Press Release
ECA/14/37
For immediate release
Luxembourg, 10 September 2014

Improving accountability for EU policies requires greater cooperation between EU Member States, parliaments and auditors

A landscape review published today by the European Court of Auditors (ECA) calls on the EU to improve its financial accountability towards citizens. In the ECA’s view, the EU should strengthen the links between public financial managers, parliaments and public auditors both at the EU and in the Member States.

Mr Kevin Cardiff, the ECA Member responsible for the report has commented that: “The level of trust and confidence in the European Union has dropped, and we have to consider whether part of restoring its citizens’ confidence, as well as improving the EU’s overall performance, hinges on the level of accountability, in a representative democratic setting. This review should help to foster a debate among policy makers, parliamentarians and the audit community, at EU and member state level, about how current accountability and audit arrangements should be developed in the coming years”

In its role as the guardian of the EU citizens’ financial interests, the ECA reviewed existing EU accountability and audit arrangements so as to understand the nature of the challenges, gaps and overlaps that may exist at EU and Member State level. This review describes the basic accountability and audit arrangements applicable to the European Union’s many institutions and agencies. It places special emphasis on those bodies to which special arrangements apply because of the nature of their functions or legal structures and on the implications of the period of economic and financial crisis for accountability arrangements.

In the landscape review, the ECA puts forward a model for accountability based on six elements: 1) clearly defined roles and responsibilities, 2) providing public assurance to the public about the achievement of EU policy objectives, 3) democratic oversight by

The purpose of this press release is to give the main messages of the landscape review adopted by the European Court of Auditors. The full review is on www.eca.europa.eu

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parliaments, 4) creating feedback mechanisms for ensuring improvement over time, 5) giving strong mandates for the independent external audit of EU bodies in relation to accounts and performance, 6) making adequate provision for audit recommendations to be implemented and followed up.

Against the background of the financial crisis and developments in EU economic, budgetary and monetary integration, the EU’s auditors call for greater cooperation between the ECA and the Member States’ parliaments and auditors, so as to provide the public with a more complete and comprehensive overview of how resources are used to meet EU objectives. It feels that it is time to re-think public accountability and audit within the EU, and this review points out various accountability and audit gaps, as well as overlaps in the current arrangements that need to be addressed.

The ECA aims to provide impetus for the debate on these issues by hosting a conference involving parliamentarians, policy makers, auditors and academics in mid-October, and hopes that the themes of the landscape review will inform future decisions on European governance arrangements.
Notes to editors:

For the purposes of this review, accountability refers mainly to the extent of democratic oversight, particularly by the European Parliament, at the European level, and national parliaments at the Member State level. Public audit refers to the financial and performance audits of policies and related public funds in support of a wider accountability process.

The review also highlights the complexity of arrangements in place. The ECA reviewed a number of arrangements for different policies, instruments, entities and related public financial resources at EU level. The Court found six areas of European Union activity whose nature gives rise to accountability and audit challenges:

• Intergovernmental based instruments, their relationship with certain EU institutions, the level of public funds they manage, systemic risks and the link with EU objectives;

• A multi-speed Union with sub groups of Member States participating in different policy areas, often leading to complex governance, accountability and audit arrangements;

• Partnership with others (international organisations, private partnerships, Member States or non-member countries) depends largely on the partners’ own accountability and audit systems, which require a different type of assessment;

• Different accountability and audit arrangements apply to groups of EU bodies, depending, for example upon the sources of their revenue. This leads to different accounting, audit and discharge arrangements, and disproportionate levels of scrutiny;

• Weak frontline governance, accountability and audit processes by Member States for EU revenue and expenditure (particularly those under shared management);

• A combination of instruments – strategies, targets, laws and regulations, as well as financial and budgetary instruments – requires a comprehensive audit and accountability system to assess all these policy components together so as to provide an overall account of the outcomes, impact and results.

The ECA’s conclusions suggest that this requires an open discussion, and could be addressed by a number of measures, including:

• A more collaborative system of scrutiny between the EU and Member States (parliamentary oversight and public audit) for coordinated and intergovernmental instruments;

• A more consistent and comprehensive set of arrangements across all EU policies, instruments and funds managed by EU institutions and bodies. Parliaments and public auditors should be able to assess all aspects of sound financial management related to their activities and all public finances and resources under their responsibility;

• Improvements in accountability for the EU budget. All the parties involved need to improve frontline management, the articulation of objectives, controls and reporting systems. This particularly concerns Member States where they are responsible for spending EU funds (in particular those under shared management);

• Better accountability for the results of EU policies requires that Parliaments provide comprehensive scrutiny at both the EU and national levels. This may require a level of enhanced cooperation that is not provided by the existing accountability and audit architecture of EU and intergovernmental based European instruments;

• Preventing costly audit overlaps for EU policies and funds means that all opportunities for avoiding audit overlaps should be explored, primarily by ensuring that auditors, at each level, can rely appropriately on the work of other auditors. The ECA and the public audit authorities in Member States would need to enhance their cooperation to achieve this goal.