



EUROPEAN COURT OF AUDITORS

STRATEGY 2013-17



OUR ROLE

1. Public accountability is a core value of democratic societies and the European Union (EU). Effective EU public accountability is essential to:
 - o protect EU citizens' financial interests;
 - o promote trust in the EU and its institutions;
 - o ensure that public funds are used economically, efficiently and effectively to meet EU objectives in compliance with its rules.
2. As the independent external audit institution established by the EU Treaty and a Supreme Audit Institution, the European Court of Auditors (the ECA) plays a crucial role in ensuring effective EU accountability to citizens for the public funds put at stake to meet EU objectives by:
 - o identifying risks to the financial interests of EU citizens;
 - o providing independent assurance on EU financial management, and
 - o advising policy makers on how to improve the use of public funds.
3. The ECA adds value by publishing reports and opinions, based on independent audit and review procedures, which contribute to public oversight of the implementation of the EU budget and to informed decision-making on governance arrangements, policy and programme design, and the allocation of the EU budget.

THE EXTERNAL ENVIRONMENT AND THE ECA

4. The ECA's external environment will continue to evolve from 2013 to 2017 and the EU will further enlarge. In particular, the ECA will need to take account of:
 - o the application of the Lisbon Treaty – which strengthens the role of the EU and national parliaments – and other treaties established by Member States to meet EU objectives (e.g. the European Stability Mechanism Treaty);
 - o strategic choices by the EU on how to achieve its objectives and respond to the challenges it faces, including implementing the Europe 2020 Strategy;
 - o the decisions on the budgetary and legal frameworks for EU spending and revenue for 2014 to 2020.

5. Although these developments are likely to leave the overall EU institutional arrangements, size of the EU budget, and pattern of spending unchanged, the ECA will need to take account of the implications for public accountability and audit of:
 - o the role of EU institutions in supporting Member States activities outside the framework of the Treaty on the Functioning of the EU (TFEU), such as the involvement of the Commission in the European Stability Mechanism;
 - o the increasing use of non-EU budget funded measures within the framework of the TFEU to achieve EU objectives (e.g. regulations and coordinated action by Member States) which are funded by national budgets or as costs to businesses and citizens;

- EU budgetary constraints, potential changes in the sources of EU revenue, and the likelihood of more use being made of financial instruments other than grants (i.e. loans, guarantees and equity stakes);
- developments in financial management and reporting arrangements for EU spending for 2014 onwards.

6. In this changing context, the ECA will use its unique powers and perspective and the knowledge, expertise and partnerships it has built up over 35 years of EU public audit in order to:

- contribute positively to further developments in EU governance, policy and financial management;
- help other parties in the EU accountability process to identify risks to EU accountability and facilitate their use of audit results;
- enhance its professionalism by contributing to and applying new audit standards and good practices;
- further streamline its processes for producing its reports and opinions;
- improve its performance and accountability framework in line with its obligations as an EU institution and SAI;
- implement budgetary restraint in line with the Multi-annual Financial Framework for 2014-2020, including implementing any required reductions in its staff plan over the period of this strategy.

OUR OBJECTIVE AND PRIORITIES

2013-17

7. Our objective for the period 2013 to 2017 is to maximise the value of the ECA's contribution to EU public accountability. To meet this objective, our priorities are to:
 - o focus the ECA's products on improving EU accountability;
 - o work with others to leverage the ECA's contribution to EU accountability;
 - o develop the ECA further as a professional audit institution;
 - o make best use of the ECA's knowledge, skills and expertise;
 - o demonstrate the ECA's performance and accountability.

FOCUSING THE ECA'S PRODUCTS ON IMPROVING EU ACCOUNTABILITY

THE ECA'S PRODUCTS

8. The ECA publishes annual and special reports based on specific audits that provide an independent source of information, assurance and recommendations on the implementation of the EU budget. In addition, the ECA publishes opinions and observations based on reviews that apply the ECA's accumulated audit knowledge in order to contribute to informed decision-making on EU governance arrangements, policy and programme design, and the use of EU funds.

9. The ECA is committed to delivering relevant, high-quality and timely products that assist the EU to improve public accountability for the public funds put at stake to meet EU objectives. Over the period 2013 to 2017, the ECA will focus its reports, opinions and observations on the need to:

- enhance public accountability and audit arrangements;
- improve financial management and reporting on the implementation and impact of the EU budget; and
- strengthen the design of EU policies and spending programmes.

ANNUAL REPORTS

10. The ECA issues annual reports on the implementation of the EU budget and on the European Development Funds. The ECA will update its annual report on the implementation of the EU budget and related work, as appropriate, in order to reflect:

- changes to objectives, rules and control systems that will be introduced for the 2014 to 2020 period; and
- developments in the availability of information and assurance provided by the Commission on the basis of the internal control framework.

11. In so doing, the ECA anticipates the need to develop its audit of the Commission's reporting on the implementation of the EU budget – both with regard to performance achieved and compliance with the applicable rules. In addition, the ECA will take due account of any opportunities that may arise to use the work of other auditors or control bodies in order to produce independent audit results more cost-effectively.

SPECIAL REPORTS

12. Special reports provide a means for the ECA to focus on specific topics reflecting a high-level of risk and public interest, in particular performance issues. Special reports are based on selected audit tasks whose scope and timing can be varied.

13. Amongst other performance issues, the ECA aims to give sufficient coverage to those that relate to the overall EU objectives of achieving **added value** and **growth** as well as the EU's response to certain global challenges which affect many policy areas, such as the **sustainability of public finances** (and its relation to EU economic governance, the quality of national accounts, financial market regulation, employment, competitiveness, the single market, external trade, and demographic change) and the **environment and climate change** (and its implications for EU policies on agriculture, water, energy, transport and development).

14. Over the period 2013-17, the ECA will ensure that its selected audit tasks and special reports:
 - o reflect financial management risks, public interest and the ECA's capacity to add value through audit; and
 - o focus on performance issues, including those related to specific topics of current public interest, high-level EU objectives, and cross-cutting policies.

OPINIONS AND OBSERVATIONS

15. Opinions and observations represent a versatile and cost-effective means for the ECA to contribute to improving EU accountability by carry out reviews that apply its accumulated audit knowledge and expertise. They can be used to provide overviews of the current situation which help identify risks and areas for improvement (“Landscape reviews”) or to provide advice to policy makers on specific proposals.

16. Over the period 2013-17, the ECA will focus its review-based work on providing high-quality and timely opinions and observations that assist EU policy makers to:
 - o assess current public accountability and audit arrangements and the implications of future developments in EU governance, policy and financial management; and
 - o identify the main risks to sound financial management and the opportunities to improve performance by strengthening policy and programme design.

WORKING WITH OTHERS TO LEVERAGE THE ECA'S CONTRIBUTION TO EU ACCOUNTABILITY

17. The value of the ECA's contribution to EU accountability depends – to a large extent – on the use made of its work and products by its main partners in the accountability process. The ECA's main partners are:

- o political authorities responsible for public oversight of the use of EU funds (i.e. European Parliament (EP), Council of the EU, and national parliaments);
- o auditees responsible for managing or receiving EU funds (i.e. the Commission and national authorities);
- o other auditors of EU funds, including the Supreme Audit Institutions (SAIs) of the Member States

18. Over the period 2013-17, the ECA aims to coordinate its efforts with its main partners at EU and national level in order to:

- o identify needs and common priorities for improving EU accountability;
- o explore how best to achieve synergies between the work of the ECA and partners' activities;
- o raise awareness about EU financial management and accountability issues; and
- o facilitate the use of audit results in EU policy making and budget allocation.

In addition, as regards cooperation with Member States' SAIs, the ECA will:

- o enhance its cooperation activities with respect to the audit of public funds put at stake in the EU and national budgets to meet EU objectives;
- o share knowledge and expertise with respect to the audit of EU funds;
- o further contribute – alongside Member States' SAIs - to the development of international standards on financial, compliance, performance and environmental audit within the context of INTOSAI, and its regional grouping EUROSAI.

GUARANTEEING THE ECA'S CONTINUING PROFESSIONALISM

19. The ECA's ability to deliver high-quality products and work effectively with partners depends on maintaining independence, integrity and impartiality and applying recognised professional standards and good practices.

20. Over the period 2013-17, the ECA will demonstrate independence, integrity and impartiality and enhance its professionalism, *inter alia*, by:
 - o implementing its code of conduct for Members and staff and publishing a register of the financial interests of its Members;

 - o updating its audit policies and quality control arrangements to reflect developments in international standards and recognised good practices; and

 - o submitting itself to peer review.

MAKING BEST USE OF THE ECA'S KNOWLEDGE, SKILLS AND EXPERTISE

21. The ECA's added value depends on the work it decides to do and the way it uses the collective knowledge, skills and experience of its staff. Over the period 2013-17, the ECA will:
 - o review internal arrangements for monitoring and sharing information about developments in EU governance, policy and financial management and their audit implications;

- update its work programming system so that it selects work and products that best reflect risks, public interest and the potential for the ECA to contribute to EU accountability through audit;
- streamline its processes for providing high-quality audit and review-based products on time, on budget and as quickly and efficiently as possible, not least in order to enable the ECA to develop a new type of audit task with a narrow scope and short reporting timeframe;
- improve knowledge working through a series of measures aimed at developing individual talent, skills and expertise; promoting knowledge sharing; encouraging the use of appropriate IT tools; and ensuring a physical environment conducive to analysis, interaction and teamwork.

DEMONSTRATING THE ECA'S PERFORMANCE AND ACCOUNTABILITY

22. The ECA will update its performance indicators for measuring, monitoring and communicating on the implementation of its strategy and performance as an institution. The performance indicators will include:
- impacts achieved based on the results of reviewing the follow up given to our reports and opinions and feedback from stakeholders;
 - professionalism of the ECA's products based on assessments by external experts;
 - products delivered based on implementing this strategy and the ECA's work programmes;
 - staff excellence and efficiency based on measures of the skills, competencies and experience of the ECA's staff and the use made of them.

23. In addition, the ECA will continue to demonstrate its commitment to accountability for the EU funds it receives by:

- o publishing independently audited financial accounts and developing its public reporting on the quality of its financial management;
- o taking the necessary action to follow-up the annual discharge resolution on the implementation of the ECA's budget and report the results to the EU discharge authorities.

PUTTING OUR STRATEGY INTO ACTION

24. The ECA Strategy 2013-17 recognises the uncertain and changing environment in which the ECA operates. In this context, the ECA has prioritised preparing for developments that it can anticipate and improving its ability to respond quickly and coherently to those that it can not. Certain priorities for the period 2013-17 will need to be accomplished before others. In particular, within the first two years, it will be essential to have:

- o produced opinions and observations on public accountability and audit as well as on the risks to EU financial management (“Landscape Reviews”);
- o reviewed and updated the annual report on the implementation of the EU budget for financial year 2014 onwards;
- o enhanced internal arrangements for monitoring external developments and managing relations with our partners;
- o streamlined our processes for selecting and implementing the tasks in our work programme;
- o taken further measures to make the ECA a more efficient and effective knowledge-based organisation.

25. Implementing these initiatives in the first two years will create the conditions for the subsequent three years of the strategy and for achieving the overall goal of maximising the ECA’s contribution to EU accountability. A strategic review of external developments and progress made will be carried out at the end of 2014.



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