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COURT  
OF AUDITORS

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## Speech

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

Presentation of the ECA's 2016 annual report  
Plenary session of the European Parliament

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Mr President,  
Commissioner Oettinger,  
Honourable Members of the European Parliament,

This year, we at the European Court of Auditors celebrate our 40th anniversary. As this week's debates in this House have shown, the **change** in the European Union's political, financial and economic circumstances over the last four decades has been considerable.

And the latest challenges have tested our citizens' trust in the European and national institutions, and we who work in those institutions must respond and indeed deliver, each within our respective areas of responsibility. In that respect, I am pleased to say that I have good news to report.

We find that the EU's accounts for 2016 present a true and fair view. We have approved them, as has been the case every year since 2007. Revenue in 2016 was free from material error. But over and above all that, there has been a **sustained improvement** in the estimated level of error in payments from the EU budget. About half of the EU spending we audited in 2016 was below the 2% threshold for a material level of error.

As a result, we have issued a **qualified positive opinion** on 2016 payments, rather than an adverse one. This is the **first** qualified opinion we have issued since we began to provide an annual statement of assurance in 1994, and it reflects **important improvement** in EU spending.

To go into a bit more detail: the overall level of error for EU spending in 2016 was estimated at 3.1%, compared with 3.8% in 2015 and 4.4% in 2014.

"Entitlement payments", made for meeting specific conditions, account for about 49% of EU spending and had levels of error below 2%. They include direct aid for farmers, grants to students and researchers, and staff costs.

However, **higher** levels of error were found in "Reimbursement payments" made through refunds.

Action by the Member States and the Commission did reduce the overall estimated level of error, but we found that sufficient information was available to **further** prevent or detect and correct many errors. In our view, this means that there is no need for additional controls, but the **existing** controls must be enforced properly.

And I do have one word of warning: the total payments the EU is committed to making from future budgets were higher than ever in 2016, at €238.8 billion. **Clearing this backlog** and preventing a new one should be priorities, bearing in mind the planning of EU spending in the period starting in 2020.

It is important for our citizens to know that public funds are being spent lawfully. But just as much, or perhaps even more so, people want to know **what they got for their money**. Did it make sense to build a particular road or airport in a particular place? Were jobs and growth actually delivered? To answer these questions, we are increasingly putting our focus on **performance**.

In many areas of the EU budget the control systems aimed at preventing, detecting and correcting errors have been improved in recent years. This gives us a chance to **refine the Statement of Assurance**, and we expect to be able to **rely more on these systems** when it comes to the regularity of spending in the future.

This will enable us, in auditing the EU budget, to provide the Parliament and the Council with better information on a sounder basis.

Ladies and gentlemen,

In the decades to come, we will continue to act as the guardians of the EU's finances and of our citizens' interests. We will continue to be an **independent voice**, highlighting things that work well and shining a light on uncomfortable truths where they do not work. And in a world of widespread misinformation and manipulation of data, the European Court of Auditors will continue to provide reliable and unbiased information.

Let us together, throughout every step of the legislative and budgetary cycle make sure that **the EU can deliver** efficiently on **things that matter** to the citizens.

Thank you for your attention.