



EUROPEAN COURT OF AUDITORS

WORK PROGRAMME

2013

WORK PROGRAMME 2013

THE EUROPEAN COURT OF AUDITORS (ECA) 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 COURT PUBLISHES THE RESULTS OF ITS AUDIT WORK IN THE FOLLOWING TYPES OF REPORTS:

- **Annual reports** - prepresent 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. 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.

ECA STRATEGY 2013-17

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:

- 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;
 - Demonstrate the ECA's performance and accountability.
-

In line with its new strategy, the ECA will submit itself to a peer review on its performance audit process.

THE PLANNED WORK OF THE EUROPEAN COURT OF AUDITORS IN 2013

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, the ECA also audits the European Development Funds and the EU agencies, decentralised bodies and other institutions.

This document provides an overview of the ECA's planned work and output for 2013.

THE ECA INTENDS TO PUBLISH:

- o **53 annual reports** on the 2012 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;
- o **20 special reports** in the areas of sustainable growth, preservation and management of natural resources, EU as a global player and administration;
- o a second dedicated **follow-up report** of previous special reports; and
- o the ECA's **annual activity report** for 2012.

The ECA will prepare **two landscape reports**: one on *EU public accountability and audit deficits and the other covering EU financial management risks*. The landscape reports will provide an assessment of the situation and highlight any gaps, overlaps and grey areas. The aim of these reports is to assist EU policy makers in assessing the implications of developments in EU governance, policy and financial management.

Finally, in the context of the **EU's response to the financial crisis**, the ECA is working on an audit of the reform of the regulatory and supervisory systems launched by the Commission to address the crisis in the banking sector, as well as an audit of the management of the balance of payments assistance (to be completed by mid-2014).

STATEMENT OF ASSURANCE

A significant proportion of the ECA's resources is devoted to preparing its annual statements of assurance (also known as 'DAS'). These are based on financial audits of the EU budget and European Development Funds, as well as the 51 EU agencies, decentralised bodies and other institutions. The audit work takes place between March of year n through to June of year n+1, to allow the annual reports to be made available according to the timetable set by the Financial Regulation. During 2013, the ECA will therefore work on the completion and publication of the statement of assurance for the 2012 financial year, and start on the exercise for the 2013 financial year.

The work underlying the statement of assurance covers the two aspects on which the Treaty on the Functioning of the European Union (TFEU) requires the ECA to provide an annual opinion: the **reliability of the accounts** and the **legality and regularity of the transactions** that underlie them. Where it can, the ECA takes 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 DAS approach can be obtained from www.eca.europa.eu.

In performing its work the ECA aims 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.

SELECTED PERFORMANCE AND COMPLIANCE AUDIT REPORTS EXPECTED IN 2013

The subject areas on which the ECA expects to publish special reports in 2013 are presented below under the related financial framework heading. Further information on these tasks, as well as other individual tasks on which the ECA will work in 2013 is provided in the appendix¹.

SUSTAINABLE GROWTH – COMPETITIVENESS *FOR GROWTH AND EMPLOYMENT (1a)*

- Indirect research and technological development under the Seventh Framework Programme

SUSTAINABLE GROWTH – COHESION *FOR GROWTH AND EMPLOYMENT (1b)*

- Reliance by the Commission on audit authorities in Member States
- Energy efficiency projects
- Support for older workers
- Marco Polo programme: sustainable freight transport
- Regeneration of industrial and military areas
- Road infrastructure projects
- Solidarity fund support for the consequences of the 2009 earthquake in Abruzzi, Italy
- Municipal solid waste infrastructure projects
- Urban mobility projects

¹ At this stage the title and planned publication date are only indicative. The Court has the right to choose whether and how it publishes the results of its selected audits in the form of special reports. Publication is decided on a case-by-case basis, taking into account the best use of the Court's financial and human resources.

PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES (2)

- Adding value to agricultural and forestry products
- Aid for specific types of farming (article 68, regulation 73/09)
- Diversification measures (under Axis 3 of EAFRD)
- Increasing the economic value of forests
- Support for young farmers

EU AS A GLOBAL PARTNER (4)

- EU cooperation with Egypt
- EU direct financial support to the Palestinian Authority
- EU support to governance in the Democratic Republic of Congo
- Planning and management of development aid to central Asia

SEVERAL FRAMEWORK HEADINGS AND REVENUES / OWN RESOURCES

- The Commission's verification of GNI data used for own resources

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2013						
Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No.	Description	Title	Description		
Management of indirect research and technological development (RTD) actions under Seventh Framework Programme (FP7)	1 a	Sustainable growth: Competitiveness for growth and employment	8	Research and other Internal Policies	The Seventh Framework Programme for research, technological development and demonstration activities is one of the Union's key instruments for funding research and is the EU's contribution to the Europe 2020 strategy. It aims to strengthen industrial competitiveness and to meet the research needs of other Union policies. It covers the period 2007-2013 and its total budget amounts to more than € 50 billion.	To assess whether the Commission has ensured efficient implementation of the framework programme.
Adding value to agricultural and forestry products	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The Commission provides Small and Medium sized Enterprises (SMEs) with support to improve their overall performance through the processing and marketing of primary agricultural and forestry products.	To establish if support measures for adding value to agricultural and forestry products are effective and if the delivery mechanisms are efficient.
Support for young farmers	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Europe has an ageing population of farmers and agricultural activity is not attractive to young people. In the EU-27, over 55 % of private farmers are over 55 years of age and there is only one young farmer under 35 years for every nine farmers aged over 55 years. The EAFRD provides € 2,9 billion to help young farmers to establish themselves.	To establish if support for young farmers is effective.
Increasing economic value of forests	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Improvement of the economic value of forests has been introduced in the programming period 2007-2013 as a Rural Development measure. The total EU support from the EAFRD planned under this measure amounts to € 659 million.	To establish if the management of the EAFRD support measure for improving the economic value of forests is efficient and effective.
Reliability of MS control statistics	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Member States report annually their control statistics, covering common agricultural expenditure through the EAGF and EAFRD, to the Commission. The reports contain data on the coverage of the administrative and on-the-spot checks, and their results. The Commission which is basing more and more assurance on Member State control statistics consolidates the data received and publishes it as an annex to its annual activity report.	To establish if the Member State control statistics are reliable, including the work done by certification bodies.
Integration of Water Policy into the CAP	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The Water Framework Directive adopted in 2000 sets the objectives for water protection (both for quality and for quantity). In line with this Directive, Member States should develop river basin management plans and define "programmes of measures". The CAP has the potential to support water policy through (i) cross compliance (Pillar I) - CAP beneficiaries must respect requirements to keep agricultural land in good agricultural and environmental condition; (ii) Rural Development Programmes (Pillar II) - Member States dedicate specific measures to the protection of water bodies.	To establish whether the CAP has integrated the objectives of EU policy effectively.

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2013						
Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No.	Description	Title	Description		
Diversification measures (under Axis 3 of EAFRD)	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The central objective of Axis 3 is to have a 'living countryside' and to help maintain and improve the social and economic fabric, in particular in the more remote rural areas facing depopulation. The diversification measures under Axis 3 are aimed at improving the income-producing possibilities and the opportunities for employment by promoting on-farm diversification towards non-agricultural activities, assistance for off-farm activities, and strengthening the links between agriculture and other sectors of the rural economy.	To establish if diversification measures make a successful contribution to diversifying the rural economy.
Aid for specific types of farming (art. 68 R 73/09)	2	Preservation and management of natural resources	5	Agriculture & Rural Development	When the Single Payment System was introduced in 2003, Member States were allowed to retain up to 10 % of their national ceilings on a sectoral basis for "specific types of farming". Specific support was then extended by Article 68 of Council Regulation (EC) No 73/2009 which provides a wider range of objectives that can be used for granting such support and eased the conditions attached.	To assess whether Article 68 specific support complies with the regulatory framework
Monitoring and evaluation of Rural Development expenditure	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Performance information on the effectiveness and efficiency of rural development spending is provided through the 'Common Monitoring and Evaluation Framework' (CMEF). It does so through a system of common monitoring indicators and ex-ante, mid-term and ex-post evaluations undertaken by the Member States and coordinated by the Commission.	To assess if rural development performance reporting is relevant, reliable, and available at the right time, and if it has been used to influence decisions.
LIFE-Environment	2	Preservation and management of natural resources	7	Environment and climate action	The LIFE (Financial Instrument for the Environment) programme supports the implementation of the EU Environmental Action Programme. The LIFE programme has three separate themes: nature, environment, and communication. As the nature component was audited in 2009 (SR 11/2009), this audit will focus on the environmental component and on the related support activities (platforms, networks or others) financed under the communication component.	To establish whether the LIFE-Environment component of the LIFE programme contribute effectively to EU environmental policy.
Older workers	1 b	Sustainable growth: cohesion for growth and employment	14	Employment and social affairs	Social inclusion is a process by which those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life, and to enjoy a standard of living and well-being that is considered to be normal in the society in which they live. Employment is a key determinant of people's ability to fully participate in society. Ageing workers (55 to 64 years) face specific barriers to employment.	To establish if European Social Fund support for ageing workers is effective.
Road infrastructures	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	Adequate regional and local roads are prerequisites for economic development, growth and social cohesion. Most funding for road infrastructure is provided by the Member States concerned. The EU contributes to the creation of road infrastructure through Structural Funds, the Trans-European Transport Network and through EIB loans.	To establish if EU Structural Funds' road infrastructure projects achieve their objectives at reasonable cost.

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2013						
Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No.	Description	Title	Description		
Marco Polo	1 b	Sustainable growth: cohesion for growth and employment	6	Transport	The objective of the Marco Polo II programme is to shift international freight from the road to sea, rail and inland waterways. The programme aims at freeing Europe's roads of an annual volume of 20 billion tonne-kilometres of freight.	To establish if the Marco Polo programme is effective.
Audit authorities	1 b	Sustainable growth: cohesion for growth and employment	13 and 4	Regional policy and Employment and social affairs	The regulations governing Cohesion policy for the 2007-13 programming period strengthen the role and responsibilities of Audit Authorities in the Member States as providers of assurance on the legality and regularity of expenditure to the Commission. In accordance with Article 73 of the Structural Funds Regulation, the Commission, subject to certain conditions being fulfilled, can rely on the opinions provided by the Audit Authorities (the 'single audit' principle) and, as a consequence, reduce its own checks and audits to a minimum.	To establish if the Cohesion assurance system as implemented in accordance with the Regulations provide a sound basis for the Commission to apply the provisions of Article 73.
Urban Transport	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	Urban transport is a critical issue for European cities which increasingly face transport related problems, such as congestion, pollution, security and energy dependency. For city dwellers, the quality of life is largely linked to the quality of urban mobility and the structure of public transport implemented today will shape cities in the long term.	To establish if urban mobility projects, co-financed by the Structural Funds, are effective, with a special focus on structural projects (their planning and design, their implementation, and their performance) and their integration in urban mobility plans.
Innovation – Incubators	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	Business incubators are organisations that help entrepreneurs and start-up companies become successful by providing the necessary resources and support they need to become self-sufficient and profitable. The support includes physical space for establishing entrepreneurial activity, business advice, technical support and training to develop human resources.	To assess whether business incubation facilities co-financed by ERDF successfully support entrepreneurship in the field of innovation, with a special focus on physical infrastructure deployed for business incubator projects.
European Globalisation Fund	1 a	Sustainable growth: Competitiveness for growth and employment	4	Employment and social affairs	The process of opening up economies (globalisation) and the increase in trade and capital movements leads to an increase of the overall welfare level of countries in the long-term. However, for some countries or economic sectors, the rapid growth of imports from third countries or the relocation of factories (outside the EU) may cause massive and sudden job losses in the short term, The European Globalisation Adjustment Fund is designed to provide additional support for workers made redundant as a result of major structural changes in world trade patterns and to assist them with retraining and job seeking.	To assess whether the European Globalisation Fund re-integrates redundant workers effectively.

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2013						
Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No.	Description	Title	Description		
Bio-diversity	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	Protecting biodiversity is a key environmental priority for the EU. Biodiversity is valued as the world's natural capital which provides vital goods and services, such as food, carbon sequestration and water regulation that underpin economic prosperity, social well-being and the quality of life. The loss of biodiversity gives rise to substantial economic and welfare losses.	To assess whether the European Regional Development Fund is successful in financing projects directly promoting biodiversity. The focus of the audit will be on the effectiveness and sustainability of projects as well as on the adequate use of the ERDF as source of finance.
EU-cooperation with Egypt	4	The European Union as a global partner	19	External relations	Egypt is one of the largest recipients of the European Neighbourhood Policy Instrument (ENPI) which was introduced in 2007. Over the period 2007-13, the ENPI provides a total of € 12 billion in EU assistance to 16 partner countries, of which ten in the Mediterranean region ("ENPI South") and six in Eastern Europe ("ENPI East"). The total ENPI allocation for Egypt over the period 2007-13 is approximately € 1 billion.	To assess whether the Commission and the EEAS effectively managed the EU support to improve governance in Egypt before and after the 2011 uprising.
Is EU support to governance in the Democratic Republic of Congo effective?	4	The European Union as a global partner		European Development Fund (EDF)	Many fragile states are the least developed countries and either post-conflict countries or countries where there is an ongoing conflict. As well as development and humanitarian concerns, a major risk for fragile states that they will become havens for terrorism particularly if they deteriorate further into failed states. A main challenge to overcome state fragility is poor governance and inadequate capacity of governments to deliver basic services to their populations. This audit takes a case study approach by examining how the Commission has addressed key governance challenges in the DR Congo, one of the most fragile countries in the world.	To assess whether EU support to governance in the Democratic Republic of Congo has been effective.
Planning and management of development aid to central Asia	4	The European Union as a global partner	19	External relations	The EU cooperation in Central Asia is based on the 'Strategy for a new enhanced partnership with Central Asia' which was adopted by the European Council in June 2007. The same year, the European Commission adopted the 'Regional Strategy Paper for Assistance to Central Asia for the period 2007-2013' which covers the financial assistance to the countries of the region, both at bilateral and regional level. The indicative budget earmarked for the period 2007-2013 amounts to € 719 million, primarily under the Development Cooperation Instrument.	To assess whether the European External Action Service and the Commission planned and managed development assistance to Central Asia well.

EUROPEAN COURT OF AUDITORS – SPECIAL REPORTS TO BE ADOPTED IN 2013						
Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No	Description	Title	Description		
EU direct financial support to the Palestinian Authority	4	The European Union as a global partner	19	External relations	The European Union is the biggest provider of support to the Palestinian people. With the outbreak of the Second Intifada in 2000, and the severe decline of the economic and social conditions which put into question the viability of the Palestinian Authority (PA), the EU assistance was re-orientated from development assistance towards direct financial support to the PA budget, while at the same time assisting the PA in preparing itself for statehood, reviving the economy and addressing urgent humanitarian needs. In 2006 and 2007, a large part of the assistance was channelled through the Temporary International Mechanism (TIM) for direct assistance to the Palestinian people.	To assess whether the EU managed its Direct Financial Support to the Palestinian Authority well.
The effectiveness of the Commission's verification of GNI data used for own resources		Revenues / own resources	REV	GNI based own resources	Member States provide GNI data every year for the calculation of their own resources contribution. Eurostat is supposed to verify the reliability of such data.	To determine whether the Commission's verification of GNI data used for own resources is effective.
The Commission's assessment of the economic effects of preferential trade agreements and the effectiveness of the controls thereon?		Revenues / own resources	REV	TOR	The European Union has concluded more than 30 preferential trade agreements with third countries. These allow for the import of goods into the EU under a preferential tariff (zero or reduced duty rate). The arrangements can take the form of bilateral or multilateral agreements, where only goods originating in the respective country / group of countries can benefit from such tariffs.	To establish if the Commission has adequately assessed the economic effects of preferential trade agreements and if the controls thereon are effective.
The management of the second generation Schengen information system (SIS II) project	3 a	Freedom, Security and Justice	18	Area of freedom, security and justice	The Schengen information system (SIS II) project aims to provide all participating Member States with detailed intelligence about illegal attempts to enter the Schengen area.	To assess the structures and procedures put in place by the Commission to manage the project.
Audit of the reform of the regulatory and supervisory systems launched by the Commission to address the crisis in the banking sector	1 a	Sustainable growth: competitiveness for growth and employment			In the aftermath of the financial crisis it has been of highest priority for the EU to stabilise the financial system. A cornerstone of this work has been to strengthen the supervision of banks in particular the cross-border operating banks as well as the regulatory framework under which banks operate in the EU.	To establish if the new regulatory and supervisory system of the banking sector in the EU has been set up and implemented as envisaged in the legislation with particular regard to the EBA.



For more information:

European Court of Auditors
12, rue Alcide De Gasperi
1615 Luxembourg
LUXEMBOURG
eca-info@eca.europa.eu
www.eca.europa.eu

 @EUAuditorsECA