



EUROPEAN
COURT
OF AUDITORS

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Speech

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Speech by Klaus-Heiner Lehne, President of the European Court of Auditors

Discharge for 2017

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Check against delivery. The spoken version shall take precedence.

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President,
Honourable Members,
Minister Ciamba,
Commissioner,
Ladies and Gentlemen,

As this is the last occasion for the Court of Auditors to address you all in this Chamber before the end of the parliamentary term, I wanted to thank all our partners present here – the Committee on Budgets, the Committee on Budgetary Control, its Chair and rapporteurs, the Council Presidency and the working group, Commissioner Oettinger and his services – for their excellent cooperation during the entire legislative term, and also during this year’s discharge procedure.

Your work and scrutiny may not always be as visible as some of your work on high-profile legislation, but I am sure that for many of our citizens it is just as important that EU legislation is also applied and their money well spent.

The discharge decisions which the Parliament will make straight after this debate are never a “blank cheque” – they are part of a long-term cooperative process. As the Treaties make clear, the Commission is under a legal obligation to take all appropriate steps to act upon your observations accompanying the discharge decision, and also on the Council’s comments.

By now I think you are well acquainted with the findings contained in our annual report and special reports for 2017. As in 2016, we issued a qualified opinion on EU expenditure, rather than an adverse opinion – in our view this should be seen as a “glass half full” and confirmation of a positive trend in the way the Commission and the Member States manage EU finances.

Today, therefore, I want to insist only on four points:

1. On performance audit, I wanted to thank the Members of Parliament for their support for most of the recommendations we made in our special reports. This is how we can work together to bring improvements to EU policies and programmes. I also would like to underline that all of us at the ECA – Members and staff – continue to be available to you and

your committees after we have issued our reports. Please do not hesitate to contact us if you need advice or additional information: we are here to help you in your work.

2. On outstanding commitments (the *reste à liquider*): we note that the Parliament shares our concerns. When I came before you last October I promised a more in-depth examination of this topic, and therefore I'm glad that we have now finalised a review which goes further into the underlying reasons for the record €267 billion of outstanding commitments in 2017. This review will be presented by our Member Annemie Turtelboom on 2 April in the Budgetary Control Committee.

3. Concerning your call for the Commission to use an equivalent methodology to our own when calculating error rates, and for both institutions to conclude an agreement in this regard, let me reiterate that we fully share this goal. Without prejudice to our independence, we are in close contact with the Commission sector by sector to see how feasible this is and when it could happen. The Commissioner may want to comment on this also, but let me speak up now to thank him and his team for the very positive contacts we have enjoyed: we look forward to progressing step by step in the coming weeks and months.

I would also like to use this opportunity to address some points raised by the Council in its recommendation. We of course share the aim of providing the highest possible level of information and detail, especially where it matters most and at a reasonable cost. As things stand, the annual report already takes up nearly half of our resources – and this is a considerable outlay. In recent years we have improved our analysis of risk and now tend to focus our efforts where the risk is highest. At the same time we aim to be able to confirm the detailed findings already made by other auditors. We are working now to make sure that information is of sufficient quality.

One example of this in 2017 was our modified approach in the area of Cohesion. The essential change was that we reviewed and re-performed the checks and controls previously carried out by those responsible for spending, and took the results into account for our assessment. With this new approach, we want to provide you in the Parliament with more comprehensive information about how EU funds are managed, and hold the managers more accountable for their reporting; and we aim to give you better geographical and fund-specific insight across

the EU. We intend to apply this approach in all areas of the EU budget where it can be done in a cost-effective manner.

Finally, a few words on cooperation with the ECB, which is also raised in your resolution. Regarding access to the ECB documents that we require to carry out our audit mandate, the atmosphere has at least improved. The ECB now appears to be serious about opening an interinstitutional dialogue with us on drawing up a memorandum of understanding, which we first proposed over a year ago. I believe this development is in particular also a result of the support we have received in this matter from this Chamber. We now intend to start talks as soon as possible and bring the process to a close before the summer break. I would however ask you to continue monitoring the situation and, if it becomes necessary because our dialogue with the ECB does not produce satisfactory results within a reasonable time, to take legislative steps. I would also ask you to give thought to the underlying problem of the limitations placed on our mandate in the area of banking supervision.

Ladies and Gentlemen, one last thought: as the campaign for the European Parliament in at least 27 Member States kicks off in only a few weeks' time – perhaps the most important such elections ever – I would urge all Members to freely make use of the independent audit work we produce as an objective, factual point of reference.

- Looking ahead, our many opinions, summarised in the form of concise remarks published last February, set out our ideas on the future MFF and related programmes.
- Looking back, you will find in our annual report and numerous special reports many points of criticism, but also many success stories and best practices.

As auditors we are not here just to complain or to punish. Rather, in a constructive spirit we want to help things improve where we see the need.

Thank you for your attention.