



EUROPEAN COURT OF AUDITORS

Luxembourg, 6 November 2012
ECA/12/44

2011 Annual Report - Frequently Asked Questions

1. Has the ECA signed off the 2011 accounts?

The ECA has signed off the 2011 accounts as complete and accurate, but finds too many errors in the underlying payments. The ECA concludes that the 2011 accounts present fairly, in all material respects, the financial position of the EU and its results for the year. However, the ECA has again found a high level of error in the underlying payments, leading to an adverse opinion on expenditure.

2. What does the 3.9% estimated error rate represent?

3.9% is the financial impact of errors in EU budgetary expenditure, where this impact can be quantified. The ECA uses its audit testing to identify errors in payments. Errors are caused by non-compliance of beneficiaries with the rules governing the spending. The impact of some errors can be quantified, but others not. The estimated error rate reflects the financial impact of quantifiable errors. This was estimated at 3.9% for the 2011 EU budgetary expenditure as a whole.

3. How do the 2011 results compare with 2010?

The 2011 audit results are very similar to 2010. The estimated error rate for EU payments as a whole increased from 3.7 % in 2010 to 3.9 % in 2011. This is not a statistically significant difference, indicating the situation remains similar overall.

4. What does the frequency of error represent?

The frequency of errors measures the proportion of revenue or payment transactions containing one or more error. The financial impact of some errors can be quantified, but others are non-quantifiable. The frequency of error is always higher than the estimated error rate as only quantifiable errors are included in the error rate calculation, and many have only a low financial impact. For example, the ECA finds many instances of farmers over-claiming their eligible land area, but by only small percentages of individual claims.

5. How do errors occur?

Errors occur when beneficiaries do not comply with the rules when claiming EU funding. To be eligible for EU funding, beneficiaries are required to comply with specific EU and, in some cases, national rules. Errors occur when these rules are breached. For example farmers not honouring their environmental commitments,

ECA PRESS

12, rue Alcide De Gasperi - L - 1615 Luxembourg

Mobile (+352) 621 552 224 Desk.: (+352) 4398 45410

press@eca.europa.eu www.eca.europa.eu Twitter: @EUauditorsECA

project promoters not respecting public procurement rules and research centres claiming for costs not linked to the EU-funded projects. The 2011 Annual Report gives many examples of errors found during audit testing.

6. Do errors mean fraud?

Only a very small proportion of errors are a result of fraud. Fraud is an act of deliberate deception to gain a benefit. The ECA finds a small number of suspected frauds each year. These are reported to OLAF (the Union's anti-fraud office) which investigates and follows-up each case as necessary.

7. What role do the Member States play in managing EU funds?

Member States have a key role in managing and controlling 80% of EU funds. While the Commission has the overall responsibility for the implementation of the EU budget, the management of agriculture and cohesion spending is shared with Member States. The remaining 20% of the budget is managed by the Commission directly. Member States and the Commission are required to operate effective management and control systems (including the detection and correction of errors). The 2011 Annual Report contains many examples of weaknesses found by the ECA in management and control systems at both Member State and Commission level.

8. Does the 2011 Annual Report identify the worst performing Member States?

No comparison is made between Member States. The ECA gives its audit opinion on the implementation of the EU budget, which is organised around policy areas and not national lines. The ECA's detailed audit results allow a comparison between the different spending areas, but not between Member States. However, the Annual Report does contain assessments of the quality of systems within spending areas of samples of Member States.

2011 Annual Report PRESS PACK in 22 EU languages

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