



Press Release

Luxembourg, 4 May 2017

New checks on EU agriculture spending need improvement, say Auditors

The new role for national audit bodies of checking the legality and regularity of spending under the Common Agricultural Policy (CAP) is a positive step, but the current framework set up by the European Commission has significant design weaknesses, according to a report from the European Court of Auditors. The auditors examined the framework set up to enable national Certification Bodies to form their opinions in line with EU regulations and international audit standards. They make a number of recommendations for improvement, to be included in new Commission guidelines due into force from 2018.

Certification Bodies appointed by the Member States have been independently auditing their respective country's CAP paying agencies since 1996. Since 2015, they have also had to provide an opinion on the legality and regularity of spending for which reimbursement has been requested from the Commission.

Mr João Figueiredo, the Member of the Court of Auditors responsible for the report, acknowledges that the Certification Bodies' new role is a positive step because it can help Member States strengthen their controls and reduce audit costs. It also enables the Commission to obtain independent additional assurance on the legality and regularity of expenditure.

However, the auditors conclude that *"The framework designed by the Commission for the first year of the new system has significant weaknesses. As a result, the Certification Bodies' opinions do not fully comply with audit standards and rules in important areas."*

The auditors note that the Commission's assurance model continues to be based on the Member States' control statistics. In 2015, the Certification Bodies' opinion was merely one factor taken into account. Once the Certification Bodies' work is done in a reliable manner, say the auditors, it should become the key element.

The auditors identified a number of weaknesses in the guidelines, relating to the risk of inflating assurance derived from internal controls, the representativeness of samples, the type of testing allowed, the calculation of two different error rates and how these rates were used, and opinions

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

ECA Press

Mark Rogerson – Spokesperson T: (+352) 4398 47063

Damijan Fišer – Press Officer T: (+352) 4398 45410

12, rue Alcide De Gasperi - L-1615 Luxembourg

E: press@eca.europa.eu @EUAuditors eca.europa.eu

M: (+352) 691 55 30 63

M: (+352) 621 55 22 24

being based on an understated error.

In particular, the auditors recommend that the Commission should:

- use the Certification Bodies' results as the key element of its assurance model, once their work is adequately defined and carried out;
- require the Certification Bodies to put in place appropriate safeguards to ensure the representativeness of their samples;
- allow the Certification Bodies to carry out on-the-spot testing and audit procedures as they themselves consider appropriate;
- require the Certification Bodies to calculate only a single error rate for legality and regularity;
- ensure that the level of error reported by the paying agencies in their control statistics is properly included in the Certification Bodies' error rate.

Note to Editors

The Common Agricultural Policy (CAP) has a budget of €363 billion for the 2014-2020 period, which represents around 38% of the total amount of the multiannual financial framework 2014-2020. The CAP is under shared management between the Commission and the Member States. While the Commission delegates the implementation of the budget to paying agencies designated by Member States, it retains ultimate responsibility and is required to ensure that the EU's financial interests are protected as though it were performing the delegated budget implementation tasks itself.

Special Report No 7/2017: "The certification bodies' new role on CAP expenditure: a positive step towards a single audit model but with significant weaknesses to be addressed" is available on the ECA website (eca.europa.eu) in 23 EU languages.