

EN

# Financial year 2021

## Report of the authorising officer by delegation

(pursuant to Article 74(9) of the Financial Regulation)



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OF AUDITORS

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Luxembourg: Publications Office of the European Union, 2022

PDF

ISBN 978-92-847-7670-2

doi:10.2865/324930

QJ-01-22-215-EN-N



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### **Annex I – Report on Budgetary and Financial Management for 2021**

# Introduction

**01** The financial rules applicable to the general budget of the Union ('the Financial Regulation') require the authorising officer by delegation of the European Court of Auditors (ECA), i.e. the Secretary-General, to report on the performance of his or her duties to the ECA and to the budgetary authorities in an annual activity report.

**02** This report contains financial and management information, an analysis of the efficiency and effectiveness of the internal control systems, and the annual declaration of assurance by the Secretary-General regarding the legality and regularity and sound financial management of the financial transactions under his/her responsibility. It complements the ECA's annual activity report, which also provides an account of the institution's core activities and the main objectives it has achieved, taking into account the resources used during the year.

**03** The following sections present the Secretary-General's activities and the main highlights of 2021, followed by the main results achieved and the activities carried out by the various management areas, including the use of budgetary and human resources made available to the Secretary-General. The results of the internal control systems and the follow-up to the observation made to the ECA by the discharge authorities are presented in separate sections. The last section contains the declaration of assurance by the authorising officer by delegation, i.e. the Secretary-General. The annex provides specific information required by the Financial Regulation regarding budgetary and financial management.

## The Secretary-General

**04** The Secretary-General's mission is to provide the resources, services and facilities the ECA needs to accomplish its mission and strategic objectives. The Secretary-General is responsible for the ECA's administration and staff management, as well as for its budget, language assistance and publication services, training, digital workplace, security and safety, and business continuity (facilities, the Medical Service, etc.). He/she also oversees the Secretariat of the Court, which ensures smooth preparation for and follow-up to the Court's meetings.

**05** Three directorates and two departments ensure the fulfilment of the Secretary-General's duties:

- the Human Resources, Finance and General Services Directorate (SG1-DHR) is responsible for recruitment, career development, training, missions, human resources management, security, and the Medical Service;
- the Information, Workplace and Innovation Directorate (SG2-DIWI) is responsible for the physical workplace (buildings, technical facilities, offices, and logistics), the digital workplace (IT equipment, services and devices), and the library;
- the Language and Editorial Directorate (SG3-LED) provides translation, language assistance, and publication services at the ECA;
- the Data Protection Officer (DPO) monitors compliance with EU data protection rules, and promotes a culture of protecting personal data;
- the Information Security Officer (ISO) is responsible for security governance and security planning, developing and implementing information security policy, mitigating information risks, and performing information security audits.

**06** At the end of December 2021, the Secretariat-General had 338 staff members assigned to its various directorates and departments (see [Figure 1](#)). In addition, SG2-DIWI employed a significant number of external service providers working on the ECA's IT projects (82 external staff [not all of them full time]), and SG1-DHR an additional seven working with the Medical Service.

Figure 1 – Staff distribution in the Secretariat-General



Source: Human Resources, Finance and General Services Directorate.

**07** Almost all of the ECA's budget is managed by the Secretariat-General, i.e. €152 796 727 corresponding to 99.4 % of the ECA's budget. Budget implementation was satisfactory in 2021: 96.8 % of final appropriations were committed, and payments amounting to €140 151 259 (i.e. 94.5 % of commitments) were made; see [Table 1](#). The remaining budget lines concern communication and legal costs, as well as mission costs not directly managed by the Secretariat-General. The Data Protection and Information Security Officers do not manage any expenditure.

Table 1 – Budget managed by the Secretariat-General (€)

Directorate	Appropriations	Commitments	Payments
Human Resources, Finances and General Services	137 234 227	132 467 760	131 848 552
Information, Workplace and Innovation	14 751 000	14 747 585	7 579 044
Language and Editorial	1 212 000	1 024 619	723 663
<b>Total</b>	<b>153 197 227</b>	<b>148 239 964</b>	<b>140 151 259</b>
<b>% of ECA Budget</b>	<b>99.7 %</b>	<b>99.8 %</b>	<b>99.9 %</b>

Source: Human Resources, Finance and General Services Directorate.

## Highlights of the year

**08** Throughout the year, the Secretary-General's top priority was to mitigate the impact of the COVID-19 pandemic on staff health and safety, while maintaining business continuity and the decision-making process. The Secretary-General assessed the impact of the pandemic on staff performance, work-life balance, administrative services, and audit procedures. The analysis showed that staff took advantage of the new digital tools and the flexibility inherent in teleworking to produce the same level of output at the same quality as before the pandemic.

**09** In the light of the lessons learnt, the ECA gradually eased restrictions in line with the decisions made by the Luxembourg authorities. One challenge was to reopen ECA premises so that staff could return to work under conditions that reflected the public health situation. In November 2021, new working arrangements were adopted for 2022 that combined working from the office with teleworking. These hybrid arrangements aim to provide a more flexible approach to working time, allowing staff to balance their work-life needs while taking into consideration the needs of the service and contributing positively to gender balance and organisational efficiency. The decision formally entered into force on 1 January 2022, but special teleworking measures continue to apply in response to the COVID-19 situation.

**10** 2021 was also the first year of implementation of the 2021-2025 ECA strategy, which was adopted in January 2021. The Directorates reacted swiftly and flexibly to implement the technological and organisational measures required to support the ECA's strategic objectives, the primary aim being to provide added value and to enhance the knowledge and expertise of all staff. The ECA strategy was complemented by the *2021-2025 Strategy Development Plan for our People, Workplace and Services*, and the ECA's diversity and inclusion policy and action plan for 2021-2025.

**11** Following on from 2020, budget execution was still impacted by the pandemic, meaning that initial appropriations were under-used on some budget lines, in particular Missions, Publications, the Joint Interpreting and Conference Service, Meetings, and Representation Expenses. Nevertheless, the implementation rate for commitments and payments was slightly higher than for 2020. The budgetary authorities authorised the transfer of unused appropriations to respond to new needs: investment in IT equipment and services, a new security access system and improvement of door surveillance, and the refurbishment of premises by means of various investments and, in particular, the launch of the pilot project on "Reimagining the ECA workplace".

# The Secretary-General's main activities and results

**12** The Secretary-General supports the implementation of the ECA's strategy for 2021-2025 by implementing strategy development plans and priorities in its various areas of responsibility: IT, human resources, learning and development, language and editorial services, and facilities management. These plans take into account the fact that policies, working arrangements, the workplace and services need to adapt to the new post-COVID reality. The main priorities are to:

- (1) recruit, develop and retain highly qualified, knowledgeable and skilled employees, and keep them engaged and motivated throughout their career;
- (2) foster employee well-being by creating a safe and attractive working environment, providing support to staff, ensuring flexible work arrangements, and facilitating the transition from a physical to a virtual workplace;
- (3) promote the digital transformation, adapting to the new hybrid reality and using new technologies to modernise both audit and non-audit parts of the organisation, simplify procedures, and increase productivity;
- (4) ensure that budgetary resources are managed in accordance with the principles of economy, efficiency and effectiveness;
- (5) provide prompt and high-quality language and publication services;
- (6) foster interinstitutional cooperation by identifying synergies, and contributing to and benefiting from a common interinstitutional approach (a horizontal priority).

**13** The achievement of these priorities is reflected in business performance indicators (see [Table 2](#)).

**Table 2 – Status of business performance indicators**

Priority	Indicator	Threshold	2021
<b>Human Resources, Finances and General Services</b>			
1.	Level of vacant posts	Green: ≤ 3 % Yellow: > 3 %, ≤ 5 % Red: > 5 %	2.7 %
2.	Average timely response rate by HR Services Centre	Green: ≥ 90 % Yellow: ≥ 75 %, < 90 % Red: < 75 %	99.69 %
2.	Average professional training days per auditor	Green: ≥ 5 days Yellow: ≥ 4 days, < 5 days Red: < 4 days	8.45 days
2.	Average professional training days per non auditor	Green: ≥ 2 days Yellow: ≥ 1 day, < 2 days Red: < 1 day	4.29 days
4.	Obtain discharge on the Court's management of its budget and an unmodified audit opinion on the Court's Financial Statements	Green: discharge and unmodified audit opinion Red: no discharge and/or modified audit opinion	Green
<b>Information, Workplace and Innovation</b>			
3.	System availability for critical systems	Green: ≥ 99.5 % Yellow: ≥ 99 %, < 99.5 % Red: < 99 %	99.88 %
3.	Number of incidents solved in the first 24 hours	Green: ≥ 95 % Red: < 95 %	95.98 %
<b>Language and Editorial</b>			
5.	Percentage of translation services performed on time	Green: ≥ 95 % Yellow: ≥ 90 %, < 95 % Red: < 90 %	97.83 %

Source: Implementation of the Annual Work Programme for 2021.

## Human Resources, Finances and General Services

**14** The Human Resources, Finances and General Services Directorate (SG1-DHR) is responsible for human resources, finance, the Medical Service, security, and events and protocol, as well as other general services at the ECA. It managed nearly 90.2 % of the ECA's 2021 budget (see [Table 1](#)), mainly allocated to the salaries of Members and staff (see [Table 3](#)).

**Table 3 – 2021 budget appropriations and payments of the Human Resources, Finances and General Services Directorate (€)**

Budget lines	Appropriations	Payments	% Execution
Salaries and allowances	114 511 182	112 601 021	98.3 %
Other staff and external services	6 998 000	6 312 412	90.2 %
Missions	1 529 000	265 851	17.4 %
Medical and Social Service	172 000	92 022	53.5 %
Other staff costs	1 698 000	1 550 364	91.3 %
Professional training	650 000	406 083	62.5 %
Vehicles/ transport	366 000	314 925	86.0 %
Representation costs	213 000	24 419	11.5 %
Meetings, events and conferences	262 000	117 442	44.8 %
Other administrative expenditure	181 500	52 557	29.0 %
<b>TOTAL</b>	<b>126 580 682</b>	<b>121 737 095</b>	<b>96.2 %</b>

*Note:* Details may not correspond to totals due to rounding.

*Source:* Human Resources, Finance and General Services Directorate.

**15** Human Resources continued to provide a sustained response to the COVID-19 pandemic, with the protection of staff being the main concern. However, it also took action to address the priorities of the *Secretariat-General 2021-2025 Strategy Development Plan for our People, Workplace and Services*.

**16** To address the Secretariat-General's first priority (see paragraph [12](#)), two internal competitions were launched and reserve lists drawn up in the fields of audit and translation to fill the posts currently occupied by temporary staff. The directorate also launched calls for expressions of interest for national experts, and started to hire data scientists and maths specialists following the call for temporary staff launched in 2020. Over the year, selection procedures were completed for one director and eight principal managers. Following the Court's adoption of the revised staff rotation policy, both the compulsory and voluntary mobility procedures for the year were finalised. [Table 4](#) below summarises the ECA's recruitment in 2021.

**Table 4 – Members and recruited staff**

	2019	2020	2021
Members	2	3	1
Officials	17	18	16
Temporary staff	33	21	21
Contract staff	21	20	30
National experts	6	3	13
Trainees	55	44	56
<b>TOTAL</b>	<b>134</b>	<b>109</b>	<b>137</b>

Source: Human Resources, Finance and General Services Directorate.

**17** Although 2021 proved to be a particularly difficult year for recruiting auditors, there was an increase in the number of staff recruited, mainly in the temporary category. It is increasingly difficult to attract talent due to the high cost of living in Luxembourg, and the lack of profiles which match our needs.

**18** During the year, the directorate also updated the competence and performance appraisal system and launched a Career Counselling Service, and the three new members of the confidential contact persons network who were selected in 2020 became fully operational.

**19** As far as training is concerned, in addition to courses, workshops and presentations, several projects were launched in 2021 that provided staff with high-quality training in important areas such as:

- drafting a training programme for managers;
- measuring the impact of training;
- developing a competency framework;
- providing a training programme for heads of task;
- introducing the ‘Share and Connect’ series to promote life-long learning through knowledge-sharing;
- introducing the ‘My Luxembourg: time to find out more’ series to strengthen links with our host country and contribute to integration; and
- organising the ECA’s Clear Language Days for the first time.

**20** The directorate also initiated cooperation with Eurostat, strengthened cooperation with OLAF, and hosted the EU’s European Cybersecurity Month. As in

2020, the annual Training Day became a 2021 Virtual Training Week with many interesting presentations, in particular an Audit Fair with the active involvement of non-EU SAIs.

**21** To foster employee well-being (the Secretariat-General's second priority; see paragraph 12), an important achievement was the appointment of a dedicated Diversity & Inclusion (D&I) Officer at the start of the year and the adoption of the Diversity and Inclusion Policy and Action Plan, followed by the implementation of D&I activities throughout the year. A new ophthalmologist and a new doctor responsible for verifying medical leave were also recruited, and psychological support for staff was extended.

**22** Other important activities were:

- o the 'RESPECT' campaign;
- o introducing a more personalised 'goodbye' scheme for retiring staff;
- o ongoing work to prepare the new HR pages on the ECA's public website
- o carrying out a staff engagement survey, which will be used to calculate new business performance indicators for a staff engagement index.

**23** The Security Service continued to play a key role in advising and assisting decision-making, both in the COVID Technical Cell and on the Crisis Management Committee. At the same time, it took the necessary steps to maintain its staff's qualifications, and made a very active contribution to launching the access control system renovation project.

**24** Lastly, the Events, Visits and Protocol department continued to provide organisational support for online events and assistance with protocol for official visits to the Court. Until the health situation for on-site visits improved, group visits were organised online. Catering activities were modified, and all necessary measures were taken to comply with national COVID-19 legislation. The department also supported the distribution of facemasks and rapid-flow tests to all ECA staff.

**25** In the field of Finance and General Services, another of the Secretariat-General's priorities (see paragraph 12) was the quality and timeliness of payments, and the general introduction of e-invoicing, which continued successfully throughout the year. The external auditors issued a favourable opinion on the ECA's 2020 financial statements.

## Information, Workplace and Innovation

**26** The Information, Workplace and Innovation Directorate (SG2-DIWI) is responsible for the ECA's digital (IT equipment, services and devices) and physical workplace (buildings, technical facilities, offices and logistics), and the ECA library. It manages 8.3 % of the ECA's budget (see [Table 1](#)). [Table 5](#) details the use of the 2021 budget's appropriations and payments.

**Table 5 – 2021 budget's appropriations and payments of the Information, Workplace and Innovation Directorate (€)**

Budget lines	Appropriations	Payments	% Execution
Information technology	9 555 000	4 594 165	48.1 %
Library and archives	490 000	411 934	84.1 %
Building and facilities	4 706 000	2 572 946	54.7 %
<b>TOTAL</b>	<b>14 751 000</b>	<b>7 579 044</b>	<b>51.4 %</b>

*Note:* Details may not correspond to totals due to rounding.

*Source:* Human Resources, Finance and General Services Directorate.

**27** Once again, SG2-DIWI's work in 2021 was fundamental in sustaining continuity of the ECA's activities, and, in line with the Secretariat-General's priorities (see paragraph [12](#)), in providing adaptable IT services and flexible facilities. During this period, all the ECA's usual products and processes were delivered: audit reports, conferences, training, contacts with our stakeholders, dialogue with our auditees, and translation of documents.

**28** In the area of Information and Technology, several important events took place in 2021:

- major upgrades and migrations of IT infrastructure occurred: the entire ECA Data Storage system was upgraded, and the Disaster Recovery Centre migrated to the facilities provided by the European Business Reliance Centre (EBRC) in Betzdorf;
- an IT Steering Committee was set up;
- work on data analysis was continuous for collaboration on audit tasks (ECAlab);
- active participation in the Digital Steering Committee contributed to the various versions of the development plan on technology and data for audit;
- the Technology and Innovation for Audit network was successful;

- o Robotic Process Automation services were created.

### 29 Other events started in 2021, and will continue in 2022:

- o a new ECA website was launched;
- o the Stakeholders Management System was replaced, and an audio-visual studio was created;
- o Translation Management Systems were renovated;
- o a document navigator was developed;
- o a Legal Portal was developed.

**30** Overall, the directorate resolved 19 804 IT tickets, carried out 179 system releases, provided availability of 99.88 % for critical systems, and guaranteed fully stable technology for hybrid work (teleworking and onsite).

**31** The directorate also focused on dealing with cyber-security risks by constantly monitoring and adapting systems to the large number of threats notified by the EU Computer Emergency Response Team. The most significant vulnerabilities were those affecting the VPN that supports the remote access service and Microsoft email. 2021 ended with the “Log4J” worldwide critical vulnerability. Fortunately, these vulnerabilities did not affect the ECA.

**32** In terms of buildings and facilities, the major achievements in the period were:

- o the renovation of the K2 building, with two floors already delivered and one floor to be completed in the first quarter of 2022;
- o the installation of kitchenettes on all floors of the K3 building;
- o the review of security at the K3 garage entrance;
- o the installation of a new access control system (ongoing);
- o the completion of works to resolve the problems with the K1 façade following the glass panels incident.

**33** A study on the future of the K1 building was also launched. The new initiative intends to define the ECA’s future buildings strategy. Interviews and workshops with Members and staff took place, and the various scenarios will be shared with the Court

by the first quarter of 2022. The EMAS Action Plan for 2020-2022 was presented to the Administrative Committee in January 2021, and is currently being implemented.

**34** All of these activities took place in addition to regular maintenance of our current buildings, the processing of tickets (1802), and the provision of an excellent level of service in spite of the numerous works required to maintain a healthy working environment, all against the backdrop of the pandemic.

**35** Lastly, the ECA library continued to provide its services during challenging times. A new “Ask the Library” service was launched, complementing the much-appreciated BibliotECA Discovery and Data provision services for audit as part of the digitalisation of the ECA.

## Language and Editorial

**36** The Language and Editorial Directorate (SG3-LED) is responsible for translating and publishing all ECA products into the EU’s 24 official languages. The directorate manages less than 1 % of the ECA’s budget (see [Table 1](#)). [Table 6](#) details the use of the 2021 budget’s appropriations and payments.

**Table 6 – 2021 budget’s appropriations and payments of the Language and Editorial Directorate (in €)**

Budget lines	Appropriations	Payments	% Execution
Outsourcing and interinstitutional cooperation	837 000	548 240	65.5 %
Interpreters	125 000	5 408	4.3 %
Publication	250 000	170 015	68.0 %
<b>TOTAL</b>	<b>1 212 000</b>	<b>723 663</b>	<b>59.7 %</b>

*Note:* Details may not correspond to totals due to rounding.

*Source:* Human Resources, Finance and General Services Directorate.

**37** During 2021, the directorate continued to address the Secretariat-General’s priorities (see paragraph [12](#)). Despite the pandemic, its core activities continued at the same pace as in 2019 and 2020, and without disruption. 227 003 pages were translated and revised (-3.16 %, i.e. 7 411 pages fewer than 2020), which represents 2 753 translation requests for 2021. In addition, the FastTrad service, which provides a 24-hour turnaround for translation and editing of short texts in English and French, accounted for 1 284 pages; this figure included 607 pages of translation and 677 of revision. 97.83 % of translations were completed on time, well over the performance indicator of 95 %.

**38** The Language and Editorial Directorate also continued to diversify its activities outside translation/revision in the form of language assistance for auditors, video subtitling, and collaboration in the area of communication. The English, German, French, Italian and Dutch language teams drafted and translated press releases, and improved quality by adapting messages to the public and taking cultural differences into account. English Language Services, in particular, provided drafting assistance for the vast majority of ECA output during the year. In the case of the Annual Report, it also attended most pre-adversarial and adversarial meetings to provide language advice as texts were modified. Translators completed 16 linguistic assistance missions during the year. This activity remained at the same level as last year (a total of 14 in 2020), mainly because the pandemic restricted the number of on-site audit missions. Video subtitling services were provided six times during the year by the English and French teams.

**39** The TraMS project to replace the directorate's core system continued. TraMS provides an opportunity to streamline and automate internal translation processes, while providing translators with integrated language tools within the environment. The TraMS implementation project (phase 1) was launched, and implementation work started in the form of workshops to define and map the processes in the new system in collaboration with external consultants and the Information, Workplace and Innovation Directorate. The main implementation work will take place in 2022-2023.

**40** Business processes were also reviewed during the year for optimisation purposes, and to find possible synergies. Examples of these processes include the following:

- a check on the bilingual translation content produced by all language teams using the GroupShare system. One conclusion was to align the workflow and the way translation tools are used in ELS with general LED practices when migrating to TraMS;
- a new rule for calculating the earliest publication date was tested for reports with considerable success. It ensures better management of the time needed to accomplish the tasks of all stakeholders, and provides all stakeholders with clear rules;
- a working group endeavoured to analyse the tasks of DMG and TECH with a view to harmonising operations further and finding synergies.

**41** The derogation measures set out in Regulation No 1 of 15 April 1958, as amended in 2010 and in 2015, came to an end on 31 December 2021, meaning that Irish has had

the status of an official language of the EU institutions since 1 January 2022. In 2021, the directorate recruited three Irish translators to form a new language team.

## Data Protection

**42** In 2021, the Data Protection Officer (DPO) was placed directly under the responsibility of the Secretary-General, and a new Officer was appointed. The DPO provides expertise on data protection law and practices, and monitors their application. The department does not manage any expenditure.

**43** Requests for advice on data protection rules doubled when compared with 2020, and courses and specific guidance were provided. 2021 also involved the preparation of opinions and collaborations on updates of internal policies and procedures. Data protection rules were also made more transparent for auditors to share with auditees, in particular about the Court's right to access information for the purpose of performing its audit functions.

## Information Security

**44** Like the DPO, the Internal Security Officer (ISO) was also placed directly under the responsibility of the Secretary-General. The ISO works in close cooperation with the Information, Workplace and Innovation Directorate, and does not manage any expenditure.

**45** In 2021, the Internal Security Officer presented his new strategy for the coming years, with an emphasis on priorities and challenges for 2021-2025. The main priority will be to continue with awareness-raising and training activities for staff in the area of information security

**46** The year proved to be particularly demanding on account of repeated cyber-attacks and data breaches, as well as a number of threats that required prompt action to remedy critical software flaws (see paragraph [31](#)). The Court installed applications to provide stronger protection, adopted security rules to protect EU classified information, and prepared guidelines on the classification of ECA information. It also simulated two phishing campaigns for the first time to measure the staff's cyber awareness, and adopted an electronic signature service provided by the Commission.

## Procurement in the Secretariat-General

**47** In 2021, the Court of Auditors used the negotiated procedure under paragraph 11.1(b) of Annex I to the Financial Regulation to conclude one contract with a value of over €60 000. The purpose of the contract was to renew the Court's *Financial Times* corporate subscription for 2021 and 2022. The total value of the contract was €168 615 (€82 650 for 2021 and €85 965 for 2022).

**48** As the *Financial Times* (FT) is the most reputable English-language business newspaper, and also provides comprehensive information about EU policies, it is therefore unique, and has no reasonable equivalent or substitute. The current licence allows all ECA staff to access the FT's digital content both inside and outside the Court. The price of the licence is based on the actual core number of readers. So far, 558 ECA users have created their own FT account, with 218 being the number of actual core readers on the day the subscription offer was made.

**49** The annual list of contracts, including those worth between €15 000 and €60 000 that were concluded in 2021 following negotiated procedures, will be available on the Court's website by 30 June 2022.

**50** All negotiated procedures above €15 000 were subject to the Court's rigorous internal control procedures covering legality, regularity and sound financial management.

# Results of the internal control systems implemented by the Secretary-General

## Internal control systems

**51** The Secretary-General operates within a legal framework that includes:

- o the Financial Regulation;
- o the Staff Regulations;
- o the ECA's internal control framework;
- o the ECA's rules of procedure;
- o the internal rules for implementing the budget;
- o the charter of tasks and responsibilities of the authorising officer by sub-delegation; and
- o all decisions regarding the use of the ECA's human, material and financial resources.

**52** The ECA's internal control framework supplements this legal framework with a view to aligning it with the integrated internal control system established by the Committee of Sponsoring Organisations of the Treadway Commission (the COSO Framework). It is designed to provide reasonable assurance regarding the legality, regularity and sound financial management of all financial transactions, and facilitates the achievement of each directorate's operational objectives.

**53** The internal control systems did not change significantly in 2021, and the administration's organisational structure remained stable. This consists of procedures (based on COBIT 5 for SG2-DIWI), management supervision, preventive and detective controls, and automated controls embedded in information systems covering all of the Secretariat-General's main business processes.

**54** Financial business processes are managed using SAP, which allows proper segregation of duties between initiation, verification and validation by the authorising officer. The system covers budgetary management, fund reservations, commitments, purchase orders, and contract and invoice control in accordance with the Financial

Regulation and the ECA's internal rules and procedures. It also provides automated checks to prevent errors when processing financial data. In addition, staff initiating processes and those performing verifications follow checklists to assess compliance with the Financial Regulation in respect of budgetary commitment and payment orders.

**55** All three directorates established a programme of checks for evaluating compliance with the Financial Regulation and Court decisions, and sent their declarations of assurance to the Secretary-General in their capacity as authorising officers by sub-delegation. Their assurances are complemented by the declarations of assurance from the remaining ECA directorates, departments and heads of *cabinet* that authorised expenditure in 2021 (see paragraph **07**).

**56** The checks carried out by the Human Resources, Finances and General Services Directorate were based on an analysis of risks for 2021, the results of the checks carried out for 2020, exchanges with the PMO, the recommendations of the internal and external auditors, and other information deriving from events that took place in 2020. The system comprises *ex ante* and *ex post* checks focusing primarily on financial aspects, but also on other non-financial risks. **Table 7** summarises the checks that were carried out. The Commission's PMO is responsible for checking the ECA's payroll and its staff's financial rights.

**Table 7 – Checks carried out by the Human Resources, Finance and General Services Directorate**

No	Check	Type
1	Financial rights	<i>Ex ante / Ex post</i> <sup>(1)</sup>
2	Remuneration of ECA staff and Members managed by the PMO	<i>Ex post</i> <sup>(1)</sup>
3	Legality and regularity of payments made on the budget lines managed by the directorate (except missions and representation costs)	<i>Ex post</i>
4	Mission costs settled by the PMO, based on the ECA's mission guide and the related implementing decision	<i>Ex ante</i> <sup>(2)</sup> / <i>Ex post</i>
5	Representation expenses of ECA Members, and fuel costs	<i>Ex ante</i>
6	Cross-checks of Members' mission and representation expenses, keeping track of fuel consumption by official vehicles	<i>Ex post</i>
7	Place of residence of ECA staff	<i>Ex post</i>
8	Accuracy and completeness of documents in staff members' personal files	<i>Ex post</i>
9	Staff absences and working hours	<i>Ex post</i>
10	Cellar	<i>Ex post</i>
11	Petty cash	<i>Ex post</i>

*Note:* <sup>(1)</sup> checks carried out by the PMO; <sup>(2)</sup> only for missions validated by the Human Resources, Finance and General Services Directorate.

*Source:* Human Resources, Finance and General Services Directorate.

**57** The checks carried out by the Information, Workplace and Innovation Directorate were based on the results of the 2022 risk register review, the 2021 process maturity assessment, and the follow-up to internal audit recommendations. Account was also taken of the checks carried out by the external auditor as part of the annual IT review. Except for the Library and Archives budget line, all financial transactions in the directorate are subject to an *ex ante* check to identify non-compliance with the Financial Regulation, and any administrative errors and mistakes (e.g. incorrect references, wrong dates in text fields, and missing non-critical attachments). Checks embedded in process management are complemented by *ex post* checks. The latter included regular checks of the procurement of low-value contracts and of:

- (1) compliance with the formalities of the new contract for IT operations and observance of existing KPIs;
- (2) the regularity of the financial management of the K2 project;
- (3) the application of regular, outside patches for IT security;
- (4) checks of administrator rights on laptops;

- (5) the efficiency of the software monitoring tool;
- (6) compliance with delivery deadlines;
- (7) the existence of privacy statements in the Court's personal data processing tools;
- (8) the completeness of documentation required for invoice payments;
- (9) compliance with the release management process.

**58** The checks carried out by the Language and Editorial Directorate were based on an analysis of the risks for 2021 and the results of the checks carried out for 2020. The checks focused on financial aspects, the quality of the language services provided, and the directorate's IT and organisational aspects. The *ex post* checks included:

- o the legality and regularity of payments made under the budget lines managed by the directorate;
- o the effectiveness and quality of Computer-Assisted Translation (CAT) tools; and
- o the quality of the translations provided, complemented by a user feedback system where users' comments are analysed.

## Overview of risk management

**59** Since 2016, and following the adoption of the Court's Risk Management Framework, all ECA audit chambers and directorates have been required to perform a risk analysis of their activities. This analysis includes a description of the impact if a risk materialises, the internal checks put in place, and measures to reduce the likelihood of a risk occurring and its potential impact. The checks give rise to risk-management action plans, which are taken into account when designing and implementing *ex ante* and *ex post* checks. The results of the checks feed, in turn, into the authorising officer by delegation's annual declaration in the annual activity report, and into the following year's risk assessments. The design of the internal control systems also takes account of the cost-effectiveness of checks.

**60** The main risks identified by the risk assessment cycle for 2021 concerned:

- o the impact of the COVID-19 pandemic on the ECA's resources and working conditions, including adaptation to the new reality of hybrid work arrangements, and staff health and safety;

- non-compliance with the Financial Regulation as regards the legality and regularity of payments, and the economy, efficiency and effectiveness of activities. The risk also includes a risk of fraud relating to the increased use of electronic invoices;
- the dependence on and quality of outsourced activities (including those by the Commission);
- data breaches or instances of non-compliance with data protection rules, including those caused by cyber-attacks. This risk also considers the administrative burden of a complex legal and reporting framework relating to security and data protection constraints; and
- staffing issues, such as the problem of fulfilling recruitment needs, providing a work-life balance for staff, attracting and retaining staff, and an ageing workforce.

**61** The Court's work is subject to intense public scrutiny. Its audits are conducted in an open and transparent manner, and the results are shared with the public on a continuous basis. The ECA and its internal rules have been the subject of media articles in recent months. Our aim is to clarify all outstanding questions with the discharge authority.

### Efficiency and effectiveness of internal control systems

**62** All directorates examined the results of their *ex ante* and *ex post* checks in January 2022. The checks did not reveal any major weaknesses in the internal control systems. The directors also reviewed the status of all pending internal audit recommendations to ensure they would be implemented by the required deadlines. The authorising officer by delegation examined the information in the internal control reports from the three directors before he signed his declaration in accordance with Article 74(9) of the Financial Regulation.

### Human Resources, Finance and General Services Directorate

**63** The *ex ante* checks carried out by the Human Resources, Finance and General Services Directorate (items 4 and 5 in [Table 7](#)) did not reveal any major issues for the financial year 2021 as regards the mission costs authorised by the directorate, the Members' representation costs, and the fuel consumption of official vehicles. At the beginning of 2022, the ECA reviewed the adequacy of the relevant rules.

**64** The *ex post* checks of the legality and regularity of payments made from the budget lines for which the directorate is responsible covered a random sample of 126 payments, i.e. roughly 19 % of all payments that were checked (item 3 in [Table 7](#)). The checks detected formal non-compliance for three payments, but with no financial impact: two payments should have been partially accounted for in 2020, and one was made for a budgetary commitment that was not preceded by a legal commitment. These cases were included in the ECA's exceptions register, and staff were reminded of the applicable rules. Overall, payments were legal and regular, and the required documentation was available. The SAP system and its automatic checks, as well as the fact that the team is very familiar with the tool (which it has been using since 2008), has allowed the activity to continue in accordance with the usual procedures. The extended teleworking environment continued not to impact management processes.

**65** The number of missions gained pace in 2021, but was still below pre-pandemic levels. The internal auditor detected errors in mission costs that were not revealed by either *ex ante* or *ex post* checks. Ex-post checks of mission costs (items 4 and 6 in [Table 7](#)) did not reveal serious problems with the PMO's settlement of missions, and did not show that the weakness identified had a material effect on the legality and regularity of costs. Most of the errors that were identified concerned the calculation of daily allowances and the reimbursement of travel expenses for missions combined with private arrangements. Cross-checks of reimbursements of representation costs against the daily allowances paid for missions did not reveal any errors.

**66** The directorates and head of *cabinet* that made use of this budget line, and to which a sub-delegation as authorising officer was granted, also checked mission costs and provided the respective declaration of assurance to the Secretary-General. Checks did not identify any significant errors in mission procedures for 2021. Additional documentation had to be provided for some missions, but the *ex ante* checks carried out for the vast majority of missions allowed most potential problems to be rectified upstream.

**67** Analysis of the validation of mission orders and cost declarations showed that the vast majority were authorised by the nominated authorising officers by sub-delegation. Out of 1 732 mission orders and cost declarations, 60 were validated without formal authorisation, mostly due to incorrect information being recorded in the system. A new procedure has been put in place to prevent such situations in the future. Moreover, 43 missions were validated after the Member or staff member had already left. These cases were included in the ECA's exceptions register.

**68** The *ex post* checks of missions also included following up refunds for unused plane tickets, the conclusion being that the refund rate is high and that such recoveries are well managed. As in previous years, the results of the checks will be communicated to staff.

**69** Overall, the results of the PMO's checks (were positive. *Ex ante* checks of financial rights did not reveal any particular problems. The *ex post* checks showed that payroll variations were explained and justified for the preceding 12 months, and that installation allowances and parental/family leave were accurate. Recoveries were needed in:

- four cases involving education allowances;
- one case involving the calculation of taxes on salaries;
- one case involving the daily subsistence allowances granted in the first months of settlement in the place of employment; and
- one case involving daily allowances for staff members taking up their duties or changing their place of employment when granted special leave for removals.

**70** The staff's places of residence (items 1 and 2 in [Table 7](#)) were verified on the basis of the distance between the place of employment and their declared places of residence. The checks revealed that, except for seven cases, all staff lived no more than 80 km from their place of employment. The seven cases in question will be followed up. The permanent residence of 15 staff members selected at random was also verified. All staff in the sample provided sufficient evidence for their declared address to be corroborated.

**71** Staff files continued to be managed using a procedure that took account of the pandemic. Twenty personal files (a non-representative sample) were randomly selected for checks (item 8 in [Table 7](#)), and documentation was found to be missing in 11 cases. Among the most important documents missing were a marriage certificate, an ID card, a residence certificate, a transfer of pension rights, a third-language certificate for promotion, a birth certificate, and a decision about working part time.

**72** New internal procedures will be established to specify the documents to be included in the personal file when a staff member is recruited or when an interinstitutional transfer takes place. These procedures should be implemented in collaboration with the other institutions, in particular with the PMO at the Commission.

**73** Staff absences and working time were also subject to *ex post* checks (item 9 in [Table 7](#)), resulting in:

- nine days of compensatory leave due to overtime being recovered;
- the allowance received by three staff members on sick leave for more than 30 days being suspended;
- 31 periods of medical part-time work being granted;
- six invalidity cases being re-evaluated, and a new one being launched; and
- two medical checks being performed.

**74** The remaining *ex post* checks (items 10 and 11 in [Table 7](#)) did not reveal any major issues. Overall, five non-compliances and one exception were recorded in the exceptions register. None had a financial impact, and measures were taken to address all the events detected.

### Information, Workplace and Innovation

**75** The *ex ante* checks carried out by the Information, Workplace and Innovation Directorate relating to financial transactions in SAP did not reveal any significant failures. Out of 2 008 SAP transactions, including purchase orders, payment requests and invoices, only 45 were returned for correction, which is a marginal increase when compared with 2020. Returns mainly served to add documentation, correct information, or validate the need for purchases. In addition, the checks detected two formal non-compliances regarding a payment made without a legal commitment and a payment made without complete delivery of the services and items ordered. Both cases were included in the ECA's exceptions register.

**76** The *ex post* check of the administrator rights on laptops (item 4 in paragraph [57](#)) led to nine accounts being deleted, three accounts being disabled, and 10 accounts and a new workflow being created in *Service Now* to manage the provisioning of privileged accounts in the ECA's IT environment. The directorate also detected that some licences were not being used, and so these were discontinued (item 5 in paragraph [57](#)). The remaining checks did not identify any major issues. Most checks (relating to items 1, 2, 6, 7, 8 and 9 in paragraph [57](#)) identified possible improvements to existing processes.

**77** Low-value contracts were also checked for compliance with the Financial Regulation regarding the €15 000 threshold for total acquisitions per vendor. The checks did not reveal any significant failure or shortcoming. In one case, orders placed with one vendor for similar services exceeded €15 000 over a four-year period. The case was explained and included in the ECA's exceptions register.

### Language and Editorial

**78** Overall, the *ex post* checks of the legality and regularity of payments made from the budget lines for which the directorate is responsible concluded that payments were legal and regular and that the required documentation was available. Three non-compliances were detected, where a few days of a legal commitment were not covered by a budgetary commitment. These cases were included in the ECAs' exceptions register

**79** CAT tools are extensively used by the various language teams, with the exception of the English team that has its own processes due to the special nature of its work. Only 1.1 % of the segments that were checked had "translation not approved/not signed" status.

**80** In 2021, the ECA's translation quality was checked for the first time by the European Parliament. The checks focused on translations by the 10 language teams whose principal managers did not provide quality control because they had a different mother tongue. Ten documents were selected to cover the Court's main types of product, and two pages were checked for each of the 10 documents selected (a total of 200 pages, i.e. 2 x 10 x 10). For seven languages, no major problems were identified. For the remaining three, a few documents received an evaluation score of below 80 %, and the evaluators' comments were analysed. Translation quality was also checked on the basis of comments from users of the directorate's services. In 2021, there were 89 comments, mainly from ECA staff but also from other entities.

**81** The checks concluded that the results were mostly positive. On this basis, the language teams' principal managers concluded that translations were of acceptable quality, and sent their statements of assurance to the Director.

### Directorate of the Presidency and the Legal Service

**82** The Directorate of the Presidency is responsible for the budget line relating to the ECA's communication actions and inter-institutional relations, which amounted to

€250 000 of appropriations in 2021. The Legal Service is responsible for the budget line relating to legal costs and damages, which amounted to €50 000. The checks performed did not detect any significant error relating to either budget line.

### Conclusion regarding internal control systems

**83** The *ex ante* and *ex post* checks for 2021 show that the Secretariat-General's internal control system is functioning efficiently and adequately, and that financial and non-financial risks are under control in its various directorates. The checks mainly identified a number of non-material errors, and the need to revise some procedures. The cost of the checks is considered reasonable, with 15.2 FTEs dedicated to the task (including 0.2 at the PMO). The review also demonstrated the robustness of the management system, which is based on integrated software and includes a significant proportion of automatic checks.

**84** In 2021, as a result of the Internal Audit Service's recommendations, the internal control system also placed greater emphasis on the cost-effectiveness of checks and on the impact of the pandemic on the checks that were performed. This increased the quality of reporting, and highlighted the role of the ECA's internal control framework.

**85** Overall, the Internal Auditor's conclusion regarding internal control systems for 2021 is positive: reliable checks exist for most high-risk areas of the Secretariat-General's work, and the segregation of duties between different staff members for *ex ante* and *ex post* checks was maintained. No major shortcomings were identified that would seriously call into question the reliability of the declarations of assurance as regards the legality and regularity of financial transactions in 2021 (see paragraph [65](#)).

## Follow-up to the 2019 discharge decision

**86** On 29 April 2021, the European Parliament granted discharge<sup>1</sup> in respect of the implementation of the budget for the 2019 financial year. An account of the follow-up given to the observations made in the discharge decision is provided below.

EP 2019 discharge observation	ECA reply
1. Notes that the annual accounts of the Court of Auditors (the 'Court') are audited by an independent external auditor in order to apply the same principles of transparency and accountability that the Court applies to its auditees; notes with satisfaction the auditor's opinion that the financial statements give a true and fair view of the Court's financial position;	N/A
2. Notes that in 2019 the Court's budget amounted to a total of EUR 146 890 000 (compared to EUR 146 469 000 in 2018 and EUR 141 240 000 in 2017) and that 98 % of all appropriations were committed by the end of 2019 (compared to 96.21 % in 2018 and 97.73 % in 2017);	N/A
3. Recalls that the Court's budget is mostly administrative, with a large amount being used for expenditure concerning persons working within the institution (Title 1) and concerning buildings, movable property, equipment and miscellaneous operating costs (Title 2);	N/A

<sup>1</sup> Decision 2020/2144(DEC) of the European Parliament.

EP 2019 discharge observation	ECA reply
<p>4. Recalls that the execution rates for Title 2 are not sufficiently improving with the rate of commitments amounting to 64.17 % (compared to 59.13 % in 2018 and 57.13 % in 2017) and the rate of payments amounting to 62.21 % (compared to 55.11 % in 2018 and 55.75 % in 2017); stresses the confirmation by the Court in its follow-up document to the 2018 discharge resolution that it will continue its efforts to improve the execution rates and to consider carefully their budget estimates;</p>	<p><b>Budget execution</b></p> <p>We consider it more appropriate to monitor the budgetary execution of Title 2, in particular the payment rate, from a two-year perspective. This shows that, over the two-year period (2018-2019), 91.38 % of the 2018 payments on appropriations and 98.04 % of the payments on commitments were made. On an annual basis, at the end of 2019, the rate of appropriations committed was 96.94 %. The payments on commitments were 64.17 % and the payments on appropriations were 62.21 %. The utilisation rate for appropriations in Title 2 reached 95.39 % in 2021 (compared to 93.38 % in 2020). Payments amounted to 50.44 % of final appropriations and 52.88 % of commitments (in 2020, these rates were 51.46 % and 55.11 %). Commitments carried over to 2022 in accordance with Article 12 of the Financial Regulation corresponded to 44.95 % of final appropriations and 47.12 % of commitments (in 2020, these rates were 41.92 % and 44.89 %, respectively). In any case, we will continue our efforts to improve payment execution rates.</p>
<p>5. Notes the Court's comment that it is more appropriate to monitor the budgetary execution of Title 2 from a two-year perspective; acknowledges that over the two-year period 2018-2019, 91.38 % of the payments on appropriations and 98.04 % of the payments on commitments were made;</p>	
<p>6. Notes the continuation of carry-overs, e.g. of EUR 3 057 772 in 2019 under Chapter 21 (Data processing, equipment and movable property: purchase, hire and maintenance) compared to EUR 4 310 280 in 2018 due to on-going IT projects; states that the total carry-over for Title 2 from 2018 to 2019 amounted to EUR 6 068 597 and considers it a positive thing that this resulted in payments of EUR 5 777 454 on carry-overs;</p>	<p>N/A</p>

EP 2019 discharge observation	ECA reply
<p>7. Notes that the carry-over of appropriations for Title 1 and 2 from the financial year 2018 to the financial year 2019 amounted to EUR 7 406 944 and gave rise to payments amounting to EUR 6 553 576, a utilisation rate of 88.48 % which is equal to the utilisation rate in 2018;</p>	<p>N/A</p>
<p>8. Appreciates the fact that the Court is considering the suggestion in the 2018 discharge resolution that an independent annual report on the Union institutions should be presented as part of the reflections on the Court's strategy for the 2021-2025 period which should be adopted by the end of 2020; reiterates in this regard the need for a deeper examination by the Court of each and every institution in order to allow Parliament to fulfil its duties as discharge authority;</p>	<p><b>Specific areas: Administration</b>  The audit of MFF heading 5, 'Administration', follows the Court's Statement of Assurance audit methodology, and enables us to provide a specific assessment. For many years, we have consistently reported that this is a low- risk area, with error rates below materiality. Our audit work in 2019 included the examination of supervisory and control systems at selected EU bodies, and the increase in the number of contract staff.</p> <p>In line with our 2021-2025 strategy, we will endeavour to complement the quantitative information in our annual report with qualitative elements based on the results of specific systems and compliance work. The Court's programming approach includes the careful selection of audits, taking into account our strategic goals, risks identified and stakeholders' views (including those of the Conference of Committee Chairs of the EP). We do our utmost to select relevant audit topics with the resources available.</p> <p>The Court is currently reflecting on its approach to its Statement of Assurance audit, but notes that the provision of error rates for additional expenditure areas would require a significant increase in resources.</p>

EP 2019 discharge observation	ECA reply
<p>9. Welcomes the Court’s dedication to prepare the first report on the performance under the Union budget, following the request by Parliament, aimed at assessing the results achieved from spending under the Union budget and, in particular, by providing an assessment of the performance under each Union policy; believes that performance audit is essential to evaluate the real impact of Union investments;</p>	<p>N/A</p>
<p>10. Regrets that the Court’s follow-up to the 2018 discharge resolution provided only limited responses to Parliament’s remarks; stresses that the follow-up is essential to enable Parliament’s Committee on Budgetary Control to determine whether the Court has implemented Parliament’s recommendations; calls on the Court to include all necessary responses and more detailed explanations on the implementation of Parliament’s recommendations in its next follow-up report, making explicit reference to each paragraph of the discharge resolution and providing all necessary documentation;</p>	<p><b>The Court’s follow-up to the discharge resolution</b> The ECA will strive to provide replies that are as detailed as possible in its follow-up reports on the discharge, and is ready to provide all supporting documents and further details if deemed necessary.</p>
<p>11. Echoes the Court’s recommendation that the Commission publish the annual management and performance report at an earlier point every year in order to examine and report on the regularity of the information presented; acknowledges the constraints following the COVID-19 pandemic that forced the Court to publish its 2019 annual report in November 2020;</p>	<p>N/A</p>

EP 2019 discharge observation	ECA reply
<p><b>Human resources</b></p> <p>12. Notes that at the end of 2019, there were 853 permanent and temporary posts compared to 891 posts in 2013, constituting a decrease of 4.26 %; notes in particular that permanent posts decreased by 6.91 percentage points while temporary posts increased by 10.07 percentage points; asks the Court to assess whether the increasing tendency of using temporary posts is a response to the Court’s specific needs or rather is a response to budgetary constraints; notes that the staff level is continuously reviewed and that the Court’s establishment plan remains the same as in 2017 and in 2018 with 853 posts; notes that following the UK’s withdrawal from the Union, and in accordance with the result of the negotiations, the establishment plan was adapted during 2019;</p>	<p><b>Recruitment and career opportunities</b></p> <p>Like other EU institutions based in Luxembourg, the ECA has been facing increasing difficulties in recruiting and retaining officials from lists of successful candidates from EPSO competitions, as many prefer to start their careers in the EU institutions in Brussels. The main reason for this is the increasingly high cost of living in Luxembourg, which is not compensated for by a correction coefficient, unlike other countries in the EU. Therefore, in recent years, the ECA has increasingly resorted to recruiting temporary staff at lower AD grades, and on several occasions has organised selection procedures for auditors hired as temporary staff.</p>
<p>13. Appreciates the fact that the Court, in accordance with its 2018 to 2020 strategy, has extended its contacts with researchers, academia and think-tanks and that the Court as of 1 June 2020 has seconded 15 staff members to other international bodies; notes that the Court regularly hosts staff seconded from other international bodies and that the Court also provided 55 internships (compared to 60 in 2018) for university graduates for periods of three to five months; notes that, in 2019, six internships were unpaid; asks the Court to offer an allowance to interns that covers at least their living costs, even in the case of short-term internships; welcomes the fact that the Court entered into several partnerships with universities and professional organisations with a view to future cooperation;</p>	<p><b>ECA traineeships</b></p> <p>Generally, the Court offers an allowance to trainees that at least covers their living costs, even in the case of short-term internships. The six unpaid traineeships in 2019 referred to by the European Parliament were ‘atypical’ traineeships, aiming to encourage the trainees to observe the Court’s work. Most of them were for a short period (a maximum of one month), and only two were for a period of three months. Three of the trainees came from the national audit offices, and were therefore paid by their institutions. For one covering a very short period of time (01-30/06/2019), the trainee was already living in Luxembourg, and another one followed an agreement with a translation school in Belgium, which selects one trainee per year to complete a short traineeship (01/02-30/04/2019) at the Court.</p>

EP 2019 discharge observation	ECA reply
<p>14. Notes the fact that the Court’s recruitment policy, based on the 2016 reform and the general principles and employment conditions of the Union institutions, makes the Court a task-based organisation; notes that members of staff are allocated to a Court-wide pool from which resources are allocated to audit chambers and tasks; notes that in the process of assigning members of staff from the pool to the tasks, the Court pays particular attention to ensuring that the necessary expertise and staff resources are made available in good time and that an adequate rotation of staff takes place across teams through a regular mobility exercise;</p>	<p>N/A</p>
<p>15. Appreciates that the Court followed up on the 2018 staff satisfaction survey and implemented activities related to staff well-being, such as the Court’s network of confidential contact persons across the organisation to provide professional and, if requested, anonymous support to members of staff; notes that the Court also provides five free sessions with psychologists and organises presentations on how to deal with burnout and, for managers, on how to detect and deal with harassment;</p>	<p>N/A</p>

16. Is concerned about the decrease in the number of female directors from 30 % in 2018 to 20 % in 2019 and the decrease in the number of female heads of unit from 39 % in 2018 to 35 % in 2019; notes, however, the slight increase in female Court Members from 21 % in 2018 (6 out of 28 Members) to 25 % in 2019 (7 out of 28 Members); underlines the commitment of Parliament's Committee on Budgetary Control to support a revision of the nomination process for Court Members in order to reach a gender balance (7 women and 21 men were Members in 2019); recalls the invitation to Member States to be more active in encouraging women to apply for these kinds of positions; reiterates that the Council should always present at least two candidates, one female and one male, during the appointment procedure;

#### **Gender balance**

In recent years, the gender balance among ECA managers has improved: by January 2022, the percentage of female directors increased to 40 %, while the percentage of female principal managers is 37 %. The new 2021-2025 Diversity and Inclusion Policy and Action Plan includes several actions to encourage women into management:

- continue with the Secretary-General's practice of regularly sending an email to directors and principal managers to encourage female auditors to become heads of task;
- conduct interviews or anonymous surveys with female staff (AD 9 and above) who are hesitant about taking a leadership role in order to understand their reasons and propose alternative solutions (e.g. two officials sharing the role of head of task);
- organise informal sessions at which experienced female heads of task can share their knowledge;
- arrange for directors to report to their chambers every six months on the share of female and male heads of task, with onward reporting to the Secretariat-General. The Secretary-General to present half-yearly updates to the Administrative Committee;
- organise training, coaching and advice for female staff, both by career experts and by other women who can serve as role models;
- interview female participants in the Leadership Development Programme, produce a reflection paper with information about their motivations and constraints, and

EP 2019 discharge observation	ECA reply
	<p>offer support measures such as mentoring and coaching. Explore existing support initiatives, such as the Commission's Female Talent Development Programme;</p> <ul style="list-style-type: none"> <li>• conduct exit interviews with people leaving the ECA, including questions to clarify why women are leaving, and produce a document summarising what the interviews reveal. Analyse all exit interviews once a year, and discuss the lessons learnt with the relevant departments.</li> </ul>
<p>17. Welcomes the Court's continuous efforts on the administrative level to promote equal career opportunities for staff and in particular to achieve gender balance in management positions; notes that the Court launched a leadership development programme in 2019, aimed at developing the skills of potential managers with equal participation by men and women;</p>	<p>N/A</p>

EP 2019 discharge observation	ECA reply
<p>18. Appreciates the participation of the Court in the Joint Committee of Equal Opportunities and in the equal opportunities action plan for the 2018-2020 period which also addresses the issues of age and disability; asks the Court to report on the implementation of the action plan to the discharge authority;</p>	<p>The follow-up to the 2018-2020 Action Plan took place as part of a larger project to prepare the ECA's new 2021-2025 Diversity and Inclusion Policy Action Plan adopted in May 2021. With the new action plan, we aim to reduce any possible inequalities. We will encourage men to take parental leave by organising sessions at which men who have taken parental leave can share their experiences, or ask for volunteers as a point of contact for men seeking advice on the topic.</p> <p>We will also continue to analyse the annual promotion procedure <i>ex post</i> to ensure there was no bias because of maternity or parental leave, part-time working or any other staff demographic (e.g. age, nationality, or contract type). We plan to support part-time work by putting in place a headcount system to compensate teams and chambers for the loss of full-time equivalents resulting from part-time working and all extended staff absences (e.g. maternity leave, leave on personal grounds, extended sick leave, and reassignment to another function). We will compensate the departments most affected for this loss.</p> <p>Lastly, we will promote a healthy work-life balance, encouraging a switch to a cultural and organisational focus on results rather than hours of work and physical presence, where hybrid teams can perform in a flexible environment. We have already run a campaign during the whole first half of 2021 on the right to disconnect and the work-life balance, and we plan to continue in this direction.</p>

EP 2019 discharge observation	ECA reply
<p>19. Urges the Court to strive for further improvements in the context of geographical balance of staff (specifically for AST functions groups 1-4 and 5-9 in which there is a significant overrepresentation of certain nationalities); calls on the Court to prepare an action plan for the recruitment of new staff members with attention to geographical balance, as stipulated in Article 7 of the Staff Regulations;</p>	<p>The ECA participates in inter-institutional meetings with EPSO to discuss good practices for attracting a more diverse pool of candidates and increasing the geographical balance among staff. We will continue to collaborate with EPSO on its project to develop an equality- and diversity-monitoring tool for recruitment in cooperation with Member States. The ECA also publishes information once a year on geographical representation in the ECA's annual social balance sheet, which includes a breakdown of all staff, including managers and assistants, by nationality.</p> <p>In the ECA's new 2021-2025 Diversity and Inclusion Policy and Action Plan, we aim to discuss with ECA Members from underrepresented countries how to attract/encourage applications and obtain a more diverse pool of candidates. At a later stage, the ECA will prepare an action plan, which will include the European Parliament's observation and the ECA's analysis. The ECA will use this action plan to generate discussion.</p>

EP 2019 discharge observation	ECA reply
<p>20. Notes that flexible working arrangements are available for all members of staff except for certain categories where this is not possible for practical reasons; notes, however, that a large majority of members of staff benefiting from those working arrangements in 2019 were women (87 % of staff working part-time and 68 % of staff who took parental leave); calls on the Court to reflect on this situation in the context of its career opportunities and diversity policies; encourages the Court to complete the flexible working arrangements with a protection of the staff members' right to disconnect;</p>	<p><b>Equal opportunities</b></p> <p>The ECA adopted a new 2021-2025 Diversity and Inclusion Policy Action Plan in May 2021. With the new action plan, we aim to reduce any possible inequalities. We will encourage men to take parental leave by organising sessions at which men who have taken parental leave can share their experiences, or ask for volunteers as a point of contact for men seeking advice on the topic.</p> <p>We will also continue to analyse the annual promotion procedure <i>ex post</i> to ensure there was no bias because of maternity or parental leave, part-time working or any other staff demographic (e.g. age, nationality, or contract type). We plan to support part-time work by putting in place a headcount system to compensate teams and chambers for the loss of full-time equivalents resulting from part-time working and all extended staff absences (e.g. maternity leave, leave on personal grounds, extended sick leave, and reassignment to another function). We will compensate the departments most affected for this loss.</p> <p>Lastly, we will promote a healthy work-life balance, encouraging a switch to a cultural and organisational focus on results rather than hours of work and physical presence, where hybrid teams can perform in a flexible environment. We ran a campaign during the whole first half of 2021 on the right to disconnect and the work-life balance, and we plan to continue in this direction.</p>

EP 2019 discharge observation	ECA reply
<p>21. Echoes the Court's remarks regarding the high cost of living in Luxembourg as constituting one of the main factors leading to difficulty in hiring and retaining staff; reiterates its concern about the growing problem of the purchasing power disparity suffered by Union civil servants posted to Luxembourg;</p>	N/A
<p><b>Buildings, security</b>  22. Welcomes the K2 building modernisation with the purpose of upgrading the building's technical installations, taking into consideration new environmental concerns, and transforming the current archiving spaces, which are no longer needed because of digitalisation, into a set of common collaborative and well-being spaces, such as meeting and videoconference rooms and coffee corners;</p>	N/A
<p>23. Values the fact that the Court performed a preliminary study in 2017 and that the outcomes of the study were taken into account in the current modernisation project; notes that the Court continues with the use of individual offices and only a few collaborative spaces; welcomes the fact that dedicated sessions were organised to share the project with the staff and that the feedback received was generally positive;</p>	N/A

EP 2019 discharge observation	ECA reply
<p>24. Welcomes the improvements to the security perimeter, in particular the construction of additional fences, new parking barriers and an entry lock for the car park in the K3 building, a project that was to be completed in 2020; notes that in 2019, in addition to regular expenses such as the periodical controls of installations, the Court invested EUR 123 000 in physical security;</p>	N/A
<p>25. Takes note of the measures taken with respect to the safety of staff, namely a contingency plan to deal with large-scale incidents, an internal procedure in case of a possible nuclear accident and a service level agreement with the European External Action Service to benefit from its advice regarding missions to countries with a high and critical level of threat;</p>	N/A
<p><b>Environment</b> 26. Notes that an external eco-management and audit scheme (EMAS) audit was carried out at the end of 2019 and that as a result the Court has successfully renewed its EMAS certification for the period 2020 to 2022 and adopted a new action plan to face the climate emergency; notes that the Court's CO2-balance is published on its site every year in order to track the Court's efforts to reduce its carbon footprint as part of the broader EMAS project and to achieve the Europe 2020 growth strategy goal of sustainable development, which was approved in 2010 by the European Council;</p>	N/A

EP 2019 discharge observation	ECA reply
<p><b>Digitalisation, cybersecurity</b>            27. Welcomes the fact that the Court adopted a cyber-security action plan in mid-2018 with a three-year timeframe; notes that during 2019 the following objectives were achieved: a more effective and regular remedying of software vulnerabilities, the prevention of unauthorised access to cloud services, the review of information security governance and the improvement of security monitoring capabilities; welcomes the cyber-security awareness-raising session for the Court’s staff; notes that the Court is also benefitting from the cyber-security services and infrastructure provided by the Computer Emergency Response Team for the EU institutions, bodies and agencies;</p>	<p>N/A</p>
<p>28. Welcomes the setting up of the digital steering committee with the aim of progressing the digital transformation of the audit under an initiative called ‘ECA audit goes digital’; notes that in 2019, the ECA Lab, the Court's inter-disciplinary innovation laboratory focusing on the digital transformation of audit using data and technology, supported ten audit tasks, including a pilot project on using big data for performance audit; asks the Court to report to Parliament on any obstacles encountered while requesting data in a machine readable format from Union institutions;</p>	<p><b>Technology and data in audit</b>            The ECA has made the increased use of technology and data in audit a key strategic priority in its 2021-2025 strategy, and has defined goals to advance the digital transformation of its audit work. These include: (i) ‘seek to obtain secure and easy access to auditees’ data’; (ii) ‘foster a digital audit culture and mindset in our work’; (iii) ‘invest in the requisite skills and knowledge</p>

EP 2019 discharge observation	ECA reply
<p>29. Welcomes the fact that the Court's Decision No 6-2019 on the open data policy and the reuse of documents was published in April 2019 and that the Court's IT systems are based on solid architectural principles that take into account a cost-benefit approach in relation to mainstream technologies procured inter-institutionally; welcomes the fact that open source technologies are used at the Court in accordance with those principles; encourages the Court to prioritise open source technologies in order to prevent vendor lock-in, retain control over its own technical systems, provide stronger safeguards for the privacy and data protection of users and increase security and transparency for the public;</p>	<p>across our staff'; and (iv) 'implement new digital audit tools and techniques suitable for our audit area, including automated data collection and analysis, and also take advantage of the ECA's existing digital capacity'.</p> <p>To achieve these goals, the Court has adopted a development plan prepared by the Digital Steering Committee for the use of data and technology in audit to be implemented over the next five years by departments across the institution. Exploring data access from EU institutions and the ability for the ECA to obtain data in a usable format will be a priority in the implementation phase of the plan. In this context, we will report any difficulties we encounter in obtaining machine-readable data from the institutions.</p>
<p>30. Notes with satisfaction that the Court set up an action plan in 2016 to be prepared for the Regulation (EU) 2016/679 and to be compliant with that Regulation as soon as it became applicable to Union institutions, bodies, offices and agencies; notes that responsibilities for data protection and information security were restructured in 2019 in order to allocate and reinforce the resources allocated;</p>	<p>A new team dedicated to supporting the use of data science and technology in audit was created. It is made up of skilled data scientists and IT auditors, and has been working closely with all audit chambers to continue to digitally transform our audit work.</p>
<p>31. Encourages the Court to follow the recommendations of the European Data Protection Supervisor to renegotiate the interinstitutional licensing agreement and implementation contract, signed between the Union institutions and Microsoft in 2018, with the objective of achieving digital sovereignty, avoiding vendor lock-in and lack of control, and ensuring the protection of personal data;</p>	<p>The ECA's IT systems are based on solid architectural principles that take into account a cost/benefit approach in accordance with mainstream technologies procured inter-institutionally. Based on these criteria, we have decided to implement some free open-source software as key components of our portfolio. As regards the ECA as a 'provider' of free open-source software, we would like to emphasise that our software-development</p>

EP 2019 discharge observation	ECA reply
	<p>activity is very limited, as we apply the principle ‘reuse before buying, buy before building’.</p> <p>The ECA closely follows the European Data Protection Supervisor’s recommendations, and fully supports the efforts of EU institutions (represented by EC-DIGIT) to adapt the Microsoft agreement to the European Union Regulation.</p>
<p><b>Interinstitutional cooperation</b></p> <p>32. Encourages the Court to develop further synergies and rationalisation with other Union bodies through interinstitutional cooperation; notes that the Court uses tools and services provided by or jointly with other institutions such as a service level agreement with the paymaster office of the Commission covering the management of pensions, financial rights and payroll; notes that the Court uses the Commission’s IT tools in fields such as missions, HR, training and translation; welcomes the participation in joint procurement procedures with various other institutions for IT, translation, etc.;</p>	<p><b>Service-level agreements</b></p> <p>The ECA participates in various permanent and ad hoc committees and working groups where the EU institutions cooperate, exchange information and best practices and, where possible, develop common solutions. The ECA has every interest in promoting synergies with other EU institutions by signing service-level agreements, and we intend to take every opportunity for cooperation with other EU institutions and bodies. The ECA currently has a broad service-level agreement with the European Commission covering health insurance, unemployment insurance, pensions, salary calculation and payment, and management of financial rights and mission expenses; and with other EU institutions for the provision of inter-institutional IT applications. While a formal cost-benefit analysis is not always carried out, these agreements bring clear advantages for the ECA. We also collaborate with the Commission in other areas, e.g. professional training, and we organise various procurement procedures in cooperation with</p>

<b>EP 2019 discharge observation</b>	<b>ECA reply</b>
	other institutions. The ECA will readily take advantage of other possibilities for inter-institutional cooperation.
33. Acknowledges the fact that, following the interinstitutionally agreed methodology, the cost of outsourcing translations in 2019 was EUR 2 740 366 and that if the corresponding translations had been done by in-house services, the total cost of the same pages would have been EUR 4 647 880;	N/A

EP 2019 discharge observation	ECA reply
<p>34. Asks the Court to provide information on any improvements made with respect to the efficiency of administrative processes which are essential in light of an ever-increasing workload; recalls further the necessity of on-going reforms to ensure that the Court is well equipped to respond to future challenges;</p>	<p><b>Efficiency of our work</b></p> <p>The ECA permanently strives to increase efficiency in its work, both for assurance work and for performance audits. In line with our 2021-2025 strategy, we will review our methodology and practices during the period to carry out and adapt our assurance audit work. This includes making enhanced use of data and IT tools and technologies, for which we see potential in the short term in our financial audits of the reliability of accounts and regularity audits of revenue and administrative expenditure. The ECA takes every opportunity to streamline its procedures, improve its efficiency, and dedicate as many resources as possible to its core business. The latest example of our efforts in this direction is our intention to reduce the purely translation and revision work of our Language and Editorial Directorate by reducing revision work and making increased use of outsourcing, so as to enable translators to provide more direct support to auditors during their audit work, e.g. assistance with drafting audit reports, and interpretation during meetings with auditees.</p> <p>The average duration for special reports was 15.1 months for the 2018-2020 strategic period. This compares to 16.9 months for the 2013-2017 period. We will continue our efforts to reduce the average time to produce our special reports without compromising on quality.</p>

EP 2019 discharge observation	ECA reply
<p>35. Asks the Court to explore the possibility of joining the Transparency Register on the basis of a service level agreement; acknowledges the interinstitutional cooperation between the Court and other Union institutions and bodies through service level agreements; requests information as to whether a cost benefit analysis takes place before entering into any agreement;</p>	<p>On 15 December 2020, the European Parliament, the European Commission and the Council approved at the political level the inter-institutional agreement on a mandatory Transparency Register. The new agreement will replace the 2014 agreement. Once the three institutions adopt it in accordance with their procedures, it will be published in the Official Journal of the EU and will enter into force on the twentieth day following its publication. The Court takes note of the possibility contained in Article 11 of the interinstitutional agreement.</p>
<p>36. Welcomes the administrative arrangement signed in 2019, providing a structured framework for cooperation between the Court and the European Anti-Fraud Office (OLAF) and facilitating a timely exchange of information under Regulation (EU, Euratom) No 883/2013, and the Court's decisions related to internal investigations; welcomes the fact that the arrangement has already resulted in more efficient cooperation between the Court and OLAF, the establishment of permanent contact points allowing frequent exchanges, and faster and more regular feedback on cases transmitted by the Court to OLAF; notes that this arrangement also contains provisions on non-operational issues such as the organisation of training sessions, workshops and exchanges of staff; notes that in 2019, the Court reported ten cases of suspected fraud to OLAF, compared to nine cases in 2018 (eight identified in the course of audit work and two denunciations made by third parties);</p>	<p>N/A</p>

EP 2019 discharge observation	ECA reply
<p>37. Notes that the European Public Prosecutor Office (EPPO) and the Court agreed to discuss a future administrative agreement to provide a framework for their cooperation; asks the Court to inform Parliament's Committee on Budgetary Control accordingly; welcomes the fact that the Court contributed to the creation of the EPPO's internal audit service;</p>	<p><b>Administrative agreement with the EPPO</b>  The Court and the EPPO agreed on and adopted the working arrangement, which was signed in September 2021. The agreement underlines the common interest in maximising efficiency in the fight against fraud, corruption and any other criminal damage to the EU's financial interests, and in avoiding the duplication of effort wherever possible. In particular, the following points and conditions were agreed: timely collaboration on information and data transmission, access and exchange; precautionary measures on the part of the ECA; the EPPO's access to ECA premises to conduct investigations; and the EPPO's provision of information to the ECA for auditing purposes. Both parties will also cooperate on training in areas of common interest, and may exchange staff. Regular meetings between the ECA and the EPPO are also envisaged.</p>
<p>38. Welcomes the fact that a memorandum of understanding with the European Central Bank (ECB) was signed in October 2019, setting out the practical arrangements for sharing information about the ECB's supervisory activities;</p>	<p>N/A</p>

EP 2019 discharge observation	ECA reply
<p>39. Appreciates the Court’s cooperation with the supreme audit institutions of the Member States, enabling the Court to promote independent external audit work in the Union and its Member States; takes note of the Court’s involvement in the work of the International Organisation of Supreme Audit Institutions (INTOSAI), the European Organisation of Supreme Audit Institutions (EUROSAI) and the European Regional Group of INTOSAI, in particular in its working groups on environmental auditing, information technologies and the audit of funds allocated to disasters and catastrophes, and its task force on audit &amp; ethics;</p>	<p>N/A</p>
<p>40. Notes that the European Ombudsman invited the Court (in the context of a consultation undertaken with all Union institutions) to comment on the Ombudsman’s draft practical recommendations for the EU administration on the use of official EU languages when communicating with the public (case SI/98/2018/DDJ), to which the Court replied by indicating that its current policy is already compliant; requests that national sign languages be included in this process;</p>	<p><b>Use of national sign languages</b> The ECA will carry out an analysis of the feasibility of including national sign languages.</p>
<p>41. Underlines the Court’s efforts to further improve the way it communicates with its stakeholders, media and the general public; is aware that following the 2019 European elections the Court created a publications portal providing all Members of Parliament with relevant facts and figures; welcomes that this publications portal is now also publicly available on the Court’s website and allows a quick and easy search of reports and publications; welcomes the current revamping of</p>	<p>N/A</p>

EP 2019 discharge observation	ECA reply
<p>the Court's website to make the work and products more accessible and easier to follow;</p>	
<p>42. Welcomes the fact that the Court sees a strong increase in media interest, with particularly heavy coverage of its special reports;</p>	<p>N/A</p>
<p><b>Internal management, internal control, performance</b></p> <p>43. Recognises that the Court applies a set of key performance indicators to monitor progress made; notes with appreciation that the Court's analysis showed that 96 % of the recommendations made in the 2015 annual report and 94 % of the recommendations made in the 2015 special reports have been implemented in full, mostly or in some respects; notes that the Court issued 6 annual reports, 36 special reports, 3 opinions, 18 audit previews and 4 other publications, being part of the altogether 67 publications it issued in 2019; notes that in 2019 approximately 52 % of the Court's audit resources were used for its statement of assurance work and the financial audits of the Union agencies and other bodies; asks the Court to report on the impact and satisfaction of its special reports and other products, as well as on the selected audit topics;</p>	<p><b>Measuring the added value of our work</b></p> <p>We assess the likely impact and usefulness of our work, as perceived by the readers of our reports at the European Parliament, Council, Commission, EU agencies, Member States' permanent representations, Member States' agencies and SAIs, and in NGOs, academia, the media and other parties. Since 2018, we have carried out anonymised electronic surveys to ask readers of our reports to provide feedback on a selected number of them. Respondents can give qualitative feedback on reports, and make general suggestions for our work. We publish this information in a specific section of our annual activity reports. In 2020, 84 % of respondents to our surveys found our publications useful (88 % in 2019), and 75 % considered our reports likely to have an impact (81 % in 2019). Following the adoption of our 2021-2025 strategy, we will also review – and, if needed, update – our performance assessment measures.</p>

EP 2019 discharge observation	ECA reply
<p>44. Calls on the Court to explore ways of providing more information on the administrative expenditure of other Union institutions in the context of the discharge; reiterates that the Court’s overall audit approach necessitates further auditing work and more targeted assessment; repeats its call for a more dedicated review of the administrative expenditure and support activities of other Union institutions, specifically on topics that are becoming of higher or even critical relevance;</p>	<p>The audit of MFF heading 5, ‘Administration’, follows the Court’s Statement of Assurance audit methodology, and enables us to provide a specific assessment. For many years, we have consistently reported that this is a low-risk area, with error rates below materiality. Our audit work in 2019 included the examination of supervisory and control systems at selected EU bodies, and the increase in the number of contract staff. In line with our 2021-2025 strategy, we will endeavour to complement the quantitative information in our annual report with qualitative elements based on the results of specific systems and compliance work. The Court’s programming approach includes the careful selection of audits, taking into account our strategic goals, risks identified and stakeholders’ views (including those of the Conference of Committee Chairs of the EP). We do our utmost to select relevant audit topics with the resources available.</p> <p>The Court is currently reflecting on its approach to its Statement of Assurance audit, but notes that the provision of error rates for additional expenditure areas would require a significant increase in resources.</p>

EP 2019 discharge observation	ECA reply
<p>45. Welcomes the Court’s efforts, in line with the Financial Regulation, to produce its special reports generally within 13 months, while noting that the average time to produce the special reports still exceeds that time limit.</p>	<p><b>Efficiency of our work</b></p> <p>The ECA permanently strives to increase efficiency in its work, both for assurance work and for performance audits. In line with our 2021-2025 strategy, we will review our methodology and practices during the period to carry out and adapt our assurance audit work. This includes making enhanced use of data and IT tools and technologies, for which we see potential in the short term in our financial audits of the reliability of accounts and regularity audits of revenue and administrative expenditure.</p> <p>The ECA takes every opportunity to streamline its procedures, improve its efficiency, and dedicate as many resources as possible to its core business. The latest example of our efforts in this direction is our intention to reduce the purely translation and revision work of our Language and Editorial Directorate by reducing revision work and making increased use of outsourcing, so as to enable translators to provide more direct support to auditors during their audit work, e.g. assistance with drafting audit reports, and interpretation during meetings with auditees.</p> <p>The average duration for special reports was 15.1 months for the 2018-2020 strategic period. This compares to 16.9 months for the 2013-2017 period. We will continue our efforts to reduce the average time to produce our special reports without compromising on quality.</p>

EP 2019 discharge observation	ECA reply
<p>46. Welcomes the internal audit undertaken with respect to Members' and high-grade officials' mission expenses, Members' representation expenses and the use of the Court's car fleet with the objective of checking the reliability of the Court's management and control systems applicable to Members and high-grade officials; notes that the vast majority of randomly selected operations examined by the internal audit service (IAS) complied with the rules and procedures applicable within the Court;</p>	N/A
<p>47. Notes that in his Opinion of 17 December 2020 the Advocate General of the Court of Justice indicated that one particular Member had breached the Court's Code of Conduct for Members by abusing the rights and privileges attached to his position in the context of activities unrelated to his duties, leaving for unjustified absences and failing to declare external activities, transmitting confidential information in an unauthorised fashion, as well as having a conflict of interest; welcomes the fact that the Court asked OLAF to conduct an investigation, that it brought the case before the Court of Justice and that it is committed to complying with the recommended sanctions in order to recover all losses to the Union budget;</p>	N/A

EP 2019 discharge observation	ECA reply
<p>48. Notes that the audit showed that the case of the particular Member investigated by OLAF was an isolated case; notes that the report concluded that the Court's management and control systems were affected by certain shortcomings which have, however, been effectively remedied since then and that in general the management and control procedures currently in place are reliable; takes into account the fact that the IAS made recommendations aimed at improving further the management and control system, that the audit report was strictly confidential, and that all Members as well as the Secretary-General of the Court received the report;</p>	N/A
<p>49. Notes that in the Opinion of the Advocate General of 17 December 2020, in which he clearly states that a breach of the obligations arising from the office of being a Member of the Court took place, he recommends a sanction corresponding to the deprivation of two thirds of the particular Member's pension rights and connected benefit as from the date of the judgment in the present case;</p>	N/A

EP 2019 discharge observation	ECA reply
<p>50. Notes that all audit tasks from the IAS' annual work programme 2019 have been closed with the exception of three which will continue in 2020: 'PMO service agreement', 'Audit of the building/facilities contract management model' and 'Training other than linguistic'; notes that in 2019 the IAS closed two remaining selected tasks from the annual work programme 2018; notes that the IAS confirmed the strategic importance of the horizontal committee responsible for the Court's quality assurance reviews related to audit policies, standards and methodologies; welcomes the fact that the IAS recommendation to develop the quality control arrangements is being implemented;</p>	N/A
<p>51. Acknowledges that the IAS reviewed the draft decision on the Court's internal control framework in 2019; notes that the IAS suggested including in the draft decision an additional provision to clearly instruct the authorising officers by delegation to implement the internal control principles and characteristics in 2019 and to conduct an overall assessment of the implementation and functioning of the entire internal control framework at least once a year, and that this should be done for the first time in the context of the 2020 annual activity report, at the latest;</p>	N/A

EP 2019 discharge observation	ECA reply
<p>52. Welcomes the fact that the IAS considers that in general reliable ex-post controls have been conducted for most of the high risk areas of the work of the directorates of the Secretariat-General, based on the risk register and the operational objectives; appreciates being informed, particularly in the context of the past problems identified by an OLAF investigation of a particular Member of the Court, that the IAS has not observed any shortcomings that are of such importance as to seriously call into question the overall reliability of the internal control systems put in place by the authorising officer by delegation with regard to the legality and regularity of financial operations in 2019; would appreciate receiving such updates also in the future;</p>	<p>The Internal Audit Service will continue to provide this information to the budgetary authorities on an annual basis via the “The European Court of Auditors’ annual report to the discharge authorities on the Internal Audit Function”.</p>
<p>53. Agrees with the Court’s current strategy to improve the added value of the statement of assurance, focus more on the performance aspects of Union action and make sure to deliver clear messages to the audiences; notes that in 2019 a group of four supreme audit institutions, being the supreme audit institutions of Estonia, the Netherlands, Denmark and the United States of America, carried out a peer review of the Court’s strategy; notes that the report was published in March 2020 and provides valuable input for the next strategy;</p>	<p>N/A</p>

EP 2019 discharge observation	ECA reply
<p><b>Transparency</b></p> <p>54. Notes that Members are authorised to use official vehicles in the performance of official duties; notes that the use of official vehicles for other journeys is not included in the performance of such duties, and that since 1 January 2017 the costs and kilometres related to the use of official cars have decreased significantly; emphasises the new rules on the use of official cars and drivers to ensure that Members' journeys are related only to the execution of their duties; reiterates its opinion that the use of official vehicles for private use should not take place under any circumstance, considering that this practice may harm the reputation of the Court and, in general, of the Union institutions; notes that the new rules entered into force on 1 January 2020 and introduced a monthly EUR 100 contribution for the non-official use of the vehicles as well as a liability on the part of the Members and the Secretary-General for certain costs and charges;</p>	N/A

55. Regrets that only very limited follow up was done by the Court with respect to paragraph 18 of the 2018 discharge resolution on the need for a register of leave for Members of the Court; notes that the Court will consider carrying out a comparative analysis of the rules and best practices existing in other Union institutions as regards the presence and absence of Union high-level public office holders as defined in Regulation (EU) 2016/300; recalls that Parliament has called clearly on the Court to establish procedures for keeping a register of Members' annual leave, sick leave and absence from work for other reasons in order to ensure that all leave taken by Members is effectively recorded; stresses that the current practice could undermine the trust of Union citizens and institutions in the Court;

#### **Register of leave**

ECA Members, like other high-level EU office holders in equivalent positions in other EU institutions, do not have annual leave rights. They are neither in an employment relationship with their institution, nor are they officials under the Staff Regulations. A comparative examination of the practices of the other institutions in 2021, in particular those whose Members are covered by Regulation 2016/300, confirmed this state of affairs.

ECA Members are, however, under an obligation to devote themselves to the fulfilment of their mandate (Article 10 on 'Commitment and loyalty' of the Court of Auditors' Code of Conduct for Members and former Members, OJ L 30/10, 28.1.2021) at the service of the Union under the Treaties. This duty of commitment includes an obligation to attend certain meetings. The ECA has established a procedure in its internal rules under which the Member chairing a Court, chamber or committee meeting must record the presence and absence of Members. Absent Members may be excused on the basis of a duly substantiated written request for specific reasons: illness, serious family circumstances, *force majeure* or mission. The Secretariat of the Court keeps a register containing this information and any supporting documents.

We keep a regular record of Members' attendance at Court, Administrative Committee and chamber meetings. For the first time, our 2020 annual activity report included information on this (page 49). We intend to continue to provide such information on Members' attendance in the coming years. The

EP 2019 discharge observation	ECA reply
	figures provided show that the high attendance rate has not raised any issues concerning the quorum.
56. Notes that, in light of the obligations of the Members to attend all meetings of the Court, of the chambers and of the administrative committee to which they belong, an attendance register is kept by the Court's secretariat; notes that it reflects the presence and absence of Members and shows also which absences are considered as excused by the President of the Court; notes that the attendance register is part of the Court's rules implementing its rules of procedure;	N/A
<p><b>Conflict of interest, harassment, whistleblowing</b></p> <p>57. Asks the Court to provide information on the results of three harassment complaints reported and investigated in 2019; notes that they were handled in accordance with the procedures laid down in the policy for maintaining a satisfactory working environment and combating psychological and sexual harassment; acknowledges that in terms expenditure, the investigations of each case were carried out internally and thus did not entail any additional costs; welcomes the intention to evaluate the Court's policy on protecting staff against harassment every three years and that this exercise was due to be carried out in 2020</p>	<p><b>Harassment cases</b></p> <p>In 2019, the Legal Service registered three complaints of alleged harassment. In two cases, the appointing authority decided to open an administrative investigation. Both cases were investigated in accordance with Decision No 99-2007 of the Court of Auditors laying down general implementing rules for conducting administrative investigations. One case was closed without disciplinary measures, as there was insufficient evidence to demonstrate that the alleged harassment had taken place. In another case, the appointing authority concluded that inappropriate behaviour had taken place, and a relegation in step was applied. In the remaining case, the Ethics Committee issued an opinion on the basis of which the case was closed without being followed up. The Court's current internal legal framework relating to harassment is subject to revision.</p>

EP 2019 discharge observation	ECA reply
<p>58. Highlights the fact that the supreme audit institutions of Poland and Croatia carried out a significant peer review of the Court’s ethical framework; notes that in the opinions of the peers the Court’s ethics control system should be further improved by a more comprehensive assessment of ethics risks, by greater consistency and clarity in its rules on ethics, and by improved information and communication activities;</p>	<p><b>Ethical framework</b>            The ECA has already taken account of a large proportion of the recommendations of its peers during the update of the Code of Conduct and the ethical framework for Members, and during the update of the mandate and composition of the group of ethics advisers. We are currently working on the update of the ethics framework for all staff, which will include a comprehensive ethics risk assessment.            Moreover, the ECA’s ethical framework is one of the most potentially relevant audits for 2023. The new ethical framework ranks as a high-priority task, but the framework’s update has been delayed until 2022, so it could be audited in 2023.</p>

EP 2019 discharge observation	ECA reply
<p>59. Supports the conclusions of the peer review with respect to the need to introduce regular updates of declarations of interest, which would increase their reliability; continues to reiterate its concern that the declarations of interest are of a self-declaratory nature and that, given the current legal framework, neither the Court nor its Ethics Committee have any investigative powers to ensure the veracity and the exhaustiveness of the declared data; calls on the Court to ensure that Members submit declarations of interest instead of declarations of the absence of conflicts of interest; underlines that the current procedures, including those of the Ethics Committee, need to be reinforced to ensure the absence of conflicts of interests; agrees that the Ethics Committee plays a crucial role to the extent that the President and the Members of the Court may seek its advice on any question pertaining to ethics and on the interpretation of the Code of Conduct; notes, moreover, that the committee is entrusted with approving any external activity undertaken by the Members, including former Members who intend to carry out an activity in the two years after they leave the Court, but this cannot be considered in itself an effective instrument to ensure the absence of conflicts of interest as already underlined in last year's discharge resolution; welcomes the adoption of the revised Code of Conduct for Members and former Members of the Court of Auditors and, in particular, the more extensive information required in Declarations of Interest and the enhanced role of the Ethics Committee; notes that the Court will publish a yearly report on the application of its Code of Conduct; further notes that the Court is currently reviewing the ethical framework concerning its staff.</p>	<p><b>Declarations</b></p> <p>In accordance with the newly updated (January 2021) Code of Conduct for the Members and former Members of the Court of Auditors, the Members of the Court are under an obligation to submit a 'Declaration of Interests', which now needs to be submitted annually and more frequently in certain specific cases, such as in the event of significant changes in the information to be declared. Members are responsible for their own declarations, which are published on our website. Article 19(7) of our new Code of Conduct now stipulates that, each year, the Court will adopt a report on the application of the Code, including the work of the Ethics Committee. This report is published on the Court's website.</p>

## Declaration by the authorising officer by delegation

**87** I, the undersigned, Secretary-General of the European Court of Auditors, in my capacity as authorising officer by delegation, hereby:

- declare that the information contained in this report is true and accurate; and
- state that I have reasonable assurance that:
  - the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management;
  - the control procedures in place provide the necessary guarantees concerning the legality and regularity of the transactions underlying the accounts and ensure adequate treatment of allegations of fraud, or suspected fraud; and
  - the costs and benefits of controls are proportionate.

**88** This assurance is based on my judgment and on the information at my disposal, such as the reports and declarations of the authorising officers by sub-delegation, the reports of the internal auditor and the reports of the external auditor for previous financial years.

**89** I confirm that I am not aware of anything not reported here which could be detrimental to the interests of the institution.

Luxembourg, 24 March 2022.



Zacharias Kolas  
Secretary-General

# Annexes

## **Annex I – Report on Budgetary and Financial Management for 2021**

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## Finding information about the EU

### Online

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### EU law and related documents

For access to legal information from the EU, including all EU law since 1952 in all the official language versions, go to EUR-Lex at: <https://eur-lex.europa.eu/>

### Open data from the EU

The EU Open Data Portal (<https://data.europa.eu/en>) provides access to datasets from the EU. Data can be downloaded and reused for free, for both commercial and non-commercial purposes.



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