achieved its objectives. In addition to that it will be assessed whether the EUTF added value to the EU response to migration, integration and security challenges.
Transparency of NGO funding	To assess whether the Commission adequately monitors funding of NGOs in particular in terms of transparency.
<b>Functioning Single Market and sustainable Monetary Union</b>	
European Insurance and Occupational Pensions Authority (EIOPA)	To assess whether EIOPA ensures supervisory convergence and contributes to financial stability in the insurance and pension markets.
H2020 simplification measures	To assess whether the simplification measures in Horizon 2020 achieved their intended objectives.
<b>Financing and administering the Union accountably and efficiently</b>	
Future of the EU budget briefing paper	To assess whether and how EU programming and budgeting could be improved so as to ensure available funds are directed towards EU strategic priorities and to add value.
Conflict of interest/ethics	To examine whether the arrangements put in place by the EU institutions to ensure ethical behaviour of its members and staff are appropriate and whether they are in line with best practices.



# ECA's programming procedures in a nutshell

By Sandra Diering, Directorate of the Presidency

Through its annual work programme the ECA selects specific audit topics, taking account of its strategic objectives set out in the ECA 2018-2020 Strategy. Sandra Diering briefly explains the ECA programming procedures, the different steps the process contains and the way they build upon each other.

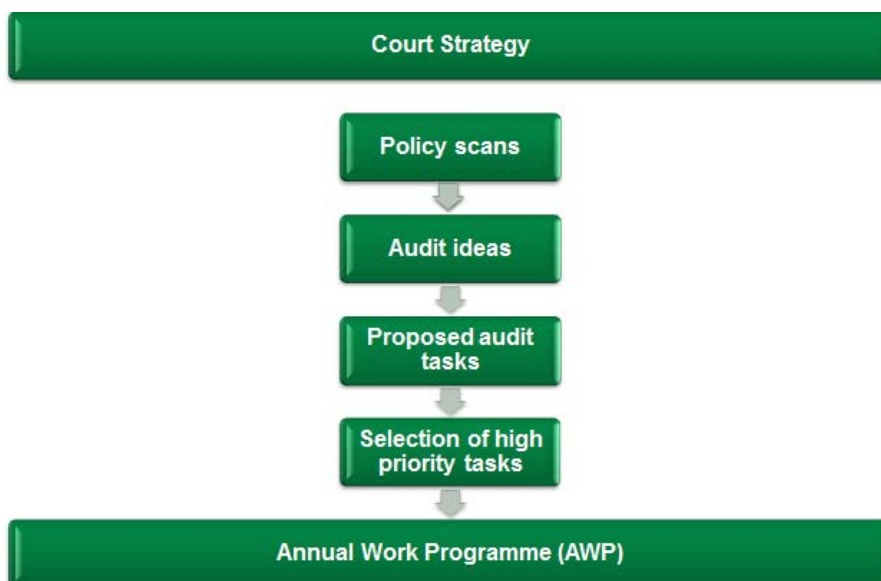
## Introduction

Our main role as the EU's independent external auditor is to verify that EU policies and spending programmes and have achieved the intended objectives and are implemented in accordance with the relevant rules. By doing this, we aim at promoting accountability and transparency and thereby ultimately contribute to the protection of the financial interest of the Union and all EU citizens.

In order to maximize the impact of our work, it is essential to identify, select and plan audit tasks which are relevant and come at the right time. Our programming process helps us to do so. It translates the higher level objectives of the multiannual strategy into operational objectives in the form of audit tasks. The final product of this programming process is the Annual Work Programme (AWP).

## The different stages of the programming process

Each year the ECA identifies and selects a number of audit tasks to be included in its AWP. The programming process consists of several steps:



The ECA strategy for the period 2018-2020 sets the overall framework for the selection of audit tasks. It defines the general direction and strategic objectives of our work. It identifies four strategic goals:

- improving the added value of the ECA Statement of Assurance;
- increased focus on the performance aspects of EU action;
- get clear messages across to our audiences; and
- gear our organisation to our products.

In addition the ECA strategy defines five priority areas for the ECA's work in the coming years:



For each priority area policy scans summarize the risks, materiality, recent policy developments and current or recently finalized work by the ECA or other relevant actors. Policy scans are updated by the audit chambers on an annual basis.

On the basis of the policy scans we develop audit ideas. Audit ideas state the potential audit subject and briefly summarize the main reasons for including the task in the AWP. A certain number of audit ideas are then selected to be further expanded into Proposed Audit Tasks (PATs).

A PAT is a relatively detailed assessment of the main characteristics and risks of the audit area and the reasons for carrying out the task. Among the PATs we subsequently select those which, on the basis of their potential impact and alignment with the ECA's priorities, are considered high priority or priority and should therefore be included in the work programme.

High priority tasks are, by definition, of particular importance and often reply to key concerns of our stakeholders. These tasks are therefore given priority when allocating resources so that the result of the work can be published before the end of the work programme year.

The ECA's AWP outlines all ECA tasks in a given year. For each task it sets out a more detailed planning in terms of timing as well as resources. An extract of the AWP, including an overview of all tasks to be published in the year concerned, is publicly available on the ECA website.

### Reaching out to our stakeholders

Our programming procedures aim at addressing the information needs of our institutional stakeholders, and in particular the European Parliament (EP). We therefore analyse each year the discharge decisions from both EP and Council. In addition, we have taken specific steps to encourage all standing committees at the EP, but also national parliaments, to make suggestions of for possible audit subjects.

### Programming as a cooperative process

The audit work programming at the ECA follows a centralized approach to ensure a well balanced portfolio for the institution as a whole. At the same time, the specific knowledge and expertise of the five audit chambers is essential to make sure the programme can reach its full potential.

Therefore the ECA work programming is a cooperative process in which the different audit chambers are actively involved at all stages and interact with each other. And last but not least, to make programming a success story it needs to be filled with contents by the people who work with it. In the end, the determining factor for the quality of our programming and our output is the knowledge and expertise of our staff.



# Policy scans at the ECA: What are they and what is their purpose?

By Dennis Wernerus, Directorate External action, security and justice

The ECA's Strategy for 2018-2020 identifies five priority areas. Each year auditors conduct and update policy scans covering many elements in each thematic focus area. Dennis Wernerus, as the assistant to a director closely involved in the work programming process, explains what these policy scans entail and why they are so important.

## What are policy scans?

Audit is essentially an activity based on the acquisition and use of knowledge. What we know ultimately feeds into decisions about what to do. This has important implications for the way we manage and share knowledge at the ECA. It is in order to promote a corporate culture of knowledge-sharing and collective learning that the ECA launched the 'Enabling Knowledge for Audit' initiative (EKA), of which the creation and dissemination of policy scans is an integral part.

Policy scans provide a brief overview of an EU policy area, covering objectives, the legal framework, actors, materiality of the underlying EU instruments and the mode of budgetary implementation. They also contain information on the latest policy developments (e.g. pre-legislative process and Commission annual work programmes), a risk assessment, stakeholder interests, and coverage by previous and current ECA audits. Within the ECA's chambers, each audit directorate develops and updates policy scans on the major policy areas in their respective thematic focus areas (see **Figure 1**). It achieves this thanks to dedicated teams of policy experts and reviewers.

The following example from Chamber III shows how a thematic focus area (in this case 'External action, security and justice') is broken down for drafting policy scans.

- Development and cooperation, including the European Development Funds
- Humanitarian aid and civil protection
- Neighbourhood
- Enlargement
- Foreign policy, including the Common Security and Defence Policy
- Democracy and human rights
- Internal security
- Asylum and migration
- Justice
- Nuclear safety and cooperation

## Policy scans at the ECA: What are they and what is their purpose?

*continued*

We also see this thematic breakdown in the other ECA audit chambers.



**Figure 1:** Synthesis of the thematic focus areas by ECA Chamber.

### Purpose of policy scans

In the 2018 programming exercise, policy scans took over as the ECA's new format for policy and risk reviews. They feed directly into the preparation of audit ideas and proposed audit tasks. Hence, policy scans lie at the very heart of the ECA's product lifecycle. For this reason, the review to which they are subject and standard template used to draw them up are particularly important as they guarantee a certain level of quality, consistency, and comparability between policy areas and risks. As risks need to be understood before they can be compared, each policy scan includes a risk assessment too.

Let us take, as an example, the policy scan on the EU's enlargement policy. This lists the systemic shortcomings in the Western Balkans and Turkey based on ECA audits and research work from others. As it is a prerequisite that a risk assessment be up to date, each policy scan also includes recent developments that impact these risks. The 'enlargement' policy scan, then, looks at developments that are leading some pre-accession assistance beneficiaries to stray ever further from the Copenhagen criteria, notably on the rule of law. Importantly in the context of promoting a corporate culture of knowledge-sharing and collective learning, policy scans provide anyone at the ECA with a succinct, yet comprehensive overview of EU policies. Indeed, they are an effective tool with which to acquire a quick handle on a policy area.



## Policy scans at the ECA: What are they and what is their purpose?

*continued*

In a nutshell, then, policy scans address the ECA's need to have reliable programming tools and to share knowledge internally among staff.

However, there are challenges attached to the drafting and use of policy scans.

### **Avoid covering policies through numerous scans**

As knowledge never ceases to expand and EU policies tend to grow in scope and complexity, audit directorates face the challenge of developing and maintaining high-quality policy scans consistently over time. Furthermore, a balance has to be struck between the desire for concise, focused policy scans (i.e. on measurable policies and their instruments) and the need to foster a knowledge-sharing culture. What does this mean in practice for Chamber III, for example, and its focus on EU external action? If Chamber III had opted to draw up numerous geographical policy scans covering, say, the African, Caribbean and Pacific Countries, Asia, Latin America and the Overseas Countries and Territories, the number of policy scans on development and cooperation would have proliferated needlessly, thereby fragmenting the information available. Therefore, Chamber III chose instead to cover the EU's policy towards developing countries in just two policy scans: 'development and cooperation' and 'humanitarian aid'.

### **Making policy scans easy to understand (and keeping them that way!)**

When confronted with a complex, multidimensional policy area, it is good practice when drafting a policy scan to focus on the relevant financing instrument(s). For some policies, this is relatively straightforward, as is the case, for instance, with the EU's enlargement policy and the Instrument for Pre-Accession Assistance. However, many policies have multiple instruments applied through complex delivery channels (e.g. blending, sector budget support and trust funds in external action; financial instruments in cohesion). Therefore, it probably makes more sense to focus on a family of instruments (and related risks), rather than to 'track a policy'.

### **Updating policy scans**

Policy scans contain a wealth of information. As the products of an annual exercise, the challenge is to keep them up-to-date, paying attention to data consistency within each policy area, year after year. This challenge must be taken seriously since policy scans are first in line to feed into the process of generating audit ideas and, eventually, audit tasks.

### **Encouraging policy scan readers to widen their knowledge**

Recent major geopolitical shifts in the EU and around the world – most of which will potentially impact the EU budget – leave scope for new policy scans. For instance, the EU has been actively developing its defence, home affairs and migration policies. Last year saw the set-up of the European Defence Fund. This Fund, together with upcoming Common Security and Defence Policy missions and the expanded use of other existing foreign policy instruments, could prompt future purpose-driven policy scanning in Chamber III.

### **Policy scans as stepping stone and management tool**

Part of the ECA's streamlined, strategy-driven programming process, policy scans are stepping stones to new audit ideas and proposed audit tasks. They provide relevant and straightforward overviews, and allow for a cross-fertilisation of views on EU policies. Within and across the audit chambers, they also constitute an important management tool with which to compare policy areas, the related risks and ensuing audit opportunities. Finally, policy scans are a visible product of the ECA's endeavour to promote internal knowledge-sharing and collective learning. All this makes preparing policy scans a challenge; but given their expected benefits, this is a challenge worth rising to!

# Selecting audit topics that matter: audit programming at chamber level

## Interview with Wolfgang Stolz

By Gaston Moonen, Directorate of the Presidency



Wolfgang Stolz

It takes a village to raise a child, according to the proverb; likewise, many different people have a role to play in drafting a complex document such as the ECA's annual work programme. Most of the process takes place within the ECA's audit chambers. We asked Wolfgang Stolz, a veteran of several work programmes, to shed light on how chambers contribute to the process.

### Knowing the process inside out

It is clear that Wolfgang knows the ropes when it comes to work programming in the ECA. Firstly because of his long experience – Wolfgang joined the ECA in 2002, initially doing compliance audit in agriculture, also as a team leader, and then working in performance in the same area before he joined the Directorate *Regulation of markets and competitive economy* in 2011, where he works closely with the director. But on top of experience there is something else, call it vision. Wolfgang formulates clearly and decisively when talking about audit selection and programming. And when talking about Wolfgang's role in this process, this clarity continues. 'Together with the director I manage the whole process and we set the deadlines to make sure we can deliver on time to the Directorate of the Presidency, which fulfils a central coordination role in work programming. Deadlines are quite tight and our main role is to give good guidance to the colleagues in our chamber so they can prepare the policy scans, audit ideas and eventually the proposed audit tasks. We review all this to make sure it makes sense.' This word *sense* will come back several times throughout our conversation.

### Drafting policy scans: what and by whom

When asked what the current work programme process means for his Chamber, Wolfgang dives into the different aspects of the programming process. 'The 2018 exercise had a few new elements, which required some improvisation in terms of the templates we used and how we ran the procedure, but overall, these were changes we could cope with. First of all, we identify areas for which we need to produce policy scans and the colleagues capable of writing them.' Wolfgang's



*...our main role is to give good guidance to the colleagues in our chamber so they can prepare the policy scans, audit ideas and eventually the proposed audit tasks.*

## Selecting audit topics that matter: audit programming at chamber level *continued*

chamber wrote four policy scans: one for the revenue side (customs, trade and taxes), one for the research area, one for the single market – a relatively new policy scan - and a policy scan for the Financial and Economic Governance area, which is, according to Wolfgang, a rather wide area comprising the Economic and Financial Union.

When it comes to who normally writes the policy scans, Wolfgang is very clear: 'What you generally need are people who do performance audits, looking at issues from a performance angle. We ask our performance experts to write the policy scan and if you are an expert in the field you can do this work normally within 3 to 5 days. It mostly concerns updates: changes in regulations, recent or upcoming developments, normally the experts know what is going on since they are involved on an ongoing basis.' When it comes to the number of people involved in these scans Wolfgang specifies that one to three people will work on such a scan, depending on the subheadings per policy area.

Wolfgang highlights a specific development when comparing policy scans with his early days in the ECA: 'Then it was quite common to follow the EU money related to a Multiannual Financial Framework heading. But increasingly the ECA moved to areas where little money is involved but a lot of EU impact is given. For example for the single market there are many directives and regulations with small budget lines, if any, but potentially a lot of impact. So there we have to audit the adequacy of regulations, directives, etc.' Wolfgang gives another example: the EU's role in international trade agreements: 'Very important and indirectly, a lot of money is involved, but direct expenditure is close to zero.' He then refers to a special report the ECA published some time ago on Preferential Trade Agreements.

### **Producing audit ideas: synthesis of bottom-up ideas and top-down guidance**

With the policy scans ready Wolfgang's directorate then sends them to the Directorate of the Presidency and to the ECA Members and all staff in his chamber as main source of information for the preparation of audit ideas. 'Besides the scans we include information regarding suggestions received from stakeholders, like for example the list received from the EP Conference of Committee Chairs. We then request the colleagues to come up with audit ideas on what topic would be worth auditing and why. So anybody in the chamber can propose an audit idea.' Wolfgang found the 2018 work programme exercise a rather productive but challenging one: 'We received 65 audit ideas and had to slim it down to maximum 25 ideas to be submitted to the Directorate of the Presidency. In the past we used a brainstorm session where participants could score the ideas presented. Ideas receiving high scorings were carried forward to the next stage.' For the 2018 exercise it was decided to do it differently: 'Members were requested to indicate preferences, which enabled us to bring the number down to digestible digits, that is 25 audit ideas. And it means top-down input in the audit programming process, which already was a combination of bottom-up ideas and top-down input when requesting everybody in our chamber to contribute with audit ideas.'

According to Wolfgang the process makes sense and it is logical that many audit ideas come from auditors themselves. Because that is where the most detailed knowledge lies. He gives a concrete example of how an idea can develop: 'When we finished our audit on the Service Directive we got the impression that the free movement of professionals and qualifications obtained



*...increasingly the ECA moved to areas where little money is involved but a lot of EU impact is given.*



*We received 65 audit ideas and had to slim it down to maximum 25 ideas...*



## Selecting audit topics that matter: audit programming at chamber level *continued*

in a Member States are quite relevant for the good functioning of this directive. This notion was subsequently developed into an audit idea and then into an audit task, so actually the outcome of a finished task.'

Wolfgang subsequently raises a specific issue with which most likely also other chambers need to cope with: 'Take the area of research. In our chamber, we are the experts when it comes to the process: grant procedure, awarding it, expenses, cost declarations, etc. All very relevant for financial and compliance audits. But when it comes to performance aspects what you want to know is whether research expenditure in a certain area was effective. And that is where the colleagues in my chamber do not necessarily have the knowledge but colleagues in other policy areas, where the effects of the research projects can be seen, come in.' Wolfgang continues with the example on research: 'Let's say a research grant goes to a project related to energy and climate. Our chamber can still come up with the audit idea but our staff does not necessarily have the specific knowledge of the area the grant is used for, but colleagues in other chambers have, in this case Chamber I *Sustainable use of natural resources*.' He concludes: 'We need to clarify this to our staff and make them realise that they can also come up with proposals which are not necessarily executed by them or colleagues in our own chamber.'

Wolfgang believes that from a process point of view, dealing with 65 audit ideas is burdensome: 'I think that some changes in the 2019 exercise will help to improve this. More guidance on focus areas within the policy areas will help to prevent this. In the new template you are asked to indicate which areas need to be looked at in more detail. So the specifications for focus areas come in the first place from the chambers themselves.' He adds that the ECA will need to find the right balance in this: these areas need to be specific enough to have focused audit ideas and flexible enough since you do not want to miss something relevant in an area not included in your focus specifications.

### From audit idea to a proposed audit task

The line-up towards the final work programme continues by transforming audit ideas into proposed audit tasks. Wolfgang explains: 'Not all the 25 audit ideas can be executed. In coordination with the Directorate of the Presidency, who presented input on what could be interesting tasks, also in view of ideas received from other chambers, we selected ten ideas to be further developed as proposed audit tasks.' He describes how different factors kick in here: 'You might have many ideas related to research, but only limited resources and capabilities to do that. And you want to cover all the four policy areas we had with at least one audit tasks. And of course you want to make sure that what you bring is relevant. So it is a mixture of these three elements resulting in proposed audit tasks. You could actually choose to cover not one area, but you would only do that if the policy scan concludes that there is nothing new, no developments and nothing interesting to audit. And this is highly unlikely.'

Wolfgang points out that transforming an audit idea into a potential audit task is not always easy: 'To really know what can be done is often only found out when preparing the audit proposal, so only after inclusion in the work programme. This is also one of our tasks here in the directorate: try to identify those audit ideas that have the potential to become a tangible audit task. With 65 audit ideas it is clear that several auditors have found the time to put their ideas on paper, ideas which most often develop through a gradual process, not from scratch. And that certainly helps when finding good arguments to get an audit idea to become an audit task and to substantiate that task.' He explains that not all the proposed



*Our chamber can still come up with the audit idea but our staff does not necessarily have the specific knowledge of the area the grant is used for, but colleagues in other Chambers have...*



*This is also one of our tasks here in the directorate: try to identify those audit ideas that have the potential to become a tangible audit task.*

## Selecting audit topics that matter: audit programming at chamber level

*continued*

audit tasks prepared made it to the 2018 work programme: 'Also a selection needs to be made in the potential audit tasks,, which is done in consultation with the Directorate of the Presidency and largely driven by resource availability. We know our ongoing audits and we know who will work on these topics and who will come available when. This has an impact, of course, besides another important selection criteria which is relevance.'

When discussing some of the audit tasks which made it to the 2018 Work Programme, we conclude that there is an almost even spread of audit task among the different audit chambers: about ten tasks per chamber. Wolfgang explains why: 'One way or the other, there is a kind of specialisation within the chambers, and this makes sense if you want to produce high quality products. However, it may also have sometimes an undesired influence on the selection of audit tasks, which might not be of equal importance and which is something that might be worth further reflecting upon.'

### **Making it to a 'high priority' task**

With the 2018 Work Programme the notion of a 'high-priority' task was introduced. For Wolfgang this makes sense: 'If a task is considered a high priority, and therefore urgent to implement and publish a report about it, why not indicate it? Prioritisation helps to get the most important things done first. 'Wolfgang points out that besides relevance, the selection as a high-priority task is also driven by resource availability and deadline feasibility. He also raises the question whether there is indeed a need that each chamber has two high priority tasks in a year where the topics chosen are relevant but may be of limited urgency.

### **A programming process that makes sense**

For the upcoming 2019 work programming process, Wolfgang has high hopes: 'I think that we improve our process year by year and it gets more harmonised. And where there is a choice for chambers on how to do things, I think it would be good to share experiences between chambers, to exchange good practices among us. For example, how to select audit tasks from a collection of audit ideas. It would be good to map how each chamber does it, share this information and see what options there are for a chamber to choose from.

Having seen many programming exercises Wolfgang reflects: 'I think the current process makes sense! We start with a policy analysis, including a risk assessment, which gives a first indication of possible interesting issues. And then we develop possible audit ideas on where we can bring concrete added value. It is a logical procedure.' Wolfgang highlights an important change with previous exercises: 'We are quicker now, having streamlined in 2018 discussions on priorities and a faster process going from policy scans to audit ideas and potential audit tasks. This enabled the ECA to publish the 2018 Work Programme already in October 2017, thereby facilitating an earlier discussion with stakeholders – like the EP – and possibly advancing their input for the next exercise. I would say this is a noteworthy advantage.'

Wolfgang concludes that it is important to regularly have a discussion and reflection on the ECA's programming procedure: 'The relevance of our products depends very much on the underlying procedure. After all, if we have no good audit ideas, and subsequently no good audit tasks, then our audits cannot be as relevant as they could be. Having an impact, certainly as performance auditor, starts with taking the right topics and sensible programming. And this is what we keep saying to our auditors.'



*One way or the other, there is a kind of specialisation within the chambers, and this makes sense if you want to produce high quality products. However, it may also have sometimes an undesired influence on the selection of audit tasks...*



*I think the current process makes sense!*



*Having an impact, certainly as performance auditor, starts with taking the right topics and sensible programming.*



Maria Eulàlia Reverté i Casas

The ECA's 2018 Work Programme included 47 audit tasks of which 12 were labelled 'high priority'. But what exactly are high priority tasks? What is it that sets them apart from the rest? It's time to speak to Maria Eulàlia Reverté i Casas, the head of task of an ongoing audit on food safety, who is willing to share a few insights.

## How to become a high priority audit task

### Interview with Maria Eulàlia Reverté i Casas

By Gaston Moonen,  
Directorate of the Presidency



*To come up with ideas for an audit, apply common sense where you see contradictions and a lack of coherence between decisions...*

### Inspiration for audit ideas

Maria Eulàlia Reverté i Casas – or just Eulàlia for short – didn't hesitate before agreeing to contribute to a journal issue on work programming. During the interview, it became clear why. She has substantial experience in successfully putting audit ideas into practice. Eulàlia has worked at the ECA since 2003, starting with the European Development Funds before switching in 2008 to work for Chamber I *Sustainable use of natural resources*, where she has dealt with many different subjects. She is currently the head of task for an audit on the EU's activities on food safety, focusing on chemical hazards in food. This is the fourth time she has taken on the head of task role, having previously led audits on organic products, the integration of water policy with the CAP objectives, and food waste, for which the report was published in early 2017.

It was Eulàlia who initially came up with the idea behind the last three completed audits she worked on. She explains: 'After proposing the audit topic, I was asked to prepare the audit proposal and to carry out the subsequent tasks: planning the audit, executing it, drafting the report and doing all the necessary for its distribution, ranging from establishing a mailing list to going to conferences. So, I was involved from the very beginning until the very end.'

When asked where she finds the inspiration for an audit idea, Eulàlia smiles: 'There are many aspects to it. You need to be aware of what is happening in the policy area, read Commission publications, and keep an open mind as to what might interest an EU citizen; such elements are important.' Then she continues: 'Above all else, though, common sense is the key ingredient. To come up with ideas for an audit, apply common sense where you see contradictions and a lack of coherence between decisions, and imagine what could be revealed if we were to invest audit time.'



### Becoming an audit task

What does it take for Eulàlia to transform an audit idea into an audit task? Without hesitation, she replies: 'Besides a topic, you need solid arguments to get it through. So you need to flesh the topic out well: study it well, elaborate on it, invest time in the subject matter to see whether it is worth auditing, feasible, and whether it could produce something tangible. Only when you yourself are convinced that the topic is audit worthy can you convince others to invest audit resources.'

### Becoming a high priority task

Out of a total of 47 audits and reviews included in the 2018 Work Programme, the ECA selected the food safety audit as one of the twelve high priority tasks. It is just one of the three high priority tasks for which Eulàlia's directorate is responsible. Eulàlia gives a bit more background information on the task: 'Unlike for the last three audits I headed, where I was involved in every step of the audit, here I was not involved in coming up with the audit idea itself. I assume that it was because of my previous experience that I was made head of task for this audit.' She continues: 'Initially the task was rather broad, covering many elements related to food safety. When I was assigned the task and started looking into the Commission's DGs specifically dealing with food safety issues, it became clear to me that choices had to be made. Criteria for narrowing the scope were relevance, feasibility, ability to generate interest and added-value, and the extent to which anyone would be able to identify with the subject.' Eulàlia clarifies that the audit scope was narrowed down to an audit on chemical hazards in food, with the main question: Is the EU doing enough to ensure food safety regarding chemical hazards?

Eulàlia then sheds some light on the reasons why the topic was raised to 'high priority' level: 'The topic is of high relevance since it concerns all EU citizens. In addition, it concerns all business operators in the food industry – whether they handle EU-originating products or imported products. Hopefully this will translate into general interest in the audit results. What is more, our key stakeholders, the European Parliament and the Council, expressed an interest in food safety, particularly food pesticides. This is specifically dealt with in the audit proposals.' She goes on to say that the European Parliament has shown an interest in an audit on the legislative framework of pesticides and, some time ago, in the comparability of the food safety standards of EU and non-EU countries. When discussing the recent Fipronil scandal, Eulàlia underlines that it was included in the audit scope by virtue of being a chemical, but that the current scandal had not influenced the audit scope selection.

What does Eulàlia consider to be important ingredients for a high priority task? She gets straight to the point: 'If you do a proper analysis of the area and possible consequences, you can exploit many audit topics to the maximum. And at the EU level, there are many relevant topics with a lot of money involved, many interests at stake, or which are important because they deal with moral principles.' She stresses that the way you analyse and present a topic will have an impact on whether it becomes a high priority task or not. Another factor is what



*Only when you yourself are convinced that the topic is audit worthy can you convince others to invest audit resources.*



*...the way you analyse a topic and present it will have an impact on whether it will become a high priority task or not.*

Eulàlia calls ‘the angle you take when you have an audit topic’. She comes up with an example: ‘When looking at food safety hazards, one can clearly distinguish between physical, biological and chemical hazards. This distinction can be understood by the general public and it presents a new angle to narrow the scope while giving a nice block.’ Eulàlia summarises: ‘Depth, angle and type of questions will all influence the likelihood of a task becoming high priority.’

### High priority label as enabler...or restrictive?

An important consideration when selecting high priority tasks is the potential impact of the audit results on society, decision-makers and the legislative process. Does the food safety decision-making process put Eulàlia and her team under pressure to present the audit report as soon as possible? Eulàlia agrees that, ideally, the presentation of the audit results and the legislative process should be in sync. However, she also believes that there are often so many things to say on a topic that the right messages will guarantee relevance, even if their publication does not fit perfectly with the policy cycle. ‘Sometimes issues need time to mature. So, you might strike at the right moment technically, but the idea you are launching may need to mature for a duration of time which is difficult to predict. I think we should speak out once we have well-founded messages. My priority is to have credible, well-founded conclusions and recommendations.’

As a high priority task in the 2018 Work Programme, the food safety report needs to be published in 2018. Did this time pressure, and perhaps the limited availability of human resources, lead to a scope limitation? Working on a high priority task presents several dilemmas for Eulàlia: ‘This label presents challenges like time limitation and the label you have to honour; meaning that, even more so than with other audit tasks, you cannot narrow the scope to something insignificant or something too parcelled. You need to come up with something relevant and feasible. The content needs to warrant its label.’

Did the label, then, open doors to more resources, a larger audit team? Eulàlia is very clear here: ‘As head of task, you have to seek to minimise risks. These include the size and the position of your team. To have a committed team, you need to invest energy. Given the restrictions on the calendar, I cannot allow myself to commit a lot of energy to a large team.’ Eulàlia explains that she therefore prefers to work with a smaller team: in the beginning she had only Paivi Piki as deputy head of task, who has now been joined by two auditors, with active involvement from the Principal Manger, Michael Bain, and the private office of the reporting Member, Janusz Wojciechowski. The audit programme was approved in November 2017 and a number of Member States have been and will be visited, as will the Commission. In addition, certain agencies will be consulted, like the Food Safety Authority in Parma and the World Health Organization.

Eulàlia believes that any ECA audit, whether it is labelled high priority or otherwise, requires sound audit work to deliver credible findings. To this end, she believes you have to preserve a nice equilibrium: ‘You have to analyse what you have and say what you can based on your findings. But you should not stretch it too far, as doing so risks straying



*Sometimes issues need time to mature. So, you might strike at the right moment technically, but the idea you are launching may need to mature for a duration of time which is difficult to predict.*

into the scientific or political realm. You have to look at the origins of the problem and its consequences, without taking part in the discussion; otherwise you may lose your credibility.'

Eulàlia concludes that she is quite happy with the reflections that are taking place on work programming at the ECA: 'We are reflecting on a common vision and a work plan for all the chambers. This, plus setting clear priorities in advance, will enable us to hone in on specific subjects and produce quality proposals, with substantial time invested in background work and analysis to make for well-based choices for audit topics. The identification of ECA focus areas in the pipeline for the 2019 work programming exercise is an important step in this direction.'



# Helping the ECA achieve the highest professional standards

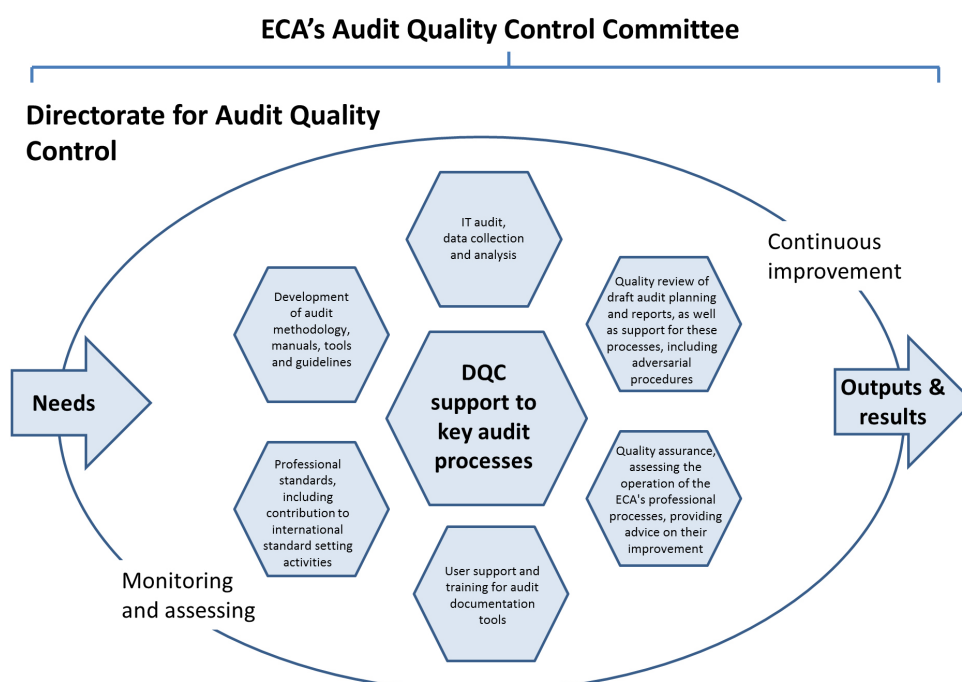
Wilfred Aquilina, Directorate for Audit Quality Control

Work programming has a rather different nature in support services that help and facilitate the execution of the core ECA audit tasks. The Directorate for Audit Quality Control (DQC) provides key audit support tasks and its planning depends substantially on the momentum, quality and needs of the audit teams it supports. Wilfred Aquilina expands on the different elements that steer DQC's work programming.

## Role of Audit Quality Control

The Directorate for Audit Quality Control (DQC) helps the ECA achieve the highest standards of quality and consistency in its professional output, so ensuring its impact is maximised. The Directorate does so by providing support to achieve well-conceived and well-planned audits that use effective methodology to gather robust evidence. We also aim for audit results to be communicated through readable and attractive reports, which present clear conclusions and useful recommendations for improving EU financial management (see **Figure 1**).

**Figure 1** – the contribution of Audit Quality Control to the achievement of the ECA's objectives and plans



DQC works closely with, and for, the ECA's *Audit Quality Control Committee (AQCC)*, consisting of six ECA Members and led by Danièle Lamarque, the ECA Member for Audit Quality Control. The Committee is responsible for the ECA's audit policies, standards and methodology; the quality control management framework; quality assurance; audit support and IT audit. AQCC's work programme for 2018, adopted in October 2017, reflects the strategic role and nature of DQC's work, and includes several key initiatives and actions linked to the achievement of ECA's strategy for 2018-2020.

### **Demand-driven, combined with specific projects**

A permanent top priority for quality control at the ECA is the review of the quality of draft audit plans and reports. DQC's work also includes the review of draft planning documents and reports of other products such as briefing papers and landscape reviews planned to be carried out in 2018. The work is demand-driven and requested at short notice, requiring close coordination and support to audit chambers during key stages of the audit process (such as for the conduct of issue analysis, during the drawing conclusions discussions, on the use of data, graphs and infographics, and for the facilitation of the adversarial procedure). In this respect DQC's work programme builds very much on the overall ECA work programme for 2018.

Another main element of the AQCC's work programme for 2018 are quality assurance tasks. These will continue to be undertaken in line with our directorate's multiannual task plan in order to identify areas where there is scope for improvement and streamlining of processes. They focus on various quality aspects including the overall framework in place, the procedures followed during specific stages of an audit process, matters related to efficiency and possible delays, as well as the consistency and clarity of messages conveyed through the final reports.

DQC also maintains, and regularly updates in response to new and emerging needs, the ECA's manuals, guidelines, checklists and good practice notes. Of significance, AQCC's work programme for 2018 includes the launch of a major review and reformatting of the audit manuals and the development of useful and practical toolkits for EU auditors. In conjunction with the ECA's other directorates, work will be continued on promoting the use of technology for innovation in audit work (including addressing big data and open data opportunities and challenges).

In addition, as part of its work programme, DQC will continue to actively support the ECA's international activities on professional standards within the INTOSAI community, in particular, the contributions made to the sub-committees on financial, performance and compliance audits sub-committees, the INTOSAI Environmental auditing working group and as the vice-chair of the Professional Standards Committee. The latter is the INTOSAI committee leading the efforts to provide Supreme Audit Institutions with relevant, professional and clear standards and guidance.

### **Embedding quality standards across the institution**

To sum up, AQCC and DQC, with its small team of highly experienced and committed auditors and through its 2018 work programme, will continue in its mission to help develop and steer the institution towards the achievement of the highest standards of quality. We aim to embed deeper into the very fabric of the institution those important elements that are essential for an efficient and professional delivery and presentation of our outputs and results.

# Monitoring the work programme – ECA shifts to a fully electronic audit management system

By Torgny Karlsson and Mihaela Pavel, Directorate of the Presidency

Agreeing on a work programme is one thing, making sure that audits are actually implemented as planned is quite another matter. At the ECA an electronic audit management system (AMS) has been in place since 2014 to plan key milestones and resources for audits and to monitor how tasks progress over time. As of 2018 there is no longer a detailed paper-based programme; instead all planning data is encoded and followed up in the AMS. Torgny Karlsson and Mihaela Pavel provide more details about how this tool is used at the ECA.



## Moving towards a truly electronic management tool

2018 brings another major change to how programming is done at the ECA. For the first time, there is no longer a detailed paper-based document setting out specific milestones, staff resources and deadlines for each task. Instead, the College of Members approves the selection of tasks and the broad allocation of resources to tasks, and, in consultation with the five audit chambers, sets specific end dates for the 12 high-priority tasks which need to be completed by the end of 2018. For the remaining tasks, the chambers have a large margin of discretion as to when to start, what resources to assign, etc.

Does this mean there will no longer be any Court-wide overview and monitoring of how tasks progress over time? Clearly not - in fact, the new programming rules also require the chambers, from 2018 onwards, to convert the strategic decisions taken by the College into practice. This is done by means of a more detailed planning process to designate audit teams (or at least the heads of task), decide on the necessary staff resources and the most appropriate start date (as well as the final deadline for publication). All this, from now onwards, is only documented in our audit management system (AMS). In other words, we no longer have a detailed work programme in paper form, all information on what is planned being recorded and followed up electronically.

Planning and progress of audits



Timesheets and Actuals



Dashboard



Programming, Progress and Implementation



Mission programme, SoA progress and SR timeline



Performance Indicators



Main types of reports available in AMS



## Monitoring the Work Programme - ECA's shift to an electronic Audit Management System *continued*

### AMS in the life cycle of an audit...and vice versa

The AMS is managed centrally by the Directorate of the Presidency, which also decides on the way data is recorded and reported. Besides special audit tasks, which change from one year to the next, a number of permanent tasks and support and administrative activities need to be planned. The DOP also determines key milestones that must be planned and followed up for each audit task, and sets certain standards for the allocation of resources to horizontal tasks (such as professional training). The chambers encode data on the work programme on the basis of the decisions taken by the College and operational planning at chamber level on how those decisions will be best implemented. As regards timing, the College adopted its proposal for the 2018 work programme in September 2017, and by December 2017 all necessary information on the 48 audit tasks was encoded in the AMS.

But this is not the end of the story. The next step in the life cycle of an audit task is the adoption of the audit planning memorandum (APM) by an audit chamber. APMs are the detailed planning documents for a task. They define the exact scope of the audit, the audit questions and criteria and the evidence collection methods. And last but not least, it is through APMs that the chambers allocate their resources to a task: the head of task and all other staff, how much time they intend to spend (and on what) and when the audit is to be completed and the report published. In addition, there are specific milestones that structure the audit field work (such as visits to Member States and deadlines for the completion of specific modules or work packages) and its progress towards report publication. The chambers need to record all this in the AMS once an APM has been adopted.

As regards work programming, the DOP has a dual responsibility: it coordinates and supports the work of the audit chambers with a view to its annual planning for the ECA as a whole, and it is in charge of the central monitoring of audit tasks. Again, the main tool for this is the AMS. Audit chambers are required to encode actual outcomes for all milestones and planned data. At the same time, the auditors working on the task record the actual time spent as the task progresses. This allows for real-time monitoring of audit tasks. In fact, monitoring reports (at task-level, chamber-level, etc.) can be extracted from the system at any moment by the audit team, the reporting Member or the Directorate of the Chamber, or by anybody in the ECA. More than 30 'management reports' can be called up in this way, plus a 'dashboard' showing whether an audit is progressing on time at each stage. Experienced users can also design reports to meet their specific needs.

The DOP also makes use of AMS data for timelines and timetables, both to update the ECA's external stakeholders on the expected publication date of reports and for purposes of internal information about the progress of tasks. In addition, we prepare a consolidated report for the first six months of the year, followed by an annual report, to inform the College how the Court-wide work programme has been implemented. This reporting forms the basis for the information presented in the institution's annual activity report.

### Aiming for efficiency and best possible forecasting

Moving to a single electronic planning system for the ECA as a whole brings a number of advantages and - at least in the medium term - should mean efficiency gains. Our main focus at this stage is to ensure that the data quality is sufficient and that management decisions are entered promptly in the AMS. Data encoding should take place as soon as possible, and updating the AMS must become a well-established procedure in the chambers. In the long run, having an IT system with good quality data should also open new possibilities for projecting and simulating the progress of audit tasks. Finally, the AMS could be integrated even more fully with other IT systems. This would also help to improve data quality and reduce the chambers' administrative workload, since at present most data is still encoded manually.

## Monitoring the Work Programme - ECA's shift to an electronic Audit Management System *continued*

### RPT 021 - Progress Report - 15NR4202 (22-Jan-18)

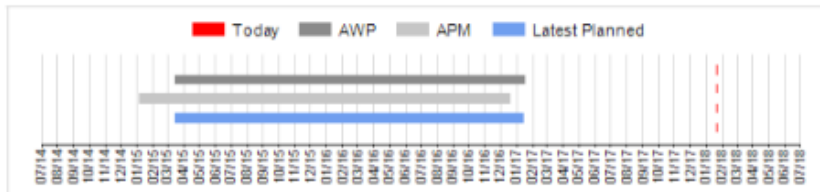
Latest published date of the plan: 22/01/2018

#### ID Card

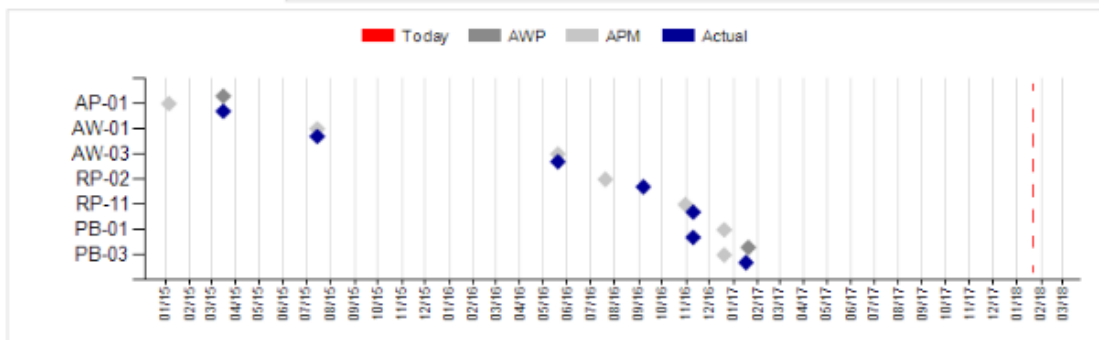
Task Type	Selected/Performance	Audit Group	ECA.CH1
Task Code	Chamber I;Old Categorisation,Selected,Selected audits;15NR4	Project Owner	PAUL TUPPAMAEEN
Task Name	15NR4202 - Food Waste	Head of Task	ECA.CH1MARIA EDLALIK REVERTE I C
Task Status	Closed	Principal Manager	MICHAEL BAIN
External Reference	SR: 34/2016	Reporting Member	GETTINA JAKOBSEN

#### Audit duration (in weeks) and Milestones

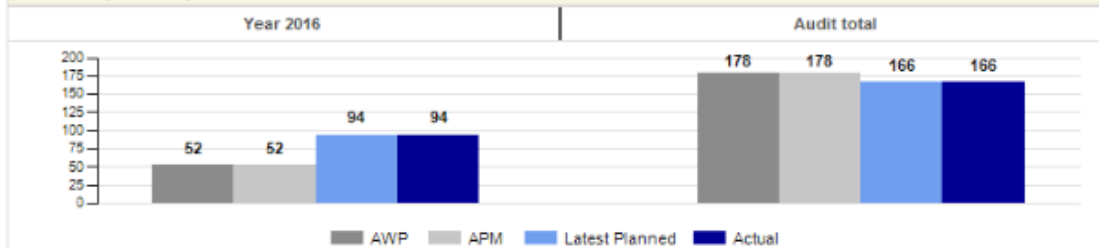
AWP	92
APM	102
Latest Planned	96



AWP minus Plan	-4	●
APM minus Plan	6	●



#### Audit work (in weeks)



Planned	AWP minus Plan	APM minus Plan	Actual	Remaining
	-42	-42	12	12
			12	12
Executed	Actual	Remaining	Actual	Remaining
	weeks	%	weeks	%
from APM	94	100%	178	7%
from latest Plan	94	100%	166	0%

#### Mission Costs (€)

	AWP	APM	Latest Planned	AWP minus Plan	APM minus Plan	Actual	Remaining
Year 2016	0	0	0	0	0	0	0
Audit Total	0	0	0	0	0	0	0





Exchanges of views between the Conference of Committee Chairs (CCC) of the European Parliament and the ECA President

Each year the Conference of Committee Chairs (CCC) of the European Parliament invites the ECA President for an exchange of views on matters of common interest. This provides an opportunity to meet the chairs of all the 25 parliamentary committees and to listen to their ideas for possible audit priorities that could be addressed in our work programme. Helena Piron Mäki-Korvela, the ECA's institutional liaison officer, provides details on this consultation process, including the meeting of 16 January 2018 in Strasbourg at which MEP Cecilia Wikström (Chair of the CCC) welcomed ECA President Klaus-Heiner Lehne.

## The European Parliament's information needs: making sure our reports have an impact

By Helena Piron Mäki-Korvela,  
Directorate of the Presidency

### Matching needs and possibilities

By 2018, the exchanges of views between the Conference of Committee Chairs (CCC) of the European Parliament and the ECA President have become a tradition. Since June 2015, when former ECA President Vitor Caldeira was first invited, the suggestions of possible audit topics have increasingly made their way into our work programmes: Examples are our performance audits on Import procedures, Public Private Partnerships, the CAP's greening measures, Erasmus+ or EFSI which all had been suggested at previous CCC meetings by the chairs of the EP's standing committees for our work programme.

By now, the consultation process for our work programme is well established, and since 2017 formalised through an exchange of letters whereby the EP provides a list of suggestions which is then analysed by the ECA audit chambers. Last year 16 EP Committees made altogether 77 audit priority suggestions for our 2018 Work Programme of which around two thirds could be taken on board.



## Information needs of the European Parliament: making sure that our reports have an impact *continued*

At the same time the deadlines have been brought much forward and a better coordination between different EP Committees avoids duplications in the EP's suggestions. EP colleagues at various levels are also more aware of our 'product portfolio' and increasingly discover the potential usefulness of our reports for their work.

This does not mean that there is no room for further improvements. For example, to have an even better mutual understanding of each other's working methods and priorities. One of the challenges for us is to plan and carry out performance audits so as to deliver input in time for the legislative work of these committees. In practice, this is not always possible, not only given resource constraints at the ECA but also because of the situation on the ground. On occasions Members of the European Parliament (MEPs), when discussing our reports, would also wish to receive further information on issues that were not included in our audit scope, such as for instance receive details on specific Member States that were not visited in the course of the audit. Explaining how we work and what kind of information we can provide will therefore remain a priority for us.

The ECA aims to provide support to all EP Committees, not the least because of our increasing focus on performance audits. These reports, which examine the effectiveness, efficiency and economy of EU policies and spending programmes, are quite naturally more relevant for those committees which also are in charge of debating the Commission's legislative proposals in those fields.

### Presenting audit results to EP specialized committees

Several of them regularly invite our reporting Members to their public meetings or working groups to discuss our findings and recommendations of recent reports that are relevant to their work. To mention a few who did this: the Committee on Transport and Tourism, the Committee on Agriculture and Rural Development, the Committee on Industry, Research and Energy, the Committee on Internal Market and Consumer Protection, the Committee on Regional Development, the Committee on Employment and Social Affairs and the Committee on Development. Our reports help them in the scrutiny of the implementation of EU policies and programmes. This is also illustrated by the lively debates when our reports are discussed in standing committees and the positive feedback by many committee chairs at the recent CCC meeting. At the same time, the Committee on Budgetary Control (CONT) remains our key partner at the EP, and in particular for all aspects related to financial management and the annual discharge procedure.

From discussions with MEPs we know that many of them are looking forward to our contributions to the debate on the post-2020 Multi-annual Financial Framework (MFF), such as our forthcoming briefing paper on the Future of EU Finances and the assessment of the Commission's legal proposal, as well as our briefing papers on the Future of the Common Agricultural Policy, Simplification in cohesion policy and the Horizon 2020 programme.

### Programming beyond EP elections

From our side, we are now looking forward to receiving suggestions for audit topics from as many interested EP committees for the preparation of our 2019 work programme. It will be a special year since the time to present our reports at the EP will be constrained. The next Parliament will be elected in May 2019. This implies that most of our reports which will be published during the next year are to be discussed by the new Parliament and the then elected MEPs. But, our common objective to improve the design and delivery of EU policies and programmes goes beyond parliamentary terms.

# Helping the ECA to provide input for well-informed policy decision-making

Interview with Evelyn Waldherr and Stephan Huber of the European Parliament

By Gaston Moonen, Directorate of the Presidency

The procedure to obtain suggestions from the European Parliament for the ECA work programming is formalised and well on track. But how is this process organised among committees in the European Parliament? Two insiders, being Evelyn Waldherr of the CONT secretariat and Stephan Huber of the Legislative Coordination unit (COORDLEG) in the European Parliament, provide interesting insights.

## Knowing who does what

Speaking with the two EP colleagues to tell us more about how they perceive the exchanges with the ECA as far as the ECA work programming is concerned it is enchanting to see how much they practice what they preach: to speak with colleagues in other institutions to share and break down, as Stephan Huber calls it 'Invisible barriers to not only knowing who the other person is but also on what they are doing.' While clearly speaking on a personal title the two heads of unit of the European Parliament I interviewed - Evelyn Waldherr of the secretariat of the Budgetary Control Committee (CONT) and Stephan Huber of the EP's Legislative Coordination and Programming Unit (COORDLEG) - were very open and responsive to increase, as they put it, 'mutual understanding and information to the public at large.'

In her day to day work Evelyn is there to ensure a good functioning of the CONT secretariat and liaise with the CONT chair, the CONT members and the political coordinators as such to maximise the secretariat's administrative support to the political work of the CONT members. Stephan, who like Evelyn started his current duties in 2017, explains that his unit accompanies and supports the work of the parliamentary committees and their secretariats, providing guidance in any horizontal questions they may have, supports the committees on institutional, legislative and organisational questions and, most importantly, provides the secretariat of the Conference of Committee Chairs (CCC). On 16 January, ECA President Klaus-Heiner Lehne had an exchange with the Committee Chairs on ECA's 2018 Work Programme: 'In preparation of that meeting ECA Director Martin Weber presented to the heads of the committee secretariats how the ECA programming is working. This gave them a good impression of what the ECA is able to do and how the ECA prioritises topics.' He further explains that the CCC, meeting monthly in Strasbourg, provides political guidance on various issues and is the place for debate and decision making on horizontal issues among Committee Chairs.

## Streamlining EP suggestions for the ECA Work Programme

Both Evelyn and Stephan underline that regarding EP input for the ECA Work Programme their secretariats' role is limited to providing administrative support. As Evelyn explains: 'Proposals are made in the first place by the politicians and not the secretariat. When working with the MEPs we sometimes spot issues like timeliness, overlap, etc., but the core input is left to the politicians.' She continues that the coordinators, representing each a political group, make proposals and send them to the CONT secretariat. 'We then make a screening to ensure that topics have not already been listed in the ECA Work Programme. After that a list is presented to the coordinators for approval and subsequent endorsement by the full CONT committee. The final list of approved proposals is then forwarded to COORDLEG.' And here Stephan's unit



Stephan Huber



*Proposals are made in the first place by the politicians and not the secretariat.*

## Helping the ECA to provide input for well-informed policy decision-making continued

comes into play: 'We explain the process and organise the collection of the input of all the EP committees. We 'streamline' this information for the EP as an institution and our CCC chair, Cecilia Wikström, forwards it to the ECA so that the ECA can take these suggestions into account.'

As to the basis for the suggestions Evelyn indicates that this can come from many sources: 'One source can be the discussions held during the Discharge exercise, since also performance reports are

discussed during the Discharge process. But there are many sources for inspiration for possible audit topics.' Overall the two EP colleagues find the current exercise rather successful. Evelyn underlines how many EP suggestions have been taken up: 'Last year 25 topics were proposed and 75% found a positive response from the ECA. A substantive change is the formalisation of the EP input towards the ECA. In the CONT this is considered very positive because it addresses its wish to pay more attention to evaluating performance of EU policies.' Evelyn gives a specific example: 'I think the CONT was flattered that its suggestion to work on transparency for NGO funding was taken up in the ECA work Programme as a high priority task.'

Stephan confirms this from a more horizontal perspective: 'There is more and more take up by the specialised committees in this process. Until some time ago the ECA work was mainly known by the CONT MEPs.' He highlights how the specialised committees get more and more interested in the ECA work done in their specialised area: 'They discuss it, base their decision on it or at least keep it as background information for possible future steps. This increasing appetite for ECA input was also reflected in the debate with President Lehne on 16 January.'

### Finding new ways to get ECA findings to EP committees

Stephan is quite positive on how this last CCC meeting went: 'There was a very lively discussion between the ECA President and a wide range of Committee chairs. I think the initiative of Klaus-Heiner Lehne to come to the CCC for the preparation of its work programme is very much welcomed. But also the idea and increasing practice to have the ECA present some of its special reports in the committees is appreciated. There is clearly a readiness to take the ECA work as an important source of information for committee work.'

Evelyn also touches upon this development of presenting ECA reports to specialised committees: 'Parliament's Rules of Procedure task CONT to examine all the ECA Special reports: it is the only committee giving in a formalised way a follow-up: all the recommendations CONT makes regarding ECA special reports are annexed to the Discharge resolution regarding the Commission. But with more than 30 reports per year it is difficult to find enough time slots. Therefore the CONT welcomed the procedure suggested by Klaus-Heiner Lehne to first have a short presentation to the CONT before the ECA addresses specialised committees. This reflects also the special relationship between CONT and the ECA. The CONT then subsequently decides whether a topic needs to be further dealt with, either



Evelyn Waldherr (7<sup>th</sup> person from the left) with her colleagues of the CONT secretariat



*A substantive change is the formalisation of the EP input towards the ECA. In the CONT this is considered very positive because it addresses its wish to pay more attention to evaluating performance of EU policies.*



*There is clearly a readiness to take the ECA work as an important source of information for committee work.*



## Helping the ECA to provide input for well-informed policy decision-making continued

by an in depth debate, possibly also with other specialised committees or by a workshop, a report of initiative or by raising the topic in plenary.

Stephan expects that increasingly special reports will be an important element for the debate in committees: 'The work of the committees is at the heart of the work of the EP, and committee work is focussing more and more on issues of evaluation. I think it is important for MEPs to make an informed choice. The ECA nor the secretariats are there to prescribe a choice but to provide elements for the MEPs to make the best possible informed choice, to have elements to assess the efficiency and the implementation of legislation and policies.'

### Product differentiation to address different needs

When speaking about the differentiation in products the ECA has started to present – besides special reports landscape reviews, briefing papers, rapid case reviews – Evelyn thinks there is a well-justified reason creating them: 'Although I did not receive official feedback within the CONT, I think that through for example the briefings a timely input to legislation in the making, like on the Financial Regulation, can be given. And policy area overviews providing a more global perspective can be very useful for policy makers.'

Stephan underlines that it will always be a challenge to match the results you can produce with the need to have them at the right moment: 'The different formats of the ECA products will help the ECA to adapt more to needs, for example through a landscape review giving insight on the impact across policy areas.' In his view one must calibrate the detail of information. He explains: 'It remains a challenge to be relevant for the political decision-making process. You have to have the right content, the right length, the right format and also deliver it at the appropriate moment.' Evelyn brings a legal concern on the different formats: 'The only product mentioned in Article 319 of the TFEU, besides the Annual Report, are the special reports, which the CONT all includes in the Discharge procedure. For ECA products not labelled special reports this might not be the case.'

### Current ECA programming process makes sense

When asked about expectations for the next work programming exercise both Evelyn and Stephan show great satisfaction with the current set-up. Evelyn explains: 'It is a rather new process which deserves to be tested. Now it is necessary to provide input to the CCC for the 2019 ECA work programme and we will get the CONT members' suggestions. The whole process is streamlined in a way which makes it perfectly feasible for the CONT secretariat to help selecting topics which are pertinent for both sides: for the ECA and for its stakeholders.' She concludes: 'The way the ECA organises its work programming - multi-layered and a carefully thought-out process – makes sense, with in the end, as we saw for the 2018 exercise, a fruitful and convincing outcome.'

Stephan also thinks that it is important to let the current process have its course for some time: 'Give it space to breath and develop itself. After all, we are only in the second exercise with the current format.' He does have a suggestion though: 'Thinking out loud it might be interesting for the committees to have ECA reports which also cover best practices observed by the ECA during the audit. The reports could also indicate more clearly what has been delivered and achieved through EU action and its added value. This would give to MEPs additional elements to convince people about the European project.' He concludes with saying: 'In the EP we have made the experience now that, also after the reform of the ECA, we have a good information source and a reliable partner in the ECA, providing valuable findings and recommendations to improve European policies!'



*The ECA nor the secretariats are there to prescribe a choice but to provide elements for the MEPs to make the best possible informed choice...*



*The whole process is streamlined in a way which makes it perfectly feasible for the CONT secretariat to help selecting topics which are pertinent for both sides...*

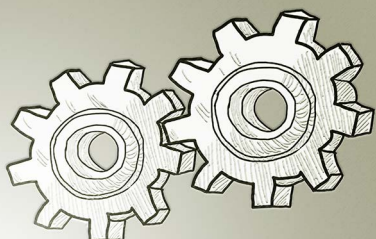


*... we have a good information source and a reliable partner in the ECA, providing valuable findings and recommendation to improve European policies!*

# Comparing audit programmes and processes of EU SAIs to identify good practices and common audit topics

By Rafal Czarnecki, Directorate of the Presidency

In late 2017 the ECA initiated a project to analyze and compare audit programming of Supreme Audit Institutions (SAIs) in the EU. Rafal Czarnecki, the ECA project manager on this issue, shares not only the background and outlook of the project but also some of the first results, due to the swift and enthusiastic response received.



## Knowledge-sharing on programming

Planning requires key decisions on priorities and resource allocation. The preparation of a work programme engages many of our audit staff, mobilizing the expertise of the auditors and combining it with the strategic views of the top management.

To get a better idea how other SAIs are dealing with programming and how the ECA can further improve its work programming our directorate has initiated in December 2017 a project to analyze work planning activities carried out by other Supreme Audit Institutions (SAIs) in the EU. We assumed that the preparation of a work programme is a strategically important process for our peer institutions, so comparisons may provide us with a very useful reference overview and a good opportunity for learning.

## Objectives of the analysis

Since the project started only recently we cannot present here any conclusions yet. Nonetheless, from the outset, the initiative was welcomed with a great interest. We requested all 28 SAIs, which are members of the EU Contact Committee of SAIs, to provide us with details of their planning process and the most recent examples of their work programmes. In two weeks' time we received a feedback from 22 of them, substantiated with several documents in 18 different languages as a starting point for the analysis.

The purpose of all this is simple. We will strive to map and compare audit planning procedures of participating SAIs. This should include those key factors which can possibly impact the planning process as such and its efficiency. In particular we will try to identify and analyze the following:

- overall logic of the planning procedures and its cycle;
- criteria for selecting audit topics and sources of ideas;
- main internal actors and external stakeholders;
- timing of the process and to the possible extent, resources engaged; and
- outcomes of the planning and associated controls and approval measures.

On the basis of this initial analysis we plan to prepare a brief survey which will help us to collect more accurate and quantitative data from all interested EU Contact Committee members. The evidence gathered will be used to produce a comparative report on the planning process in the EU SAIs.

## Comparing audit programmes and processes of EU SAIs to identify good practices and common audit topics *continued*

### Some preliminary results

The project just has started but even at this very early stage we can discern some interesting planning patterns.

Almost all SAIs work on the basis of a strategic plan which sets global priorities for the period of three to five years. Most institutions prepare an annual work programme, which translates global priorities into a list of specific audit topics to be undertaken. The annual programme, as it is also the case for the ECA, allocates available resources and sets deadlines. The process of preparation of the annual programme takes typically from 2 to 6 months, also depending on the size of the SAI, extent of engagement of external stakeholders and overall set up of the institution.

However, some SAIs decided to abandon annual planning for the sake of an on-rolling planning. With this approach SAIs aim to be more agile and to be able to react quicker to unexpected changes and needs of their stakeholders. The on-rolling audit plan is presented to the top management for the endorsement every three to six months.

Another interesting aspect is accountability of SAIs for what they plan to audit and what they actually do audit. As a matter of fact, not for all EU SAIs the annual work plan is made public.

### Feedback received so far

Understandably, it is too early to present the outcome of this project. It is however already obvious from the positive response by our peers that this initiative comes at the right time. There are a number of possible benefits from a better mutual understanding of the approach to the planning activity we all apply. This knowledge may, on one hand, be used by each SAI to further improve its own planning process and to make it more efficient by learning from others. On the other hand there may also be possible synergies and areas of common practice which could be exploited in view of a better coordination of and cooperation in audit tasks between SAIs.



# 'Future proofing' the ECA - Foresight Task Force takes up its work

By Kathrin Bornemeier, Directorate of the Presidency

The ECA Work Programme covers 2018 and the 2018-2020 Strategy the ECA's medium perspectives. However, the ECA recently decided to create a task force to focus on the long term perspective to map long term future developments relevant for the institution. Kathrin Bornemeier provides more details.



## Foresight Task Force to look beyond 2020

In January 2018, the ECA's newly set-up *Foresight Task Force* has started its work. This Task Force was created by the College to stimulate that our Institution is well-prepared for future challenges and developments. While the ECA's current strategic plan for the period 2018-2020 and its annual work programmes are useful tools to steer the ECA's work in the medium run, the work of the Foresight Task Force goes beyond that. It aims at identifying long-term trends and developments and how these may affect the ECA.



The Foresight Task Force consists of the ECA Members (From left to right): Juhan Parts (chair), Leo Brincat, João Figueiredo, Mihail Kozlovs and Ildikó Gáll-Pelcz. The group's secretariat is provided by the Directorate of the Presidency of the ECA

## Identifying long term challenges and opportunities for the ECA

The task force will reflect on what might be the most relevant issues for EU public audit in five to ten years from now and assess how the ECA could anticipate these issues. The task force's work may include, but is not limited to, thematic trend mapping, the ECA's positioning among the EU institutions and bodies, trends in the audit profession and how the ECA should respond to these developments. In order to assess such points, the Foresight Task Force will consult internal and external experts as well as gathering input from and exchanging ideas with other EU bodies, supreme audit institutions and international organisations. In addition, it is tasked with assessing the need for a permanent future foresight capacity at the ECA in a constantly changing environment.

The insights provided by the group will provide input for various areas of work at the ECA, including the drafting of the next strategy and upcoming annual work programmes. Moreover, by highlighting areas of work that will be increasingly important in the future, the group's output will also be very useful for a future-proof knowledge and skills management at the ECA. Ultimately, the group's work should ensure that the ECA will focus on the right issues in the years to come and is well-prepared to actively cope with the challenges and capitalise on the opportunities the future will bring.

# Assessing large-scale infrastructure investments from a financial and socio-economic point of view

By Luc T'Joen, Directorate Investment for cohesion, growth and inclusion

The ECA regularly organises 'practice-sharing sessions' so that staff can share knowledge and receive updates on recent developments in specific fields.

Luc T'Joen fills us in on what was discussed at a recent practice-sharing session on the quality and reliability of social-economic benefit assessments. Here ECA auditors heard from Professor Michaël Doms, an expert in evaluating large-scale infrastructure projects and in stakeholder management.

## Providing expert advice

Professor Michaël Doms, who holds a PhD in Applied Economics and teaches at the Solvay Brussels School of Economics and Management, is no stranger to the ECA. He was consulted as a technical expert for the audit on maritime transport (Special Report 23/2016) regarding the analysis of real port capacity, and will again offer his expertise in the ECA's ongoing audit of high-speed rail infrastructure investments. In this audit, he will share particularly valuable insights on economic demand analysis, investments' socio-economic effects, and the parameters used in cost-benefit analyses.

On Monday 11 December 2017, Michaël Doms visited the ECA. In the morning he met with the high-speed rail performance audit team to assess the different cost-benefit analyses which had been used to justify the (sometimes very costly) audited co-funded investments. Discussions covered the methodology followed, the methodological challenges observed, the criteria used, a template for the horizontal screening of the various documents (which the ECA could use in future cost-benefit analyses), and the attempt to derive a series of standards from the work for use with future investments.

The key messages to emerge from the session were:

- cost-benefit analysis are only one of several tools to justify an infrastructure investment, and so should be used as a decision-making aid and not the key document;
- looking at the parameters and values applied, cost-benefit analysis is often used as a means to justify a decision already taken at the political level.

In its upcoming report, the ECA will aim to not only present detailed assessments but also provide insights and conclusions allowing for the making of sound recommendations for future investments in high-speed rail infrastructure.

## Key issues in cost/benefit analyses

In the afternoon Oskar Herics - the reporting ECA Member for the audits on maritime transport and high-speed rail infrastructure investments - opened a practice-sharing session, open to all ECA staff, on 'The quality and reliability of socio-economic benefit assessments.'



Michaël Doms

## How to assess large scale infrastructure investments from a financial and socio-economic point of view? *continued*



Michael Doms and  
Oskar Herics, ECA Member

The session answered questions like: Why are socio-economic benefits usually difficult to assess? What aspects need to be taken into account? Why do project owners consider an investment to be sustainable, even if the figures speak loudly to the contrary? Which parameters are particularly interesting for an auditor to assess ex-post?

While giving a historical overview of the process in many countries, Michaël Doms informed the some 60 auditors present of the many differences between the various instruments used in socio-economic benefit assessments. To illustrate his points, he drew upon a wealth of practical examples from his vast experience in large-scale transport infrastructure management projects, particularly ports, railways and air transport



ECA conference room,  
11 December 2017



## How to assess large scale infrastructure investments from a financial and socio-economic point of view? *continued*

The following key lessons were noted.

- There are various evaluation instruments; these differ in terms of the number of perspectives/actors involved and the number of criteria applied. Accordingly, the characteristics and differences between the following instruments were explained, accompanied by real-life examples of their application:
  - (i) private cost-benefit analysis
  - (ii) cost-effectiveness analysis
  - (iii) economic effect analysis
  - (iv) social cost-benefit analysis
  - (v) multi-criteria decision analysis – the most complex.
- Generally, there is a lot of confusion between cost-benefit analyses and other socio-economic evaluation methods, such as economic impact assessments which consider, in particular, employment and added value, for example.
- Infrastructure management and development should involve ‘less planning, more vision’, and also calls for ‘adaptability/flexibility’, leaving a margin for manoeuvre if circumstances require.
- It is very important to include all stakeholders in the decision-making process from the outset. The project owner/beneficiary should work with them as early as possible, rather than shut them out of the process, and use transparent calculations based on standard methodologies and guidelines. Stakeholders are to be viewed as potential resources – not as threats. They are sources of knowledge and information, which can help improve decision-making, as well as sources of societal support.
- Sensitivity analysis is very important, but one should avoid going too far, as too much technical complexity can lead to further contestation of results. Limit this analysis to some sound key parameters.
- Conducting an ex-post analysis assessing and comparing the real construction versus the expected/anticipated result can be a really useful learning experience. Although seldom used, this is a useful tool which sheds interesting insights on the reasons for a project’s success or failure and points to potential methodological improvements.

This was a fascinating presentation on a topic which certainly merits further study given its financial and economic importance for many Member States. The lessons we drew from it will undoubtedly have an impact on future audit work at the ECA.

## Reaching out

### 'United we stand strong' – discussion of the priorities of the Bulgarian Presidency of the Council

By Mihail Stefanov and Mariya Byalkova, Private Office of Iliana Ivanova, ECA Member



Rimantas Šadžius, ECA Member responsible for institutional relations; Lilyana Pavlova, Minister for the Bulgarian Presidency of the Council of the EU; Klaus-Heiner Lehne, ECA President; Iliana Ivanova, ECA Member

#### Bulgaria's four priority areas for the Union

Lilyana Pavlova noted that the EU in the year 2018 is at the doorstep of key decisions and that reforms are needed to make the Union stronger, more united and more democratic. Bulgaria's Presidency has four priority areas, which reflect these reforms:

- economic and social cohesion with a focus on the next EU Multiannual Financial Framework (MFF), future Cohesion and Common Agricultural Policy (CAP), and a deeper Economic and Monetary Union;
- stability and security of Europe: common decisions on more security on the EU's external borders, more efficient migration management, and laying the foundations of a Defence Union;
- European prospects and connectivity of the Western Balkans: Bulgaria pursues making the best use of its regional expertise, without creating any false expectations, to support EU accession-related reforms in the Western Balkan states and put them high on the EU agenda in view of the peace and stability in that region; and
- a digital economy and skills for the future: with a focus of completing the EU digital single market and development of digital economy and skills. This file includes the cyber security package, the copyright directive, the free flow of non-personal data, the e-communications code, e-privacy etc.

Lilyana Pavlova, Minister for the Bulgarian Presidency of the Council of the EU, paid a visit to the ECA on 18 January 2018. She discussed the priorities and the programme of the 2018 Bulgarian presidency for the first half of the year with the Members of the ECA. This presidency – which is the first of this Member State since its accession to the Union in 2007 - stands under the motto 'United we stand strong.'

## 'United we stand strong' – discussion of the priorities of the Bulgarian Presidency of the Council of the EU for the first half of 2018 with Minister Lilyana Pavlova *continued*

### **Bulgarian Presidency reaching out to EU institutions**

The Minister stressed the importance given by the Bulgarian Presidency to reach out to all EU Institutions, including the ECA. She also referred to the close cooperation with the Estonian and Austrian Presidencies, an essential aspect to ensure that legislative proposals can be dealt with seamlessly, and set out the programme of events planned until June 2018. The discussion focussed on the different contributions the ECA has planned for the debate around the next MFF, and in particular the ones on the EU finances, the CAP and cohesion, and the need for reforms in these areas. The ECA will be invited to be a key participant in two high level conferences the Bulgarian Presidency will organise in Sofia: one on the next MFF and another one on the Western Balkans.



Meeting with the ECA's college of Members and Lilyana Pavlova, Minister for the Bulgarian Presidency of the Council of the EU



## Reaching out

### ECA President Klaus-Heiner Lehne and ECA Member Danièle Lamarque visit French authorities in Paris

By Gaston Moonen, Directorate of the Presidency

On 5 December 2017, ECA President Lehne, together with Danièle Lamarque, ECA Member, had a full day of meetings in Paris with officials from the French government, the National Assembly, the Senate and the French Supreme Audit Institution, as well as political representatives. Below some highlights of the visit.

#### Many policy areas discussed

First on the agenda was a breakfast with Didier Migaud, President of the French *Cour des Comptes*, to discuss the ECA's strategy and work programme, and the two institutions' cooperation on audits. Particular potential for parallel work was found to exist in the areas of transport, and structural funds. European and national experiences were compared when it came to the scrutiny of public banks and central bankers.

Next came a meeting with Nathalie Loiseau, the French Minister for European Affairs. Aside from the ECA's strategy and work, this discussion also covered initiatives on the future of Europe and France's potential interest to the ECA's Work Programme. During the subsequent meeting with French Minister for Public Action and Accounts Gérard Darmanin, the Minister insisted particularly on the need to simplify the Common Agricultural Policy. The fragmentation of the EU budget and the need to reverse this trend in the future MFF were also discussed.

Thereafter, the ECA delegation met with Emmanuel Moulin, Director in the office of the Minister for the Economy, Bruno Le Maire, who was taking part in the ECOFIN Council in Brussels at that time. The positive experience of France with EFSI meant also that the ECA's upcoming audit was anticipated with interest. Further topics included the need to avoid audit gaps, and the upcoming Multi-annual financial framework.

The day ended with meetings at the French Senate and the National Assembly, where President Lehne and Danièle Lamarque set out the ECA's strategy for 2018-2020 and its 2018 Work Programme and also discussed initiatives for the future of Europe. At the Senate, President Lehne and Danièle Lamarque met Jean Bizet (pictured), President of the European Affairs Committee, along with many other Committee members and had a full and frank discussion. The ECA's recent report on the Commission's intervention in the Greek financial crisis had made its mark, and Jean Bizet emphasised



Didier Migaud, President of the French *Cour des Comptes*; Danièle Lamarque, ECA Member and Klaus-Heiner Lehne, ECA President



Klaus-Heiner Lehne, ECA President and Gérard Darmanin, French Minister for Public Action and Accounts



## ECA President Klaus-Heiner Lehne and ECA Member Danièle Lamarque visit French authorities in Paris *continued*

the need for ownership on the ground of such programmes. Several questions were related to the perceived complexity of agricultural and cohesion rules which led to undue worries on the part of beneficiaries and the need for simplification. One senator noted the big risks involved in fixing the large majority of budgetary choices for such a long period as it is currently done. A further speaker noted with satisfaction the ECA's emphasis on performance audits but stressed the need to communicate proactively to the public.

The final meeting of the day was with Sabine Thillaye, President of the National Assembly's European Affairs Committee who underlined the European mandate of the new parliamentary majority following the elections of last year in France. Given that both sides shared the same mother tongue the last meeting took place in German.

### Red threads throughout the meetings

The discussion partners met in Paris showed a keen awareness of current issues being dealt with at EU level and a strong will to play a key role in shaping them. The work of the ECA was commended on numerous occasions and there was a will to make exchanges more regular, where this is not already the case. Another red thread in several meetings was the wish to make EU rules less complex and burdensome than they are perceived to be today.



Klaus-Heiner Lehne, ECA President and Jean Bizet, President of the European Affairs Committee



Sabine Thillaye, President of the National Assembly's European Affairs Committee and Klaus-Heiner Lehne, ECA President

## Reaching out

### High-level conference 'Shaping our future – Designing the next Multiannual Financial Framework'

By Werner Vlasselaer, Private Office of Jan Gregor, ECA Member



Jan Gregor, ECA Member and Karlijn van Bree, former ECA colleague

With the end of the current Multiannual Financial Framework (MFF) getting nearer the debates on the future financing of the EU get more intense and frequent. Werner Vlasselaer reports on the recent High Level conference organised by the European Political Strategy Centre, the European Commission's in house think tank. ECA Member Jan Gregor contributed to the debate on how to maximise the economic impact of the EU budget.

#### Reflection on the Future of EU finances

In September 2017, the President of the European Commission, Jean-Claude Juncker, laid out his roadmap towards the European Summit in May 2019. In his State of the Union speech he underlined that the EU needs a budget that matches its ambitions and meets future challenges. Subsequently, the Commission's 'Reflection Paper on the Future of EU Finances' has set out a number of options for the way forward. The Commission's task is now to look into concrete policy options and to prepare decisions. The legislative proposal for the next MFF is expected to be issued in May 2018.

The conference 'Shaping our Future' of 8 and 9 January 2018 was convened to discuss the EU's budgetary needs for the next MFF. Besides the President of the Commission, keynote speakers were Günther Oettinger, Commissioner for Budget and Human Resources and Sigmar Gabriel, Minister of Foreign Affairs (Germany). Different aspects of the next budget were discussed by high level panellists, including Mário Centeno, Minister of Finance (Portugal) and future Eurogroup President, Pier Carlo Padoan, Minister for Economy and Finance (Italy), Nathalie Loiseau, Minister for European Affairs (France) and Lilyana Pavlova, Minister for the Bulgarian Presidency of the Council.

#### ECA's future input for the MFF debates

ECA Member Jan Gregor participated in the discussion panel on "High Economic Impact with a Limited Budget – Grants, subsidies and innovative financial instruments", together with Mateja Vraničar Erman, Minister of Finance (Slovenia), Miglė Tuskienė, Vice-Minister of Finance (Lithuania) and Alexander Stubb, Vice-President of the European Investment Bank (EIB).

## High-level conference “Shaping our future – Designing the next Multiannual Financial Framework” *continued*

During the panel discussion, Jan Gregor announced that the ECA is preparing briefing papers on the future of EU finances. The first briefing paper (planned for February 2018) will be a general reflection on the budgetary principles and the second contribution (planned for June or July 2018) aims at a more detailed assessment of the Commission’s legislative proposal for the next MFF. The ECA contributions will be based on the results of past audit work. He also referred to the ongoing tasks concerning the Horizon 2020 simplification measures, the future of the CAP and simplification in cohesion policy. In addition, the ECA will issue opinions on legislative proposals for the own resources decision and sectoral legislation for spending programmes as required.

### Upholding core principles

Jan Gregor indicated that the size of the budget has to match the EU ambitions, which include redistribution as a long-term stabilising factor of the EU. The focus should therefore not be on net balances. Indeed, more attention should be given to the benefits that each Member State derives from the membership in the EU. There are numerous other non-pecuniary and indirect benefits gained from EU policies, such as those relating to the single market, economic integration and trade, not to mention political stability and security.

He also expressed that the budget should better reflect core budgetary principles, such as unity, transparency and accountability to ensure full democratic oversight. A strong mandate is needed for a common approach to an independent external public audit for all types of financing for EU policies. At the same time, efficiency should be promoted by simplifying rules and procedures in the areas of revenue, expenditure and audit.

Moreover, there is a need to enhance the EU performance framework. Steps forward include reducing the number of objectives and indicators as well as ensuring that performance information provided is of sufficient quality. To finalise, Jan Gregor called for caution with regard to financial instruments as ECA audits have shown that there are a number of significant issues that limit their efficiency (see for instance ECA Special Report 19/2016 on lessons learnt from implementing the EU budget through financial instruments).



High Level conference organised by the European Political Strategy Centre, the European Commission’s in house think tank



## Reaching out

### Visit of the Swedish National Audit Office and its Parliamentary Council to the ECA

By Peter Eklund, Private Office of Hans Gustaf Wessberg, ECA Member



From left to right :

Agneta Börjesson, Member Parliamentary Council; Jörgen Hellman, President Parliamentary Council; Anders Colvér, Deputy Liaison Officer, NAO; Mia Sydow Mölleby, Member Parliamentary Council; Dag Levin Sparr, Liaison Officer, NAO; Stefan Lundgren, Auditor General, NAO; Klaus-Heiner Lehne, ECA President; David Läng, Member, Parliamentary Council; Ingvan Mattson, Auditor General, NAO; Magnus Lindell, Head of International Department, NAO; Per-Ingvar Johnsson, Member Parliamentary Council; Göran Pettersson, Vice President Parliamentary Council

On Tuesday 16 January, the ECA welcomed two of the three Auditors General from the Swedish National Audit office and its Parliamentary Council for a two -day visit to Luxembourg. Peter Eklund fills us in on the background of the visit and the meetings held.

#### Institutional set-up

The Swedish National Audit Office (NAO) is an independent agency under the Swedish Parliament. Within the Parliament, a Parliamentary Council has been set up to facilitate the dialogue and discharge procedure between the NAO and the Parliament. The Council monitors the implementation and reporting of the most important audits in the NAO's work programme and the Auditor General appointed in charge of administrative matters will be called upon to explain the NAO's budget requirements before the council prior to the Parliament's decision.

Among the members of the Swedish delegation were Jörgen Hellman and Göran Pettersson, respectively President and Vice-President of the Parliamentary Council, and Ingvan Mattson and Stefan Lundgren, both Auditor General of the Swedish *Riksrevisionen* (National Audit Office).



## Visit of the Swedish National Audit Office and its Parliamentary Council to the ECA *continued*

### Wide range of topics covered

The Auditors General and the Parliamentary Council had indicated their interest to look at several topics more closely when visiting the ECA. The first day included a presentation by ECA colleagues Jacques Sciberras and Carl Westerberg on the accountability arrangements at EU level and the challenges this brings in terms of audit gaps and shortcomings in the chains of responsibility and overlaps. Jacques Sciberras took as a starting point Professor Mark Bovens' framework for analysing and assessing accountability arrangements in the public domain and applied this to the EU context. The visitors were intrigued to see how complex the arrangements at EU level had actually become over time as a result of how the EU budget and related structures continue to evolve. Overall there was a fruitful discussion on the national parliaments' roles in accountability and auditing within the EU.

Subsequently ECA Member Jan Gregor and his Head of Private Office Werner Vlasselaer presented ECA's preparations Brexit as far as audit is concerned. They focussed on the potential implications Brexit may have on the EU's financial accounts and the possible audit tasks for the ECA to perform in this context. The day was concluded with a meeting with Danièle Lamarque, ECA Member.

ECA colleagues James McQuade and Carl Westerberg started off the second day with a presentation of the EU budget mechanisms and the ECA's mandate and institutional role in this context, looking more specifically at risks connected with EU's economic management and also the EU's financial framework beyond 2020. This was followed by a presentation by ECA Director Martin Weber who described the main elements of the ECA's new strategy for the period 2018-2020. The Swedish visitors showed particular interest in the ECA's increased focus on performance and how it plans to further improve the added value of its Statement of Assurance. ECA colleague John Sweeney concluded the morning session with a presentation on the ECA's work with standards in performance audit and how these are applied in the ECA's daily work. The ECA's approach in communication its products and its activities in the area of social media were presented by our colleague Fabrice Mercade. Furthermore the delegation met ECA Member Bettina Jakobsen and ECA Secretary General Eduardo Ruiz Garcia.

### Closing meeting with ECA President Klaus-Heiner Lehne

To conclude this two-day visit, the Swedish visitors met with ECA President Klaus-Heiner Lehne. The Swedish delegation was particularly interested to know more about how the ECA is able to involve the European Parliament early on in its programming process. Klaus-Heiner Lehne explained that, while maintaining its independence, a close dialogue helps to make sure that the ECA reports presented are useful and in line with the needs that Parliamentarians have.

Overall the feedback received, from both the Swedish delegation and ECA representatives, was that it was a fruitful visit with a highly interesting exchange of views and practices.

## Reaching out

### Visit of the AFROSAI-GIZ Women Leadership Academy

By Sabine Hiernaux-Fritsch and Beatrix Lesiewicz, Directorate External action, security and justice



AFROSAI-GIZ Women Leadership Academy; Magdalena Cordero Caldaida, ECA Director (First row, third from left)

For the second time the ECA received a group of female auditors from Africa to cover various topics related to audit, equal opportunities, training and other topics. Sabine Hiernaux-Fritsch and Beatrix Lesiewicz share some highlights of the visit.

#### Training programme for female middle management auditors in Africa

On 8 December 2017 the ECA hosted a group of 19 female auditors in the context of the AFROSAI-GIZ Women Leadership Academy 2017. The participants originated from 13 African Supreme Audit Institutions (SAIs)<sup>1</sup>. Our colleagues Magdalena Cordero Valdaida, Fabrice Mercade, Aglika Ganova, Peggy Vercauteren and Wilfred Aquilina contributed to this meeting and likewise they provided input for this article.

The Women Leadership Academy is a twelve months training programme targeting female middle management auditors in African SAIs. The programme is implemented by the *African Organisation of Supreme Audit Institutions (AFROSAI)* and *Deutsche Gesellschaft für Internationale Zusammenarbeit's (GIZ)* Good Financial Governance in Africa programme and GIZ's Academy for International Cooperation. It was first launched in 2016. In line with Sustainable Development Goal (SDG) 5, Gender Equality, the programme forms part of the implementation of AFROSAI's gender strategy. The objective of the programme is to strengthen the participants' skills in strategic thinking and change management so as to increase visibility of their leadership skills.

#### Relevance of ECA products to citizens and auditing the gender equality principle

The working day was opened by a welcome address by Bettina Jakobsen, ECA Member, who made a presentation on how the ECA ensures that its products are relevant to its stakeholders. To illustrate this, she spoke about applying the International Standard of Supreme Audit Institutions

<sup>1</sup> Botswana, Cape Verde, Cameroon, Congo, Democratic Republic of the Congo, Gabon, Madagascar, Niger, Senegal, Sierra Leone, South Africa, Zambia and Zimbabwe.

(ISSAI) 12 (The Value and Benefits of -SAIs – making a difference to the lives of citizens). She used the ECA reports on Food Waste and Passenger Rights as examples of reports with a citizen angle. She also touched on the gender perspective from an audit angle and concluded that SAIs are in a position to audit the application of the gender equality principle. Lastly, she addressed the issue of being a woman in an audit institution and quoted the former US Secretary of State Madeleine Albright who once said: 'There is a special place in hell for women who do not help each other.'

### Organisation of the ECA's audit work

Sabine Hiernaux-Fritsch and Beatrix Lesiewicz, gave a presentation on the organisation of the ECA's audit work, with a particular focus on audit activities in the area of the European Development Funds and the heading 'Global Europe' of the EU General Budget. The participants raised many questions on the ECA's work programming, the selection of audit topics, the composition/gender balance of the audit teams and the follow-up of our audit conclusions and recommendations. The participants stressed the difficulties of not only being a woman in audit but also of a lack of recognition and parliamentary support, as well as of limited IT tools and connections.

### Sustainable Development Goals

Wilfred Aquilina from the Directorate for Audit Quality Control offered an insight into ECA's contribution to INTOSAI's support for the United Nation's 2030 Agenda for Sustainable Development. He presented the model, which the ECA has developed with the *Algemene Rekenkamer* (Netherlands Court of Audit), for SAIs to assess the extent to which national governments are preparing for the Sustainable Development Goals (SDGs). Participants discussed the role that SAIs can play over time as the implementation of the SDGs advances.

### Discussing female leadership and gender balance at the ECA

The *ECA Joint Committee of Equal Opportunities* (COPEC) was invited to participate in the debate on female leadership and gender balance at the ECA. The ECA panel, led by Magdalena Cordero Valdavida, Director Information, Workplace and Innovation, included Aglika Ganova of the Directorate *Human Resources, Finance and General Services* and Peggy Vercauteren, Valeria Rota and Patricia Costa Salgado from COPEC. Personal experiences about being a woman in an audit institution were brought forward, the ability to appear comfortable in a high-pressure environment, empathy, ability to overcome challenges, perfectionism, work-life balance, reduced working time, and partners' role in women's careers. The participants raised questions regarding auditor's performance evaluation, the existence of ECA guidelines for gender balance, and the use of parental leave.

Aglika Ganova presented the Human Resources developments at the ECA, in particular the new recruitment and onboarding scheme for permanent official auditors, ASPIRE, some aspects of career development and training opportunities offered by the ECA. The participants were especially interested in the measures encouraging work-life balance at the ECA, as well as the actions promoting equal opportunities.

### ECA's communication and stakeholder strategy

Fabrice Mercade of the Directorate of the Presidency presented the ECA's communication and stakeholder strategy and implementation. He provided an overview of the most recent developments in media relations, publications and new approaches aiming at increasing the impact of the ECA's work since 2015.

The group very much welcomed the working day in the ECA, during which they also selected several ECA facilities to view work spaces, the ECA innovation room, team areas, and the library. It helped the African auditors to learn from their peers and to get an insight into the situation of female leaders in the institution.



## Reaching out

### Riga Graduate School of Law students visit the ECA

By Dennis Wernerus, Directorate of External action, security and justice



Visiting group from the Riga Graduate School of Law in the ECA on 15 December 2017, together with Mihails Kozlovs, ECA Member (second from the right), and ECA staff.

The ECA regularly opens its doors to student groups from EU Member States and beyond. Often universities come back year after year to introduce their students to EU accountability issues and the ECA's work to improve EU financial management. Such visits allow ECA staff to stay in touch with what enthuses young academics. Dennis Wernerus reports on the visit by a group of students from a Latvian university programme which now returns year after year.

#### Coming back again...

The ECA regularly attracts the interest of students and graduates in the fields of business administration, international relations and European law. On 15 December 2017, Mihails Kozlovs, ECA Member, welcomed participants on the Riga Graduate School of Law's (RGSL) Advanced Programme in European Law and Economics for the fifth year in a row.

The programme is delivered to working professionals by lecturers from RGSL, the Latvian Institute of International Affairs, the Stockholm School of Economics in Riga and the University of Latvia. As part of the programme, the participants receive training at Latvian public institutions and embark on a study visit to the EU institutions in Brussels and Luxembourg. This accredited programme awards participants with internationally recognised academic credit points under the European Credit Transfer System.

#### Offering a tailor-made programme

Participants visiting the ECA's premises were given the opportunity to learn more about the institution's mission and activities. The RGSL's graduates tend to work in non-governmental organisations, academia and public administration, and mostly come from the EU's wider neighbourhood (e.g. the Western Balkans, the Caucasus, Moldova, Ukraine and Central Asia).



This explains their keen interest in the ECA's work on EU funding for external action, security and justice in particular. With this in mind, the half-day programme at the ECA was tailored accordingly, offering:

1. a presentation of the ECA as an institution by Mihails Kozlovs, covering the ECA's mission, tasks, structure and different types of audit products;
2. a presentation of the ECA's audits outside EU Member States by Dennis Wernerus, including several case studies shedding light on good practices and recurring weaknesses in programme implementation.

### **Thought-provoking questions keeping the ECA sharp**

Our guests had ample time for a Q&A session. The questions our visitors asked served as a welcome reminder of the interest in our work as the guardians of EU's finances and auditors of EU-funded activities. Many of their questions were highly relevant, thought-provoking and often touched upon fundamental issues, going beyond the observations made in the ECA's annual and special reports. To give you a flavour of the style of question raised, here are a few put forward at last month's visit:

- How does the ECA ensure that its recommendations are implemented?
- What are the Court's audit rights with respect to the European Investment Bank?
- What is the purpose of EU budget support?
- What can the ECA do to address corruption and fraud in a specific country?

No doubt the ECA will receive a further stream of pertinent questions from the next group of graduates!



## Publications in December 2017

### Opinion No 5/2017



Published on  
5 December 2017

### Opinion No 5/2017

Concerning the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 1141/2014 of the European Parliament and the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations

[Click here for our report](#)

### Special report N° 20/2017



Published on  
7 December 2017

### EU-funded loan guarantee instruments: positive results but better targeting of beneficiaries and coordination with national schemes needed

This report examines whether EU loan guarantees have supported smaller businesses' growth and innovation by enabling them to access finance. We found that the Loan Guarantee Facility has helped beneficiary companies grow more in terms of total assets, sales, wage bills and productivity. However, the InnovFin SME Guarantee Facility lacked focus on companies carrying out innovation activities with a high potential for excellence. In addition, for both many businesses were not actually in need of a guarantee. Although evaluation activities have improved, several weaknesses remain.

We make a number of recommendations to the European Commission to improve targeting the guarantees on viable businesses lacking access to finance and on more innovative businesses. We also emphasise the importance of cost-effectiveness, since similar instruments already exist in the Member States.

[Click here for our full Special Report](#)

### Special report N° 21/2017



Published on  
12 December 2017

### Greening: a more complex income support scheme, not yet environmentally effective

Agriculture, in particular intensive farming, exerts a negative impact on the environment and climate. Greening - a direct payment rewarding farmers for farming practices beneficial for soil quality, carbon sequestration and biodiversity - was introduced in 2015, as a means to enhance the environmental and climate performance of the EU's Common Agricultural Policy. We found that greening, as currently implemented, is unlikely to meet this objective, mainly due the low level of requirements, which largely reflect the normal farming practice. We estimate that greening has led to a change in farming practice on only around 5 % of all EU farmland. We made a number of recommendations on how to design more effective environmental instruments for the Common Agricultural Policy post 2020.

[Click here for our full Special Report](#)

### Special report N° 22/2017



Published on  
13 December 2017

## Election Observation Missions – efforts made to follow up recommendations but better monitoring needed

The EU observes elections all over the world as a means of promoting democracy, human rights and the rule of law. Approximately two months after Election Day, the missions make recommendations to the host country for electoral framework improvements. We assessed the support provided for the implementation of such recommendations in four countries: Ghana, Jordan, Nigeria and Sri Lanka.

We found that the European External Action Service and the European Commission had made reasonable efforts to support the implementation of the recommendations using the tools at their disposal. Nevertheless, more consultation is needed on the ground and follow-up missions could be deployed more often. Lastly, there is neither a central overview of the recommendations nor a systematic assessment of their implementation status. The Court makes a number of recommendations for further improving these aspects.

[Click here for our full Special Report](#)

### Background paper



Published on  
14 December 2017

## The ECA's modified approach to the Statement of Assurance audits in Cohesion

In our 2018-2020 strategy the European Court of Auditors (ECA) decided to take a fresh look at how we audit the EU budget and to increase the added value of our Statement of Assurance (SoA). We in particular wanted to make better use of the work of other auditors and the information provided by our auditee on the legality and regularity of spending. This ECA background paper provides some information on the first pilot of such a modified approach.

For the financial year 2017, we will test the accuracy of the information provided by the European Commission on the legality and regularity of Cohesion spending. In practice, we will scrutinise the checks already carried out by the European Commission and by the audit authorities in Member States, through a review of audit files and the re-performance of audit work carried out at beneficiary level. On this basis, we expect to be able to conclude whether the information on the legality and regularity of Cohesion spending reported by the Commission, and in particular the residual total error rates of the programmes examined, is reliable or not. This work will also provide an input to our overall opinion on the legality and regularity of EU spending.

The audit work is currently ongoing and its results will be reported in our next annual report in 2018.

[Click here for our report](#)



## Publications in December 2017

### Special report N° 19/2017



Published on  
15 December 2017

### Import procedures: shortcomings in the legal framework and an ineffective implementation impact the financial interests of the EU

Goods entering the EU from outside the European Union are subject to customs controls by Member States before they are released for free circulation within the EU. We examined whether the European Commission and the Member States ensure that import procedures protect the EU's financial interests.

We found important weaknesses and loopholes which indicate that the controls are not applied effectively. This has an adverse effect on EU finances. We make a number of recommendations to the Commission and to the Member States to improve the design and implementation of the control.

[Click here for our full Special Report](#)

### Special report N° 23/2017



Published on  
19 December 2017

### Single Resolution Board: Work on a challenging Banking Union task started, but still a long way to go

The Single Resolution Board (SRB) is based in Brussels and was established in 2014 as part of the policy response to the financial crisis. Its mission is the resolution of any of the banks within its remit which are failing. At present, there are about 140 banks in the euro area under its remit. This audit assessed the quality of the SRB's overall rules and guidance, resolution planning for individual banks, and whether the SRB is staffed adequately. We found shortcomings in all of these areas, although the set-up of the SRB from scratch was a very significant challenge and any weaknesses must be seen in this context. We make a number of recommendations relating to the preparation of resolution plans and completing its rules and guidance. We also recommend that the SRB improves its staffing levels and HR procedures.

[Click here for our full Special Report](#)

### Report pursuant to Article 92 (4)



Published on  
21 December 2017

### Report pursuant to Article 92 (4) of Regulation (EU) No 806/2014 relating to the Single Resolution Mechanism

This report, required by Regulation (EU) No. 806/204 on the Single Resolution Mechanism, focusses on contingent liabilities arising as a result of the performance of the Single Resolution Board, the Council and the Commission of their tasks under this Regulation.

[Click here for our full Special Report](#)

### Rapid case review



Published on  
21 December 2017

### Rapid case review on the implementation of the 5 % reduction of staff posts

The Court reviewed how the European Union institutions, bodies and agencies implemented the commitment made in the Interinstitutional Agreement of 2 December 2013 to cut 5 % of the staff in their establishment plans during the period 2013-2017.

[Click here for our full Special Report](#)





## EDITION HIGHLIGHTS

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COVER:  
European Parliament Conference of Committee Chairs meeting in Strasbourg  
on 16 January 2018 having an exchange of views with ECA President Klaus-Heiner Lehne  
on the ECA 2018 Work Programme