

EN

# 2015

## Work Programme



EUROPEAN  
COURT  
OF AUDITORS

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A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (<http://europa.eu>).

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*Printed in Luxembourg*

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The European Court of Auditors (ECA) is the guardian of the EU's finances. We contribute to the sound management of the EU's budget and assist the legislators of the European Parliament in holding to account the European Commission, its executive body. Our annual report rigorously tests the reliability of the EU's accounts and the legality and regularity of the transactions underlying them. Our special reports go further with their focus on other aspects of financial management such as performance and value for money, with the aim of constantly improving the level of service from European institutions to our citizens.

The European Court of Auditors undertakes:

- **Financial audits** - on the reliability of accounts and the legality and regularity of transactions. Financial audits are generally required by legislation (notably the statement of assurance, or 'DAS') on an annual basis.
- **Compliance audits** - a key component of financial audit, comprising an assessment of whether transactions (income or spending) or systems of specific budgetary areas comply with the rules and regulations governing them.
- **Performance audits** - on the soundness of financial management (including value for money). These audits are on specific management or budgetary topics, often covering a number of financial years.

Performance and compliance audit topics are **selected** at the ECA's discretion on the basis of criteria such as risk of irregularity or poor performance, potential for improvement and public interest. Their complex and detailed nature means they generally require more than a year to complete.

The ECA publishes the results of its audit work in the following types of reports:

- **Annual reports** - present the results of financial audits of the EU budget and the European Development Funds in the form of statements of assurance. These two reports are published together in November of the following year.
- **Specific annual reports** - present the results of financial audits of the EU agencies and decentralised bodies. They are published at the end of the following year.
- **Special reports** - present the results of selected performance and compliance audits. Special reports can be published at any time of the year.

In addition, the ECA is called upon to provide its **opinion** on new or updated legislation with a financial impact. The ECA recently introduced **landscape reports**, providing information and analysis of key issues based on its audit knowledge. It can also issue **position papers** on topics of interest at its own discretion.

The ECA - in line with other supreme audit institutions - carries out its work in compliance with **international standards** to ensure the highest professional quality.

The ECA's objective for the 2013 to 2017 period is to maximise the value of its contribution to EU public accountability. In order to meet this objective, our priorities are to:

- focus the ECA's products on improving EU accountability;
- work with others to leverage the ECA's contribution to EU accountability;
- guarantee the ECA's continuing professionalism;
- make best use of the ECA's knowledge, skills and expertise; and
- demonstrate the ECA's performance and accountability.

These priorities are translated into specific audit tasks through a comprehensive planning process (see **box**).

## Planning to maximise impact

Our programming system follows a rigorous process aiming at achieving maximum impact of our audits and best use of our resources. The following four step approach is followed:

1. A yearly dynamic ECA-wide policy and risk review is carried out taking into account risk analysis, developments in policy areas, the priorities of our stakeholders, the results of recent audits, audit profession developments, the work of other Supreme Audit Institutions, and relevant media coverage. This review defines the ECA's priorities in alignment with the strategic objectives.
2. Based on these priorities, our audit chambers prepare lists of their proposed audit tasks (PAT) and information on their relative priority. An institution-wide list of PATs is approved by the ECA's College based on this input, which then provides the basis for identifying the tasks to be included in the annual work programme (AWP).
3. The annual work programme sets out the audit tasks to be implemented during the year and the resources allocated to them. It contains both permanent and recurrent tasks (DAS- financial and compliance audits), as well as priority tasks selected (performance audits) from the PAT. The AWP is reviewed and updated during the year, to take into account significant changes to priorities and the inclusion of new tasks.
4. The implementation of the AWP is monitored regularly and lessons learned are fed back into the process.

The European Court of Auditors is the external auditor of the European Union. Most of its resources are devoted to auditing the budget of the EU. However, we also audit the European Development Funds and the EU agencies, decentralised bodies and other institutions.

This document provides an overview of our planned work and output for 2015.

The ECA intends to adopt and publish:

- o **55 annual reports** on the 2014 financial year, including the annual reports on the EU budget and the European Development Funds, and the specific annual reports on EU agencies, decentralised bodies and other institutions (53 reports);
- o **35 special reports**<sup>1</sup>, representing an increase on those published in 2014;
- o one dedicated **follow-up report** of previous special reports; and
- o the ECA's **annual activity report** for 2014.

## Statement of assurance

We devote a significant proportion of our resources preparing the annual statements of assurance (also known as 'DAS'), which are then presented in our annual reports. These are based on financial audits of the EU budget and European Development Funds, as well as the 53 EU agencies, decentralised bodies and other institutions. The audit work takes place between March of every year through to June of the following year to allow the annual reports to be made available according to the timetable set by the Financial Regulation. During 2015 the ECA will therefore work on the completion and publication of the statement of assurance for the 2014 financial year and start on the exercise for the 2015 financial year.

The work underlying the statement of assurance covers the two aspects on which the Treaty on the Functioning of the European Union requires us to provide an annual opinion: **the reliability of the accounts** and the **legality and regularity** of the transactions that underlie them. Where possible, we take account of the results of the work of **other auditors** as well as the representations of management in the form of the **annual activity reports** of the Directors General of the Commission.

Further information on the audit approach followed can be obtained from our website [eca.europa.eu](http://eca.europa.eu).

In performing our work in this area we aim to provide clear conclusions on the state of accounting and financial management of the EU budget (and specific spending areas), as well as to give practical, cost-effective **recommendations** where improvements can be made.

1 Some of the audit reports have been finished and adopted by the ECA in 2014 but will be published in early 2015.

## Planned audit work in 2015

### Selected audit tasks in 2015

In its 2013-2017 strategy, the ECA aims to focus its performance audits on topics which relate to the overall EU objectives of achieving **added value and growth** as well as the EU's response to global challenges. These include the **sustainability of public finances** and the **environment and climate change**. These overarching themes are developed into the following priorities for the 2015 work programme:

- √ Financial and economic governance framework
- √ Europe 2020 strategy
- √ Closure of 2007-2013 programming period and the Multiannual Financial Framework
- √ Disaster preparedness and response at EU level
- √ Youth employment
- √ Energy security

Many of the selected audit tasks address these priorities and the topics covered are presented below under the relevant Multiannual Financial Framework heading or main theme.

### Smart and inclusive growth – Competitiveness for growth and employment

- Danube river basin
- Inland waterways
- Micro-finance for social inclusion
- Baltic sea strategy
- Security of energy supply
- Implementation of the Service Directive
- European Institute of Innovation and Technology

## Smart and inclusive growth – Cohesion for growth and employment

- Public procurement
- Youth employment
- Deprived urban areas rehabilitation

## Preservation and management of natural resources

- Emissions Trading Scheme
- Forestry potential and prevention actions
- Causes of Rural Development errors
- Technical assistance in Agriculture and Rural development
- Financial engineering instruments in Rural development
- Knowledge transfer and advisory measures in rural development
- Non-productive investments linked to environmental objectives
- Fisheries Partnership Agreements

## Citizenship, freedom, security and justice

- Animal disease eradication

## The EU as a global player

- Cooperation with third countries on migration and asylum
- EUPOL Afghanistan
- Democracy, human rights and fundamental freedoms
- Renewable energy Eastern Africa
- EU assistance to Ukraine
- Tropical forests including FLEGT (Forest Law Enforcement, Governance, and Trade)

## Planned audit work in 2015

### Administration

- EU External Action Service management of delegation buildings
- Grant management in Agencies and Joint Undertakings

### Revenue

- Anti VAT fraud strategy

### Financial and economic governance

- Implementation of Balance of Payments (BOP) and European Financial Stabilisation Mechanism (EFSM)
- Implementation of the Excessive Deficit Procedure
- Intervention in the Greek financial crisis
- Reform of European Securities and Markets Authority (ESMA)
- European Central Bank – Single Supervisory Mechanism

More information is provided in the appendix.

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2015	
Audit subject	Objective of the task
<p><b>Smart and inclusive growth – Competitiveness for growth and employment</b></p> <p>The main aim of the EU's water policy is to ensure that a sufficient quantity of good quality water is available for people's needs and the environment throughout the EU.</p> <p>The Danube River Basin is home to around 100 million inhabitants and is rich in biodiversity. But it is vulnerable to pollution coming from: agriculture, waste water discharge, and old-fashioned energy generation.</p> <p>There are a number of directives which address various water pollution sources, including:</p> <ul style="list-style-type: none"> <li>- The Water Framework Directive;</li> <li>- The Urban Waste Water Treatment Directive (UWWTD);</li> <li>- The Sewage Sludge Directive;</li> <li>- The Nitrates Directive;</li> <li>- The Pesticides Directive.</li> </ul>	<p>The findings of the audit will be reported in two separate and complementary special reports.</p> <p>The first report will assess the effectiveness of waste water treatment plants. In particular, it will focus on the Urban Waste Water Treatment Directive (UWWTD) and the Directive on the use of sludge.</p> <p>The second report will assess the quality of water in the Danube river basin in an integrated way, on the basis of the Water Framework Directive.</p>
<p><b>Danube river basin I &amp; II</b></p>	
<p><b>Inland Waterways</b></p>	<p>The audit will assess whether EU spending on Inland Waterways programmes has achieved the desired results in terms of increased transport volumes and economic benefits.</p>
<p><b>Micro-finance</b></p>	<p>To assess whether the EU microfinance instruments work efficiently and effectively and in particular whether they are successful in achieving inclusion.</p>
<p><b>Baltic Sea strategy</b></p>	<p>The audit will assess whether the EU actions combating eutrophication in the Baltic Sea are effective.</p>
<p><b>Security of energy supply</b></p>	<p>The audit will assess whether the security of energy supply has been effectively improved by EU internal energy market policy measures and spending on energy interconnectors and storage infrastructure.</p>

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2015	
Audit subject	Objective of the task
<b>Smart and inclusive growth – Competitiveness for growth and employment</b>	
<p><b>Has the Commission ensured effective implementation of the Service Directive by Member States?</b></p> <p>The objective of the Services Directive is to achieve a genuine internal market in services by removing legal and administrative barriers to the supply of services between Member States.</p>	To check whether the Commission has ensured effective implementation of the Services Directive by the Member States.
<p><b>Is the EIT a suitable vehicle to deliver innovation in the EU?</b></p> <p>Innovation is a key driver of economic growth and job creation. The Innovation Union, one of the seven pillars of the Europe 2020 Strategy, aims to create an innovation friendly environment that makes it easier for great ideas to be turned into products and services.</p> <p>An important development in recent years in terms of European innovation support is the creation of the European Institute of Innovation and Technology (EIT) in 2008. The EIT aims to promote synergies and cooperation inside the knowledge triangle (higher education, research and innovation).</p>	To check whether the EIT reinforces the EU innovation capacity.
<b>Smart and inclusive growth – Cohesion for growth and employment</b>	
<p><b>Public procurement</b></p> <p>A large part of the EU structural funds (ERDF, Cohesion Fund and ESF) is implemented through public procurement. The ECA's legality and regularity audits have revealed consistently high levels of error concerning compliance with public procurement rules in the area of Cohesion.</p> <p>The regulatory framework of public procurement has different layers at EU and national level. In 2014, a new legislative package for the modernisation of public procurement in the EU was adopted.</p>	The audit will assess whether appropriate actions were taken to address the problem of public procurement errors in Cohesion and their effectiveness in reducing the frequency and seriousness of errors.
<p><b>Youth employment</b></p> <p>Youth unemployment has increased dramatically in recent years, reaching an unacceptable level. Since 2010, the Commission has presented various proposals and initiatives with the aim of driving down youth unemployment. This is part of the wider EU 2020 strategy.</p>	The audit focuses on: (a) the Commission's management of the Youth Action Teams (YATs); and (b) the Commission's actions to ensure a successful implementation of the Youth Guarantee.
<p><b>Deprived urban areas rehabilitation</b></p> <p>Cities and urban agglomerations are the main beneficiaries of structural funds in favour of economic, social, and territorial cohesion, as the proportion of the EU's population residing in urban areas has been growing constantly. Disparities between urban populations have also been growing and most major EU cities have to face the challenges of dealing with deprived urban areas. The regeneration of deprived urban areas has therefore become an issue which is of great interest to the European Parliament, the EU Member States, and the European Commission.</p>	The audit will assess whether support from structural funds is effective in funding projects to regenerate deprived urban areas.

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2015		Objective of the task
Audit subject	Area description	
<b>Preservation and management of natural resources</b>		
<b>Emissions Trading Scheme</b>	Since 2005, the EU Emissions Trading Scheme (ETS) works on the “cap and trade” principle, i.e. there is a limit to the total amount of certain greenhouse gases that can be emitted by factories, power plants and other installations. Within this cap, companies can receive emission allowances which they can sell to or buy from one another as needed. The ETS covers almost half of EU produced greenhouse gases. It is, therefore, one of the main tools to achieve the EU’s reduction targets following the Kyoto protocol.	To examine whether the EU Emissions Trading Scheme is managed adequately and, in particular, whether there is an appropriate framework for protecting the integrity of the scheme and whether the system has been correctly implemented.
<b>Is EU support for preventing and restoring damage to forests caused by fire and natural disasters well managed?</b>	The European Agriculture Fund for Rural Development (EAFRD) provides support for restoring forests damaged by natural disasters and fire and also for prevention actions. The latter concerns forests under high or medium forest fire risk according to forest protection plans set up by Member States. Private and public forests are eligible and the total costs of the interventions may be supported, regardless of ownership or the amounts required.	To assess whether the EAFRD support measure for restoring forestry potential and introducing preventive actions has been well managed and whether the Commission and the Member States can demonstrate that the support achieved its intended objectives in a cost-effective way.
<b>Errors in rural development spending: what are the causes, and how are they being addressed?</b>	The EU allocated almost €100 billion to achieving rural development objectives during the 2007-2013 programming period. Around half of this amount is spent on investment measures, such as the modernisation of agricultural holdings and improving basic services for the rural population. The rest is allocated to measures such as agri-environmental subsidies. Over the past few years, the ECAs’ work has identified high error rates in this area. The significant level of non-compliance with applicable rules may hamper the attainment of rural development policy objectives.	To identify the main causes of errors in rural development measures and to assess whether the action plans and the new EU legal framework have the potential to address these causes effectively.
<b>Technical Assistance: what contribution has it made to agriculture and rural development?</b>	Technical assistance is a source of EU support for a wide range of activities in various policy areas, including agriculture and rural development. Technical assistance is available for both the Commission and Member States. It can cover the costs not just of external experts, meetings, seminars, studies, networking, information, and communication activities but also the development and maintenance of IT systems as well as staff costs.	To examine whether the technical assistance in the area of Agriculture and rural development is well managed.
<b>Are financial instruments a successful and promising tool in the rural development area?</b>	Financial engineering instruments (FEIs) were first introduced into rural development in the programming period 2000-2006. They were intended to help farmers and small scale rural businesses access capital. The set of FEIs includes venture capital funds, guarantee funds, and credit loan funds. The common feature of all these instruments is that, unlike grants, they can be reused and should attract additional public or private capital into rural development. The use of FEIs is optional for Member States and arrangements are to be defined in the rural development programmes.	To examine whether the financial engineering instruments in rural development are on the right track and in particular, whether practical experience confirms their expected advantages.
<b>Knowledge transfer and advisory measures in rural development</b>	In the current rural development programming period, EU support in the form of training and advisory services is aimed at people involved in agricultural, food, and forestry activities as well as small businesses in rural areas. “Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas” is a cross-cutting priority in the new programming period 2014-2020. The overall risk is that financial support ends up as a hand-out for training providers and consultancies without tangible benefits for the economic, technological and environmental performance of their course participants or clients.	To assess whether management and control systems are in place to deliver rural development knowledge transfer and advisory measures effectively.

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2015		
Audit subject	Area description	Objective of the task
<b>Preservation and management of natural resources</b>		
<b>Non-productive investments in Rural Development (measure 216)</b>	Support from the European Agricultural Fund for Rural Development to non-productive investments (NPIs) is granted for non-remunerative investments when they are necessary to achieve commitments undertaken under agri-environmental schemes or to enhance on-farm the public amenity value of Natura 2000 areas and other areas of high natural value. The investments supported have thus a complementary role to help achieve environmental objectives predominantly pursued by other rural development measures or national schemes with larger financial allocations. The support may cover 100 % of the eligible costs.	To examine whether non-productive investments provide a cost-effective contribution to achieving the environmental objectives of the rural development policy.
<b>Fisheries Partnership Agreements</b>	The objective of the Fisheries Partnership Agreements (FPAs) is to help to maintain employment in the EU fisheries sector and to ensure supply of the EU market. The FPAs are designed to ensure sustainability by limiting fishing rights to the surplus fisheries resources. They aim to develop fisheries sector of partner countries by requiring the bulk of the money paid for fishing rights to be reinvested in a sectorial fisheries policy.	To assess whether the process of negotiating and subsequent implementation of FPAs is well managed by the Commission.
<b>Citizenship, freedom, security and justice</b>		
<b>Animal disease eradication, control and monitoring programmes</b>	The EU financial contribution to Member States for the eradication, control and monitoring programmes of certain animal diseases and zoonoses represents the largest amount of expenditure under the EU food safety budget. These programmes have three main objectives: (i) to progressively eliminate animal diseases and to implement disease monitoring measures in Member States and the EU as a whole; (ii) to ensure a high level of animal health, public health and consumer protection; and (iii) to improve the economic sustainability of the sectors directly or indirectly affected by an animal disease outbreak.	To assess whether the animal disease eradication, control and monitoring programmes adequately restrain animal diseases.
<b>The EU as a global player</b>		
<b>Cooperation with third countries on migration and asylum</b>	The Global Approach to Migration and Mobility (GAMM) is the overarching framework of the EU's external migration policy. Its implementation rests on a range of measures and instruments, including the DCI-funded Thematic Programme on Migration and Asylum (TPMA), as well as geographical instruments like the European Neighbourhood and Partnership Instrument. The TPMA aims to assist third countries to better manage migration in all of its dimensions.	To assess whether the EU support to neighbourhood countries for migration, mobility, and asylum is well coordinated and effective.
<b>EUPOL Afghanistan</b>	EUPOL stands for EU Police mission. The Common Security and Defence Policy (CSDP) has become an important part of the Common Foreign and Security Policy (CFSP), notably with the deployment of civilian and military missions to respond to the increasing security challenges faced by the EU. The deployment of a CSDP mission is a key instrument for the EU to develop a coherent foreign policy and increase the Union's influence in the world.	To assess whether EUPOL Afghanistan was well planned, implemented and coordinated and whether it achieved its intended objectives.
<b>Democracy, human rights and fundamental freedoms - Torture / Death penalty</b>	EU Treaty article 21 provides that the EU's external action shall be guided by the principle of democracy, rule of law, and human rights. The European Instrument for Democracy and Human Rights (EIDHR) funds human rights projects and initiatives around the world according to relevant EU policies.	To assess whether the promotion by the EIDHR of prevention of torture, rehabilitation of victims of torture and the abolition of the death penalty is effective.

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2015		
Audit subject	Area description	Objective of the task
<b>The EU as a global player</b>		
<b>Renewable energy in Eastern Africa</b>	Access to energy is a pre-requisite to meet most Millennium Development Goals and is vital for poverty eradication, health, education, agriculture, and economic development. Africa has huge renewable energy potential to meet growing energy needs. In June 2005, the ACP-EU Council approved the creation of the Energy Facility to support projects aimed at improving and increasing access to modern, affordable, and sustainable energy services for the poor living in rural and peripheral urban areas in ACP countries.	To assess whether the Commission made good use of the EU Energy Facility to promote access to renewable energy for the poor in Eastern Africa.
<b>EU assistance to Ukraine</b>	Ukraine is the most important of the European Neighbourhood and Partnership Instrument (ENPI) East countries and occupies a key geopolitical position since independence in 1991. Ukraine receives EU assistance mainly through the ENPI with budget support.	To assess whether the Commission has managed budget support to Ukraine well in the area of public finance management and in the sector of energy.
<b>Tropical forests including FLEGT</b>	The world's forests cover 30 % of the earth's land surface. They contribute to the fertility of agricultural land, protecting water sources and reducing the risks of natural disasters. They are an important factor in climate change. Forests can play an important role in the achievement of the UN Millennium Development Goals for eradicating extreme poverty and hunger and ensuring environmental stability. Illegal logging is an important cause of deforestation. FLEGT stands for Forest Law Enforcement, Governance and Trade.	To assess whether the Commission managed well the support provided under the EU FLEGT Action Plan to timber-producing countries to address illegal logging.
<b>Revenue</b>		
<b>The effectiveness of the Anti VAT fraud strategy</b>	Tax fraud creates a significant distortion in the functioning of the internal market, prevents fair competition and erodes revenue that could be used for providing public services and investments at national level. VAT fraud affects the financial interests of the EU as it leads to less VAT being collected and, thereby, lowers the VAT-based revenue. This loss is compensated by the GNI-based own resource, leading to a distorted distribution of the contribution to EU revenue between Member States. The own resources system needs to be "fair and transparent" in order to guarantee good functioning of the EU.	To check whether the Commission's anti VAT fraud strategy has been effective.
<b>Administration</b>		
<b>European External Action Service management of delegation buildings: are they getting it right?</b>	Since its formation on 1 January 2011, the European External Action Service (EEAS) has become responsible for all 144 delegations previously under the responsibility of the Commission. The EEAS is also responsible for the residences of heads of delegation and the provision of accommodation for some 2 400 staff. The annual budget for the delegation buildings is in the order of €160 million.	To assess whether the EEAS has a relevant and coherent buildings strategy which responds to organisational needs and whether it manages delegation buildings in order to meet organisational needs in an economic and efficient way.
<b>Grant Management in Agencies and Joint Undertakings</b>	There are 10 EU agencies which finance beneficiaries' projects through grants. 90% of the grants are funded by four agencies. The Joint Undertakings (JUs) aim to support collaborative research in their respective domains. They combine private-sector investment with EU and national public funding. Non-EU countries can also be involved.	To check whether the grant management is effective and efficient.

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2015		Objective of the task
Audit subject	Area description	
<b>Financial and economic governance</b>		
	Balance of payments support (BOP) entails medium term loans granted to non-euro area Member States to help restore confidence in their economies and support reform. The loans are financed through back-to-back borrowings on the capital markets by the European Union (off-budget operations), thereby benefiting from the EU's favourable credit rating. The preferential interest rates are passed on to the beneficiary countries which would otherwise have to borrow at higher cost. Financial assistance to euro-area Member States is very similar. The European Financial Stabilisation Mechanism (EFSM) essentially reproduces the basic mechanics of the BOP Regulation. Under the EFSM the Commission is allowed to borrow on the financial markets on behalf of the EU. The Commission then lends the proceeds on to the beneficiary Member State. The beneficiary Member State repays the loan principal as well as all interest. The EFSM has been activated for Ireland and Portugal for a total amount up to €48.5 billion to be disbursed over 3 years (2011–2013).	To check if the financial assistance provided through BOP and EFSM was managed in a way which effectively contributed to the improvement of the economic situation of the Member States concerned.
<b>Has the implementation of the BOP and EFSM been managed appropriately by the Commission?</b>		
	Under the Stability and Growth Pact (SGP), Member States must avoid excessive public deficits (3 % of GDP) and excessive debt (60% of GDP) in order not to put fiscal sustainability at risk. The Excessive Deficit Procedure (EDP) is triggered when Member States do not respect the thresholds. In responding to the economic and debt crisis, the Commission has introduced tighter surveillance of EU economic and fiscal policies.	To assess whether the EDP is based on sound indicators, appropriate thresholds, and reliable data and whether it is adequately implemented.
<b>Is the excessive deficit procedure soundly based and adequately implemented?</b>		
	The aim of the economic adjustment programmes for Greece has been to support the Greek government's efforts to restore fiscal sustainability and to implement structural reforms in order to improve the competitiveness of the economy while regaining the confidence of the financial markets. Financial support in the form of loans with a wide range of maturities was accompanied by economic policy conditionality.	To assess whether the Commission's intervention in the Greek financial crisis was effective and whether it increased the confidence of the financial markets in the EMU.
<b>Was the Commission's intervention in the Greek financial crisis effective?</b>		
	As part of its response to the financial crisis the Commission set up three new European Supervisory Authorities (ESAs) in 2011 to supervise the financial sector: the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), and the European Insurance and Occupational Pensions Authority (EIOPA). Of all three ESAs, ESMA is the Authority that has been confronted with the most intensive regulatory workload due to wide-ranging legislative activity including the revision of existing legislation and a number of new Directives and Regulations. Its mission is to enhance the protection of investors and to promote stable and well-functioning financial markets in the European Union. ESMA achieves this aim by building a single rulebook for EU financial markets, risk monitoring, and analysis of securities markets and supervision, either direct or through the active co-ordination of national supervisory activity.	To complement the ECA's audit on EBA by providing an assessment of the Commission's response to the regulatory and supervisory reform in other areas of the financial sector.
<b>Audit of the reform of the regulatory and supervisory systems: ESMA</b>		
	The Single Supervisory Mechanism (SSM) Regulation is adopted in October 2013. It confers to the European Central Bank (ECB) specific tasks relating to the prudential supervision of credit institutions. SSM creates a new system of banking supervision comprising the ECB and the national competent authorities of participating EU countries. Among these EU countries are those whose currency is the euro and those whose currency is not the euro but who have decided to enter into close cooperation with the SSM. The main aims of the SSM will be to ensure the safety and soundness of the European banking system and to increase financial integration and stability in Europe. The ECB will assume its new banking supervision responsibilities in November 2014, 12 months after the SSM Regulation entered into force.	To verify the effectiveness of the supervisory process in practice.
<b>ECB – Single Supervisory Mechanism</b>		

## For more information:

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