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> THE EUROPEAN COURT OF AUDITORS' EXPERIENCE IN THE FIELD OF AUDITING EUROPEAN UNION SOCIAL SPENDING

International Conference "Audit of Social Welfare", Bydgoszcz 2009

By Jacek Uczkiewicz, Member of the European Court of Auditors



Mr Jacek Uczkiewicz, Member of the European Court of Auditors

SOCIAL POLICY OF THE EUROPEAN UNION

The principle of social solidarity is fundamental to the European Union. However, it is the so-called "membership" Treaties that provide the legal basis for the way the EU works. One of the major articles of these Treaties reads as follows:

"The Union and the Member States, having in mind fundamental social rights such as those set out in the European Social Charter signed at Turin on 18 October 1961 and in the 1989 Community Charter of the Fundamental Social Rights of Workers, shall have as their objectives the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion".

The importance of the general principles and strategic objectives set out in that article cannot be overemphasised. What stands out first and foremost is the combining of two categories of general objectives: the protection and improvement of social conditions for EU citizens whilst at the same time maintaining the EU's capacity to make progress and achieve economic development. This is a clear dilemma and an attempt to address this dilemma was made in the Lisbon Strategy adopted in 2000.

The Lisbon Strategy adopted in March 2000 is currently a major socio-economic programme of the European Union providing for the following main areas of activity:

- preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D as well as training in the appropriate qualifications and skills;
- liberalisation and integration of those markets and sectors that *de facto* were not covered by the single market: telecommunications, the energy sector, transport, postal and financial services and the overall service sector;
- development of entrepreneurship: deregulation and better support by the administration, easier access to capital and technologies, limitation of public aid distorting competition, creation of a level playing field for competition;
- increase in employment and change of social model: enhancement of professional activity, making the labour market more flexible, improvement of education, modernisation of the social security system, limitation of poverty and social exclusion;
- safeguarding sustainable development and the natural environment: curbing climate change, conservation of natural resources.

The European Union pursues its strategic objectives by defining priorities and devoting financial resources to them in Multiannual Financial Perspectives. The Multiannual Financial Perspective is a joint position of the European Parliament, the EU Council and the European Commission on the major expenditure categories that have to be observed by the EU institutions involved in the annual budgeting exercise.

The Member States are responsible for the organisation and financing of their social security systems. However, the European Union plays an essential role here. First and foremost, EU legislation plays a key role in the co-ordination of the social security systems of individual Member States. Secondly, with part-financing from EU funds a number of detailed social schemes are carried out in the Member States. They are co-financed mainly (but not exclusively) from the European Social Fund, which is one of the EU structural funds. The 2007–2023 Financial Perspectives provide for social spending in the Member States of around 75 billion euro (approximately 10% of the budget per year) on the projects co-financed by the European Social Fund. However, it should be emphasised that this is not the total amount of funds budgeted by the EU for the social protection of EU citizens. A lot of the spending on implementing the objectives I mentioned before comes from other EU funds.

The Fund's mission is to promote economic and social cohesion, to level out disparities in wealth and quality of life in all EU Member States and regions and to support social integration (to counteract social and economic exclusion, etc.). This is achieved through Operational Programmes agreed on by the Member States with the European Commission. For instance, in the 2007–2023 period Poland envisages the implementation of 18 programmes under two Operational Programmes of the European Social Fund.

For the 2007-2013 period five financial priorities for the ESF have been established:

1. Helping employees and enterprises to adapt to changes in economic conditions;
2. Enhancing access to employment and wider participation in the labour market;

3. Improvement of training and development of skills of individuals and improvement of training and educational systems;
4. Promoting partnerships for reforms in the field of employment and labour market inclusiveness amongst such entities as employers, trade unions and non-governmental organisations;
5. Reinforcing the social inclusion of disadvantaged people and combating of discrimination in the labour market.

THE EUROPEAN COURT OF AUDITORS

The ECA is the external, independent auditor of the European Union. Under the Treaties it audits EU finances, checking the legality and regularity of revenue and expenditure and making sure that the financial management has been sound. The European Court of Auditors draws up an annual report at the close of each budget year. At any time it may also present its opinion on individual issues. In other words, the ECA, in addition to financial audits, may also carry out performance audits.

The ECA's most important task is to submit an Annual Audit Report on the implementation of the European Commission budget to the European Parliament and the EU Council. Quite apart from that, the ECA publishes several special reports per year, containing its own findings arising from audits of implementation of tasks in individual areas. It should be noted that, although the ECA has access to all the information on the implementation of the EU budget including in the Member States and at the final beneficiaries of EU funds, it audits solely the European Commission. The Member States are not audited by the ECA, though it is of course not possible to audit the European Commission without auditing the Member States.

The work of the European Court of Auditors is planned, and the annual work programmes result from the multiannual Audit Strategy, decided on by the Court. In the Strategy adopted for the 2009–2012 period, social issues were covered by two items:

1. Human capital – with the audit area being the Lisbon Strategy in this respect.
2. Society and welfare - with the audit area covering improvement of quality of life, including such matters as social education, public health, childcare, food quality.

In the above areas the ECA's Audit Strategy has defined the following significant risks of irregularities.

As regards planning:

- utility of programmes,
- unclear programme objectives, the lack of performance indicators,
- funding not related to priorities.

As regards programme implementation:

- costly/inefficient programmes,
- inadequate, inappropriate supervision,
- weak monitoring and evaluation systems.

The Strategy also defines major risks as regards achieving the intended deliverables, which include:

- frequently the programmes are not oriented towards the achievement of tangible results;
- poor sustainability and uptake of the programme results.

The above provisions of the Audit Strategy are considered when determining the specific audit tasks.

THE ESF IN THE AUDIT OF THE EU BUDGET FOR 2007

The European Social Fund (ESF) is part of the structural funds and is audited on an annual basis by the ECA during the budget implementation audit. During the last such audit – for the year 2007 – the ECA audited 56 projects financed by the ESF. The most serious errors related to incorrect cost reimbursement, which occurred in 46% of the audited projects. The most common errors were:

- lack of evidence that overheads or staff costs were in fact relevant to the project;
- overestimation of the staff costs and/or overheads;
- inclusion of ineligible costs.

For example: in one of the projects the staff costs were overestimated in that the costs relating to several members of staff were charged entirely to the ESF project despite the fact that the staff in question were also involved in other non-project-related duties.

AUDIT OF COMBATING EARLY SCHOOL LEAVING

In 2006 the ECA published a Special Report giving the findings of an audit on the contribution of the ESF in combating early school leaving in the Member States. The audit objective was to provide answers to the following questions:

- had the European Commission properly managed ESF spending in the audited area?
- was the provision of funding preceded by an appropriate analysis of the expected benefits by the Member States' authorities?
- had the beneficiaries been properly selected?
- were the projects implemented in a manner that allowed the specific objectives of combating early school leaving to be met?
- did the Member States carry out appropriate monitoring and evaluation of project implementation?

In total, 36 implementing bodies and 50 projects were audited in 5 Member States. The main audit findings include:

- a) the measures co-financed by the ESF aimed at combating Early School Leaving were implemented without adequate analysis of the existing situation and without specifying the expected results;
- b) the use of various definitions of Early School Leaving by individual Member States did not facilitate the geographical targeting of the aid, nor the measurement of the impact of the initiatives taken.

- c) the inability of some Member States to apply the definition of Early School Leaving agreed on at the Lisbon Summit in 2000 and to present statistical data showing the size of the Early School Leaving phenomenon hampered Community efforts to define the issue and tackle it effectively;
- d) the Member States found it difficult to estimate the population targeted by their measures. Nevertheless two Member States succeeded in addressing the issue through establishing national databases for monitoring the Early School Leaving phenomenon;
- e) in general, little information was available on the results or impact of the co-financed programmes aimed at curbing the Early School Leaving phenomenon, although in two Member States separate assessments were made of measures to combat Early School Leaving.

In its concluding remarks the ECA recommended the European Commission to:

- a) give appropriate guidance to Member States, where necessary, so as to ensure that Community funding is efficient, effective and economic;
- b) verify that Member States' management systems conform to Community regulations and adhere to the principles of economy, efficiency and effectiveness.

The ECA also recommended that Member State authorities, acting jointly with the European Commission, should:

- a) correctly define and determine the scale of Early School Leaving;
- b) establish procedures, or strengthen the existing procedures under co-financed measures, to identify and reach people where the risk of school leaving was highest;
- c) encourage data-sharing (including information on best practice), where permitted by law, between all local and national organisations responsible for tackling Early School Leaving;
- d) actively promote innovative use of ESF funding for combating Early School Leaving.

AUDITS IN PROGRESS

At present, two ECA special reports on the implementation of social policy by the European Commission are nearing completion. The first of them is on the audit of the use of ESF funds to co-finance vocational training for women. During the audit the ECA focused on two questions:

- were vocational training actions for women selected to match the needs of the local labour market?
- did the monitoring system for results achieved by the ESF co-financed measures work correctly?

The second audit concerns the EU's Public Health Programme. Under that programme in the 2002–2007 period, 232 million euro were spent on co-financing 352 projects. The audit focused on the "health determinants" strand of the Public Health Programme, which had the highest financial weight, and consequently 36 out of 149 projects were audited in 8 EU Member States. The major question of

the audit was whether, in designing the programme, the right conditions were set so that EU funds, supplementing national funding from EU Member States, were used effectively to improve the state of health of EU citizens. In particular the report answers the following questions:

- did the Public Health Programme provide a suitable framework for the effective implementation and monitoring of health promotion actions co-financed from ESF funds?
- did the European Commission ensure, at the Public Health Programme implementation stage and project selection stage, that projects under the "health determinants" strand were likely to achieve sustainable results?
- were the projects managed effectively?

The detailed audit findings will be published once they have been given final approval by the European Court of Auditors, which will be in the very near future.

THE EU SOLIDARITY FUND

As regards social spending, in general there is expenditure that is assigned to tasks relating to the operations of a particular social welfare scheme aimed at the poorest families (persons), those at risk of social or economic exclusion, etc. On the whole, this is expenditure earmarked in central or local budgets and implemented in a very regular and predictable manner.

However, there is one very special area that is usually overlooked in the deliberations about systemic social solutions. This area is social assistance provided immediately after natural disasters or catastrophes caused by human activities. It goes without saying that victims of such disasters should get the necessary social assistance as quickly as possible. Unfortunately, the possibility of forecasting such events and their impact is very limited. After a series of major floods in Europe in 2002 the EU set up a special European Solidarity Fund, managed by the European Commission. The Fund's objective is to provide assistance to countries affected by major natural disasters or technical failures. Major disasters include those where total damage exceeds 3 billion euro or 0.6% of GDP.

The European Court of Auditors has audited the operations of the Fund. In general, the findings are positive for the European Commission. There were minor shortcomings in the process of accepting aid applications and small delays in responding to the situations that arose. Based on these findings, appropriate recommendations for the European Commission were drafted, including a recommendation to establish permanent, direct contacts between the Fund and the competent bodies in the Member States. Since the beginning of the Fund operations, 1.8 billion euro has been spent from its funds and 33 out of a total of 65 submitted applications have been satisfied. In the audited period the most frequent natural disasters in Europe were floods and forest fires, as well as storms, earthquakes, oil spills, volcanic eruptions and explosions. For various reasons 32 applications were rejected. However, these 32 serious disasters did happen and caused misery for many people. All this gives rise to discussion as to the role of auditors in helping public authorities to be properly prepared to face the effects of similar disasters and in auditing the correctness of measures taken by these public authorities once disasters have occurred. Today's conference is a special place to raise this topic. This is due to the fact that the first, obvious public authority that is exposed to the effects of natural calamities or other disasters and to citizens' sudden distress is local government. Therefore the role of the Regional Chambers of Audit and the national supreme audit bodies in performing ex-post and ex-ante audits of local government authorities is invaluable.

CLOSING REMARKS

Auditing public authority activities in the social area in its broad sense requires specialist preparation on the part of the external auditors. First and foremost the audit institutions should assign a clear place to this type of audit in their long-term audit strategies, defining potential risks and their relative importance.

It is a well-known fact that ex-ante audit is less spectacular, but much more effective than ex-post audit. It makes it possible to identify the weaknesses of the systems in their design or implementation phase, thus preventing major, potential implementation problems. In the case of an audit of a social assistance system, this is of special significance.

As regards social assistance audits, we should not forget about auditing the preparedness of public administration to provide such assistance in emergencies, in case of natural disasters and technical failures.

When analysing the mostly very positive reports of the ECA, one cannot help reflecting that huge potential for improving the auditing of EU funds lies in collaboration with the national audit institutions. What is meant here is not only the sharing of experience as regards audit methodology, but also the possibility of undertaking joint audit efforts at international level, e.g. in the event of cross-border natural disasters.



THE RISK OF FRAUD - WHAT IS OUR ROLE?

Group IV seminar on 13 October 2009 at the Novotel, Luxembourg

By Maura Mcelhinney, Cabinet of Mrs Petruškevičienė



The topic of this year's annual seminar of Group IV was "The risk of fraud - what is our role?". In her introduction, Mrs Irena Petruškevičienė, Dean of Group IV explained the reasons for the choice of topic.

To begin with, Mrs Petruškevičienė mentioned the requirements in professional standards for auditors to consider such risks, as the basis for their audit work. There was also the fact that audit procedures that may detect error may not detect fraud, and thus different procedures may need to be employed. Furthermore she pointed out that fraud by its very nature is material, and finally, and very importantly, that there is a risk to the Court's reputation if fraud is uncovered and it appears that the Court's audit procedures had not been appropriate.

The objective of the seminar, attended by about 90 Members and staff from Group IV, was to encourage reflections and promote an exchange of views on this subject, but also to consider what other audit organisations, including forensic auditors, are doing in this field.

The seminar was not focused on the reporting of fraud, as there had recently been a workshop of the group dedicated to cooperation with OLAF. The Court has very clear procedures as to the steps to be followed once fraud is suspected, and the main focus in this seminar was on all the issues involved prior to the reporting of a suspected fraud.

Everybody agrees that it is important for the auditor to consider the risks of fraud. But what is the definition of fraud? Mr John Sweeney, Head of Unit in Audit Methodology and Support at the ECA, started by defining and contrasting the concepts of error, irregularity and fraud, and then proceeded to outline the obligations set out in the International Standards on Auditing (ISAs) and the ECA audit manual.

According to Council Regulation No 2988/95, an irregularity is:

"Any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure".

According to the Council Act of 26 July 1995, fraud is:

"in respect of expenditure, any intentional act or omission relating to the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the:

- misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of the European Communities,
- non-disclosure of information in violation of a specific obligation, with the same effect,
- the misapplication of such funds for purposes other than those for which they were originally granted;

" In respect of revenue,.....which has as its effect the illegal diminution of the resources of the general budget of the European Communities."

The professional standard ISA 240 (redrafted) on "The auditor's responsibilities relating to fraud in an audit of financial statements" gives the following **definition of an error:**

"An unintentional misstatement in financial statements including the omission of an amount or disclosure."

and the following **definition of fraud:**

"An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage"

Should an external auditor be a watchdog or a bloodhound? This question, first posed over 100 years ago, is hard to answer, and the distinction is much less clear-cut today. But what is clear is that the auditor is responsible for obtaining reasonable assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error. As a result, the auditor can no longer be passive and, in accordance with ISA 240, must carry out an assessment of risks, including the risks of fraud, as the basis for devising appropriate audit procedures; ensure that the engagement team is aware of the susceptibility of the entity's financial statements to material misstatement due to fraud; and maintain an attitude of professional scepticism throughout the audit.



Mr John Sweeney

Additional considerations for public sector auditors as set out in exposure draft ISSAI 1240 were also identified. These include the fact that the public sector auditor's objective is broader than giving an opinion on the financial statements; that he/she must take account of behaviour that is deficient or improper; and that particular threats to professional scepticism exist, such as the politicised environment in which the public sector auditor operates.

The ECA's approach to fraud, including systematic screening of major legislation, systematic identification of risk areas, and communication, training and awareness, was also outlined, as were practical points to consider in the event of

fraud being suspected; and communication with OLAF.

Mr Michael Eyer, audit manager at the Bundesrechnungshof in audit unit I 5, which has lead responsibility for preventive corruption control, described the role of the German National Audit Office in the field of anti-corruption, corruption prevention, and its procedures to deal with criminal offences.

The Audit Rules of the Bundesrechnungshof concerning audit objectives, audit criteria and selection of audit assignments were illustrated. These Audit Rules require auditors to assess the risk of the existence of punishable offences, including corruption and fraud.

The legal basis for anti-corruption audits is the federal government guideline on how to fight corruption in the federal administration, which was issued in 2004. Core features of the guideline include requirements for federal administrations to identify high risk areas for potential corruption, ensure transparency, provide for staff rotation, and designate a corruption prevention contact person.

The Bundesrechnungshof, which focuses on systems reliability, audits if and to what extent the administration complies with the applicable regulations, identifies reasons for non-compliance, and tests the usefulness of the guideline. Many practical examples were illustrated of shortcomings that have been identified as a result of such audits.



Mr Michael Eyer

Mr Eyer explained that a proposal to introduce an ombudsman was currently under discussion in Berlin at the initiative of the Bundesrechnungshof, to be rolled out initially as a pilot project. All federal employees and third parties who wish to report perceived and suspected corruption on an anonymous basis would be allowed to contact the ombudsman who, in order to guarantee anonymity, would have the right to refuse deposition in a court of law.

It was noted that there are many similarities between the ECA and the Bundesrechnungshof in terms of the approach taken and the methods employed. Both organisations are very much involved in the audit of the regularity and compliance of transactions and operations. And just as with the ECA, the Bundesrechnungshof is not a prosecution office and does not actively search for corruption cases, the focus instead being on the audit of systems.



Mr Frank Staelens

Mr Frank Staelens, partner in charge of Forensic and Dispute Services, as well as Data Quality and Integrity Services at Deloitte, Belgium has extensive experience in fighting fraud, initially as a police officer, then a compliance manager in banking, and latterly as a partner in charge of forensic audit. He is also President of the Institute of Forensic Auditors, Belgium, which defines forensic audit as the activity that consists of gathering, verifying, processing, analysing and reporting on data in order to obtain facts and/or evidence - in a predefined context - in the area of legal/financial disputes and or irregularities (including fraud) and giving preventative advice.

The necessary prerequisites for fraud to be perpetrated are opportunity, motive and rationalisation. Almost 90% of all private sector frauds involve misstatements in the financial statements, such as inappropriate revenue recognition, improper disclosures, and manipulation of assets, liabilities, reserves and expenses. And almost 60% of frauds detected in the public sector are discovered by accident or tip-off.

While fraud detection in private and public auditing present different challenges and different obligations, there is one thing they have in common: a strong need to develop tools, in particular computerised tools, for fraud detection. Auditors worldwide are discovering that their most effective tool to combat fraud is data inquiry, analysis and reporting software - powerful, interactive software with audit-specific commands that quickly sifts through mountains of electronic data. As a result, the audit of the future will not be sample-based but will instead be capable of testing the entire population.

Computer assisted audit techniques used in this context include journal entry testing tools, data repository tools, and risk scoring tools, which can include techniques such as ratio analysis, project sanity checks, and cross-project testing. Detailed examples of such techniques were illustrated.

In the forensic audit context, it was explained that forensic data sources are IT forensics, business intelligence, financial investigations, and interviews. An important forensic toolkit is a central data repository.

It is very valuable for the ECA to be aware of these new computer assisted audit techniques in the effort to prevent and detect fraud. Collusion will always remain, but more cases of fraud will be traceable internally and organisations will be obliged to implement systems which check on internal control on a continuous basis. In this context, new challenges lie ahead for all organisations, including the ECA.

Mrs Petruškevičienė expressed her satisfaction with the high attendance rate and the many questions raised by participants, and welcomed the lively exchange of views which followed the presentations as proof of the interest in this topic by auditors at the ECA. As Mrs Petruškevičienė concluded, the seminar will certainly lead us to reflect further on the role of ECA in relation to the risk of fraud.

> SÉMINAIRE ANNUEL DE LA COUR À BRATISLAVA : « BRAINSTORMING » FOR ACHIEVEMENTS

Le Séminaire a été organisé par le Cabinet slovaque de la Cour du 28 au 30 septembre 2009. Entretien avec M. Molnár, Membre de la Cour.

Par Rosmarie Carotti

R. C.: M. Molnár, cette année, le Séminaire annuel de la Cour s'est déroulé à Bratislava. L'année dernière vous avez en effet proposé votre pays pour cette réunion informelle, qui permet de traiter de questions qui peuvent ensuite être reprises et donner lieu à décision formelle de la Cour. Quels étaient les sujets abordés cette année ?



M. Vitor Caldeira, Président de la Cour des comptes européenne et M. Milan Čič, Directeur de cabinet du Président de la République slovaque

M. Július Molnár: Nous avons tout d'abord assuré le suivi (follow-up) des trois thèmes examinés l'an dernier, à savoir *l'amélioration de la politique du personnel*, le suivi des observations des rapports spéciaux, et *l'amélioration de la méthodologie d'évaluation des politiques publiques*, notamment dans le domaine de *l'environnement*. Pour chacun de ces thèmes, nous avons fait le point sur les progrès réalisés en un an, et précisé les actions à poursuivre.

La Cour a ensuite abordé les quatre nouveaux thèmes suivants : « *les modalités de nomination des chefs d'unité* » ; « *comment utiliser au mieux l'expertise externe ?* » ; « *comment auditer et faire rapport sur les questions transversales* » ; « *chances et risques pour la Cour liés à la crise financière et économique actuelle* ».

Comme vous le voyez, il s'agit de thèmes très concrets et actuels. Ils répondent directement aux axes essentiels de la Stratégie d'Audit de la Cour, qui vise d'une part à accroître l'efficacité et utiliser au mieux les ressources, et d'autre part à rechercher le maximum d'impact pour nos audits.

Je crois que, sur tous ces points, les discussions ont été fructueuses. D'ailleurs, chacun pourra s'en rendre compte par lui-même, puisque les conclusions préparées par le Secrétaire général seront prochainement mises en ligne et donc accessibles à tout le personnel de la Cour.

Permettez-moi à cet égard de remercier très chaleureusement tous les rapporteurs qui ont préparé chacun des thèmes ! Leurs réflexions et leurs propositions ont stimulé le débat et ont très largement contribué à ce résultat.

R. C.: Ce Séminaire constituait également une occasion unique de rencontre entre les Membres de la Cour et les représentants nationaux du Parlement, du Gouvernement et de l'Institution Supérieure de Contrôle (ISC) de la République slovaque. Quelles visites ont été organisées ?



M. Ján Jasovský, Président de la Cour des comptes slovaque et M. Vitor Caldeira, Président de la Cour des comptes européenne

M. Július Molnár: Nous avons été reçus avec beaucoup d'amitié et d'hospitalité par M. Jasovský, le Président de l'Institution Suprême de Contrôle de la République Slovaque. Cette Institution est très engagée dans des actions concrètes de coopération bilatérale avec des ISC des pays voisins, actions qui aboutissent régulièrement à des rapports d'audit conjoints. Elle participe également très activement aux activités du Comité de contact et de ses groupes de travail. Cette rencontre a donc permis de renforcer encore les liens d'amitié et de coopération entre cette ISC et la Cour des comptes européenne.

Nous avons également eu l'occasion de rencontrer le Chef de Cabinet du Président de la République, le Président de la Commission budgétaire du Parlement, le Maire de la ville de



Mairie de Bratislava

Piešťany et le Maire de Bratislava. Ces échanges sont très utiles pour recueillir les points de vue des autorités nationales. Ils contribuent aussi au rayonnement de notre Institution : il est toujours bon, pour nos interlocuteurs, de pouvoir mettre des visages sur les rapports de la Cour, de savoir un peu mieux qui nous sommes !

R. C.: Quels ont été les principaux sujets abordés avec les autorités nationales ?

M. Július Molnar: Les autorités nationales sont bien entendu très préoccupées par les conséquences de la crise financière et économique mondiale, qui frappe durement un pays jusqu'alors signalé par ses succès économiques. Je crois que nos interlocuteurs considèrent généralement que leur appartenance à l'Union européenne, et également à la zone euro,

représente, dans des périodes de turbulences et d'incertitude comme celles que nous vivons, un facteur décisif de protection et de stabilisation. Ils sont également conscients, me semble-t-il, du rôle important que la Cour des comptes européenne joue pour dire la vérité sur l'utilisation des fonds européens, et donc pour préserver la confiance des citoyens dans l'Europe et ses Institutions.



M. Jozef Burian, Président de la Commission des Finances, budget et monnaie du Parlement de la République slovaque et M. Vítor Caldeira, Président de la Cour des comptes européenne

R. C.: Comment évalueriez-vous cette expérience du Séminaire de la Cour en Slovaquie ? Quels étaient les aspects les plus difficiles à organiser ou à prévoir ? L'an prochain, le pays hôte sera vraisemblablement l'Italie. Qu'auriez-vous envie de dire à votre collègue à ce sujet ?

M. Július Molnar: Ce n'est naturellement pas à moi d'évaluer ou d'attribuer une note à ce Séminaire ! Je laisse à mes collègues le soin d'en juger ! J'espère surtout que nos échanges auront été féconds, et se changeront bientôt en actions et en décisions utiles pour notre Institution et tous ceux qui la servent.

important d'avoir une bonne planification en amont. Le déroulement sur place réserve toujours quelques surprises, il faut savoir les accueillir, les accepter, et même s'en servir si on le peut ! Enfin, une fois le travail réalisé, il faut veiller à son impact, et lui donner toutes les suites qu'il mérite.

Mon Cabinet et moi-même sommes bien sûr à la disposition de M. Vari, notre Collègue italien, pour lui prêter notre concours, de même que nous avons bénéficié de l'expérience de mes prédécesseurs, MM. Levysohn, Kazamias, Kinšt et Bonnici, que je remercie, ainsi que leurs collaborateurs.

Permettez-moi de terminer en saluant l'appui très concret et efficace que nous ont apporté tout au long de cette expérience les services de la Présidence et du Secrétariat général, en particulier le bureau des missions et l'unité protocole et visites. Leur dévouement et leur professionnalisme sont sans doute le meilleur viatique pour entreprendre le voyage vers Rome !



MEETING OF THE LIAISON OFFICERS OF THE SUPREME AUDIT INSTITUTIONS OF THE EUROPEAN UNION,

15-16 October 2009, European Court of Auditors, Luxembourg

By Petra Gebetsberger, Office of the Liaison Officer



A meeting of the Network of the SAIs of the Candidate and Potential Candidate Countries of the EU and the ECA, with participation of SIGMA and the Chair of the Joint Working Group on Audit Activities (JWGAA) preceded the EU Liaison Officers meeting.

Two main Network activities have been successfully completed: the publication of "A Good Practice Guide on Making Twinning Successful"; and a "Consolidated report on Joint Parallel Audits of the pre-accession EU Funds".

The Network currently focuses its activity in the area of PIFC (Public Internal Financial Control). PIFC is not part of the *acquis communautaire*. Its concept was developed in the 1990s as a means to implement the necessary control systems in the Central and Eastern European Countries which were preparing for EU accession.

A workshop on the subject was held in Turkey in 2008 addressing technical and methodological questions. A follow-up workshop is scheduled for February 2010 in Bosnia-Herzegovina which aims at promoting the development of PIFC systems and to exchange experiences of current audit practices.

PIFC has also been one of the subjects discussed by the Liaison Officers of the EU during their meeting the following day. End of September DG Budget of the European Commission organised a two-days conference entitled "Assessing PIFC in practice". The results of this conference were presented to the Liaison Officers.

The aim of the Liaison Officers' Autumn meeting is to prepare the Contact Committee meeting which is traditionally held in early December. To this end, the Liaison Officers review the Contact Committee activities carried out during the year including the activities of the

various working groups as well as the work of the Task Force, which looks at the organisation and functioning of the Contact Committee itself.

One of the activities carried out in 2009 was the organisation of two consecutive workshops which were held in Helsinki in September: a) The audit of financial sustainability and other fiscal policy related themes; and b) The audit of Lisbon Strategy related topics. The general objective of the workshops was the creation and launch of two networks focusing on the benchmarking and developing of the methodologies in the workshop theme areas.

The meeting also discussed in detail the results of the work of the Task Force. Under the "Communications Plan" the Court's Liaison Officer Unit was asked to develop the Contact Committee website to make it more user-friendly. A new and updated version of the website developed by the Liaison Officer's Team with close co-operation of the Court's IT Directorate was presented at the meeting and very well received. After some fine-tuning the website will be publicly available within the coming weeks. Also thanks to the Court's translators the new site will contain general information about the Contact Committee activities and work in all 23 EU official languages, which will allow to bring these information to the wider public. In parallel also the SAIs Intranet based on the CIRCA tool is currently undergoing some major modifications to make it a more efficient and modern platform of communication among the SAIs.

In the course of next year a few interesting seminars, workshops and working groups' activities will take place. In some of these activities the Court will be actively involved. The future details will be soon published.

> ECA AND OLAF: A COMMON FIGHT FOR THE FINANCIAL INTERESTS OF THE EUROPEAN CITIZENS AND THE EU - 10 YEARS OF OLAF

Questions to Mr John Speed, Director of the CEAD Group

By Rosmarie Carotti

The European Court of Auditors (ECA) is the independent guardian of the financial interests of the European citizens. The mission of the European Anti-Fraud Office (OLAF) is to protect the financial interests of the European Union. There are different ways of protecting these financial interests. While the mission of the ECA is to audit independently the collection and spending of European Union funds and through this assess the way that the European institutions discharge these functions, the mission of OLAF is to fight fraud, corruption and any other irregular activity, including misconduct within the European institutions.

This year OLAF celebrates its 10th anniversary and the Journal of the ECA inquires about this relationship which has not always been easy but has grown into a regular cooperation. If the Court discovers that EU funds are being misused, it passes this information on to OLAF.

Mr John Speed is the Director of CEAD also responsible for ECA's relationship with OLAF. To him we put the following questions on the interactions existing between the two institutions.



R. C.: Can you give a short review of the beginnings of this relationship, up to today's cooperation? Can you list the ups and downs and the actions which were taken?

John Speed: The cooperation between these two institutions started 10 years ago when OLAF was created. At that moment the Court already had in place procedures to be followed in the case of suspicion or discovery of fraud. Following the creation of OLAF in April 1999 these procedures were complemented through the adoption by the Court of a set of decisions and guidelines covering relations with OLAF:

- Court Decision No. 97-2004 laying down arrangements for cooperation with the European Anti-Fraud Office in respect of access by the latter to audit information. The Decision applies to any case of suspicion or discovery, during audits, of fraud, corruption or any other suspected illegal activity affecting the financial interests of the Union and sets out the procedures to be followed in such cases.
- Court Decision No. 98-2004 concerning the terms and conditions for internal investigations in relation to the prevention of fraud, corruption and any other illegal activity detrimental to the Communities' financial interests. Through the application of this Decision the Court has authorized OLAF to conduct internal enquiries in such cases.

- Guidelines for the handling of information relating to possible frauds, corruption or any illegal activity received by the Court. These guidelines set out procedures for the treatment of letters of denunciation and apply to all documents and information received by the Court in this context.

Within the Court, the CEAD Group has the coordinating role to ensure that the procedures contained in these decisions and guidelines are respected. This role involves a preliminary analysis of documents received pertaining to denunciations, correspondence with the audit divisions concerned and an assessment of whether the documents or information received are to be forwarded to OLAF.

I do not think that we can talk about “ups and downs” in the relationship between OLAF and the Court. My perception is that we have maintained good, cooperative relations over the years. Even when the Court has carried out audits of OLAF’s functioning the cooperation under the agreements referred to above have continued to function well.

R. C.: ECA is often contacted by private citizens and stakeholders who report about real or presumed cases of fraud and corruption. What does ECA do in such cases?

John Speed: The procedures adopted by the Court are designed to ensure that all cases arising from denunciation letters or from Court’s audit work are analyzed and afterwards made available to the appropriate investigative body as quickly as possible and that the necessary degree of confidentiality is maintained. When necessary CEAD Group systematically requests the opinion of the audit sector responsible on what it considers is the appropriate follow-up to denunciations received in the context of the Court’s mandate and whether the sector considers that the information should be forwarded to OLAF for further investigations.

R. C.: Are there statistics on the number of such denunciations? What is the percentage of the cases forwarded to OLAF?

John Speed: In 2007 we received 42 denunciations out of which 10 were sent to OLAF (24%) and in 2008 we received 47 out of which 6 were sent to OLAF (12%). This year we received so far 68 denunciations and we have already sent 13 to OLAF (19%).

R. C.: After a case has been referred to OLAF, is ECA completely out of the game?

John Speed: Once a case is taken over by OLAF, we in CEAD continue to monitor it until it is solved or closed, even if it takes more than a year. At its request the CEAD Group receives from time to time correspondence from OLAF indicating developments in specific cases. It has to be noted that many cases take a considerable amount of time before solid elements come to light. However when a case arising from the Court’s own audit work is transmitted to OLAF, a first reply concerning the status of that case is requested within six weeks.

The agreement between the Court and OLAF is that if a suspected fraud is identified in an area in which we are actively auditing, and OLAF opens an investigation, the Court suspends its audit activity for the duration of the investigation. This has happened on a few occasions in the past.

Each year we present to the CEAD Group a report on the implementation of cooperation agreement between our two institutions concerning the cases of suspected fraud referred to OLAF.

R. C.: Are there regular contacts between ECA and OLAF to discuss the follow-up of cases?

John Speed: In general the liaison arrangements with OLAF operate in a very satisfactory manner and CEAD Group is active in following up cases opened by OLAF and afterwards informing the audit groups about their status.

R. C.: Is there scope for further improvement of the cooperation between OLAF and ECA?

John Speed: According to the Court's Outline Strategy one of CEAD Group's priorities is to further increase the cooperation with OLAF (PA 29). Over the last two years several joint workshops have been organized between OLAF and the audit groups. Because of the good feedback received from the audit groups and from OLAF, this type of cooperation will continue involving all audit groups. Moreover a new training course on fraud prevention and detection for auditors will be designed together with OLAF.

FRAUDE ?

N'outrepassiez pas les pouvoirs juridiques de la Cour.

N'essayez pas d'interroger des suspects et n'accusez personne.

Évitez, si possible, d'informer les gestionnaires locaux de vos soupçons ou constatations. Il se peut qu'ils soient impliqués dans la fraude.

Notez immédiatement et de façon précise les circonstances dans lesquelles la fraude a été soupçonnée ou découverte.

Téléphonez le plus rapidement possible à la Cour pour informer votre hiérarchie (Chef de division, Directeur ou Membre responsable).

Ne conservez ou n'emportez pas de documents originaux.

Ne prenez aucun risque quant à votre sécurité personnelle.

Cour des comptes des CE - 4/2004



"EU OFFICIALS AND THEIR TAX OBLIGATIONS"

Second Lunch-time conference of 2009 organised by the DG ADMIN of the European Commission

By Rosmarie Carotti

"There is nothing as definite as tax and death, both catch you at one point". With these words, Mr Karl Horsburgh of HT Group S. A. (Luxembourg Accountants and Tax Advisors) introduced the Lunchtime conference "EU Officials and their TAX Obligations" in the European Commission in Luxembourg on 12 October 2009.

Contrary to a common belief, European civil servants do pay tax. Their salaries are taxed at a central EU level, but what happens to other income? Article 14 of the Protocol of Privileges and Immunities only exempts the salary earned by an EU official from taxation by the country in which he or she is living. Article 14 does not exempt officials from all taxes everywhere.

There is a difference between living somewhere and being considered tax resident. Most people are considered tax resident in the country where they live. However, the EU officials have an exception. Article 14 states that "... officials and other servants of the Communities, who solely by reason of the performance of their duties in the service at the Communities, establish their residence in the territory of a Member State other than their country of domicile for tax purposes at the time of entering the service of the Communities, shall be considered, both in the country of their actual residence and in the country of domicile for tax purposes, as having maintained their domicile in the latter country provided that it is a member of the Communities. This provision shall also apply to a spouse to the extent that the latter is not separately engaged in gainful occupation and to children dependent on and in the care of the persons referred to this article".

In simple language that means that the officials retain their tax residence for tax purposes in the country they came from, not in Luxembourg. If however the official lived in Luxembourg before being appointed to an EU institution, or if he/she is a Luxembourg national, the tax residence is in Luxembourg.

And then, from a Luxembourg perspective, the official may work in Luxembourg but live somewhere at the border, in Belgium, France or Germany. That keeps the official still resident in the country where he came from. However, the spouse might be working in Luxembourg, not in the Communities but somewhere else. In that particular case, the taxation of the spouse in Luxembourg is as for a single person.

The official and his family are not resident in Luxembourg; therefore they are taxable in Luxembourg only on their Luxembourg source income. And that excludes the EU salary or pension. In case of a claim of joined taxation, all income, also foreign income, except the EU salary, will be taken into account, when calculating the tax in the Luxembourg.

Capital gains on shares are treated differently in every country. For the EU official, the rules of the country where he is tax resident apply. Investment income is taxed in the country where one is tax resident. Concerning Interest and Dividend Income, most countries in Europe opted for disclosure of information; however Luxembourg, Belgium, Austria, Switzerland and some of the Channel Islands decided that they would opt for the withholding tax and give no information. But that's only the banks not giving any information. That does not absolve anybody from their legal duty to complete a proper tax return and declare all their income. From 2011 the issue will come up for discussion again as to whether the withholding tax system will be maintained or everybody goes on to the disclosure system. The pressure is on and there is little chance that the withholding system will be maintained.

The general rule on rental income is that a house is owned and rented out, the profit or loss has to be declared in the country where the property is situated. If officials own in Luxembourg, no matter where they are tax resident, they have to declare that to the Luxembourg authorities because the property is in Luxembourg.

When an official retires, he becomes resident in the country where he lives. Everybody has to be tax resident somewhere. All the rest is a fallacy, even these enormous cruise ships with luxury apartments to try to give some wealthy people no tax residence.

**MEETING BETWEEN THE PRESIDENT OF THE ECA, MR VITOR CALDEIRA, AND THE PRESIDENT OF THE EUROPEAN PARLIAMENT, MR JERZY BUZEK
Brussels, 13 October 2009**

President Caldeira formally congratulated Mr Jerzy Buzek on becoming the new President of the European Parliament.

President Buzek recognised the excellent cooperation between the Court and former President Pöttering and outlined his intention to continue to work in close cooperation with the Court.

President Caldeira presented this year’s timetable for the presentation of the ECA Annual Report 2008. The presentation to the European Parliament will take place on 10 November 2009.

President Buzek showed great interest in the work of the Court.



Mr Jerzy Buzek, President of the European Parliament, Mr Vitor Caldeira, président of the European Court of Auditors

GUIDELINES FOR APPLYING COMMON AUDIT STANDARDS AND COMPARABLE AUDIT CRITERIA IN THE EU CONTEXT

The Contact Committee Working Group on Common Auditing Standards and Comparable Audit Criteria in Luxembourg, 8-9 October 2009

The meeting of 8-9 October 2009 was chaired by Professor Bonnici, Member of the Court who welcomed the participants and thanked them for

the work already done. He regretted that a final text could not be submitted to the Contact Committee in December of this year, but he said he was confident that the work will be concluded by summer 2010, well before the Liaisons Officers’s meeting in autumn.

The Working Group’s objective is to facilitate EU SAIs in taking a consistent and close approach to the audit of Community funds. The aim is not to change the standards already existing, but to contribute to make results more directly comparable and to encourage the exchange of experience in the EU context.

The search for clarity in the exposure document and the lengthy work of reviewing and amending the drafts is not an end to itself but means to greater convergence in the application of standards and criteria applicable to the EU context.

ECA hopes it can effectively contribute to a better understanding of the EU specificities in the audit field. SAIs and ECA, both audit EU-funds, each within their own mandate. A common approach would facilitate the cooperation and make results better comparable. In times of financial crisis and public deficits, comparable audit criteria are for SAIs an important tool helping to ensure an effective external audit.

**EUROPEAN COURT OF AUDITORS
SPECIAL REPORT N° 8/2009**

**‘NETWORKS OF EXCELLENCE’ AND ‘INTEGRATED PROJECTS’ IN COMMUNITY RESEARCH POLICY: DID THEY ACHIEVE THEIR OBJECTIVES?,
published on 14 October 2009**

The Sixth Framework Programme was set up by EU to promote European Research and technological development during the period from 2002 to 2006. The Court analysed the extent to which the two main instruments, ‘Networks of Excellence’ and ‘Integrated Projects’, had effectively contributed to the achievement of the objectives of the Programme. The Court concluded that these instruments contributed to the general objective of promoting effective research collaboration but their specific objectives were only partially achieved.

**EUROPEAN COURT OF AUDITORS
SPECIAL REPORT N°12/2009**

**THE EFFECTIVENESS OF THE COMMISSION'S
PROJECTS IN THE AREA OF JUSTICE AND HOME
AFFAIRS FOR THE WESTERN BALKANS,
published on 14 October 2009**

In this report, the European Court of Auditors analyses the effectiveness of the European Commission's projects in the area of justice and home affairs for the western Balkans. The report covers both investment and institution-building projects in the four justice and home affairs sub-areas: asylum and migration, integrated border management, judiciary and police.

Against the background of a difficult political and organisational environment, the Commission's management of justice and home affairs projects has been largely effective. However, the Court identified shortcomings, particularly in terms of ownership and sustainability of results. The report contains recommendations which could help the Commission to provide more efficient and effective assistance.

**COUR DES COMPTES EUROPÉENNE
RAPPORT SPÉCIAL N° 14/2009:**

**LES INSTRUMENTS DE GESTION DU MARCHÉ
DU LAIT ET DES PRODUITS LAITIERS ONT-ILS
ATTEINT LEURS PRINCIPAUX OBJECTIFS?,
publié le 15 octobre 2009**

Le lait a toujours été un segment stratégique de la politique agricole commune. Dans ce rapport spécial, la Cour des comptes européenne dresse un bilan du fonctionnement du marché du lait et des produits laitiers depuis l'instauration des quotas laitiers en 1984, et analyse la manière dont la Commission gère la dérégulation progressive du secteur laitier entamée en 2003.

Sur la base de la situation à fin 2008, la Cour adresse à la Commission des recommandations sur différentes nécessités : éviter la réapparition d'une

situation de surproduction, suivre le processus de formation des prix dans la chaîne alimentaire, approfondir la réflexion sur l'avenir des producteurs dans les zones défavorisées et sur les conséquences environnementales de la concentration géographique de la production, poursuivre le recentrage de la production laitière sur les besoins du marché domestique européen et sur des produits à haute valeur ajoutée exportables sans aides budgétaires.



«L'ÉTHIQUE EN ÉCONOMIE»

6e CONFÉRENCE ÉCONOMIQUE GERMANO-LUXEMBOURGEOISE À LA CHAMBRE DE COMMERCE DU GRAND-DUCHÉ DE LUXEMBOURG, 24 septembre 2009

Par Rosmarie Carotti



Crédit photo: Chambre de Commerce de Luxembourg

De gauche à droite: M. Rolf Tarrach, Recteur de l'Université de Luxembourg, M. Michel Wurth, Président de la Chambre de commerce luxembourgeoise et membre du Conseil d'Administration d'Arcelor Mittal, M. Luc Frieden, Ministre des Finances luxembourgeois, M. Pierre Gramegna, Directeur de la Chambre de commerce, M. Andreas Pohlmann, Chief Compliance Officer chez Siemens

M. Noack, le Membre allemand de la Cour des comptes européenne, avait transmis au personnel de celle-ci l'invitation de l'Ambassade d'Allemagne à Luxembourg. L'éthique est une valeur importante dans notre institution également à la base du code de conduite des membres du personnel de la CdCE.

La date retenue pour la conférence s'est avérée particulièrement favorable, et ce, pour différentes raisons. L'UE venait justement de proposer la mise en place d'un Conseil "Gestion des risques" dans le cadre de la surveillance bancaire et la Commission européenne à Bruxelles venait de présenter des projets de législation pour un renforcement de la surveillance des banques, des bourses et des compagnies d'assurances. En outre, le troisième sommet financier mondial des vingt principales puissances économiques débutait également le 24 septembre à Pittsburgh. L'un des points principaux de son ordre du jour était l'instauration d'un système de surveillance coordonné au niveau mondial.

La présence de M. Luc Frieden, le nouveau Ministre des Finances luxembourgeois a conféré un éclat particulier à la réunion; sa participation en plein milieu des travaux de finalisation du budget de l'État pour 2010 a souligné l'importance des relations germano-luxembourgeoises. M. Frieden s'est également montré confiant quant à l'issue positive des négociations concernant la convention relative à la double imposition. La République fédérale était représentée par son Ambassadeur, M. Hubertus von Morr, qui a félicité le ministre de sa récente nomination.



M. Luc Frieden, Ministre des Finances luxembourgeois



M. Hubertus von Morr, Ambassadeur de la République fédérale d'Allemagne

M. Andreas Pohlmann, *Chief Compliance Officer* chez Siemens à Munich, M. Rolf Tarrach, Recteur de l'Université de Luxembourg et M. Michel Wurth, Président de la Chambre de commerce luxembourgeoise et membre du Conseil d'Administration d'Arcelor Mittal, ont évoqué, dans leurs exposés, la notion de responsabilité et ce qu'il faut entendre aujourd'hui par "*corporate social responsibility*" (responsabilité sociale des entreprises). Les exposés ont également porté sur la lutte contre la corruption et la nouvelle orientation des valeurs, tournant le dos à une stratégie effrénée de maximisation du profit pour revenir au concept de l'honnête commerçant. Ou, comme M. Köhler, le Président de la République fédérale d'Allemagne, l'avait déclaré un jour, pour avoir à nouveau "*mehr Bankiers und weniger Banker*" (plus de vrais banquiers et moins de financiers), le dernier terme ayant une connotation négative en allemand.



M. Luc Frieden a mis l'accent sur la nécessité d'aborder le thème de la régulation financière au niveau européen et déclaré que son pays était prêt à soutenir activement les propositions de la Commission au sein du Conseil européen. Il a en outre souligné que l'éthique est nécessaire partout et pas seulement en économie, car tout ce qui est permis n'est pas automatiquement éthique.



M. Pierre Gramegna, Directeur de la Chambre de commerce

Mais qu'est-ce que l'éthique en fait? Telle est la question que s'est posée M. Pierre Gramegna, Directeur de la Chambre de commerce. Sa réponse a été la suivante: la responsabilité vis-à-vis de la société. Il a fait référence à l'"Institut national du développement durable", fondé en 2008 à Luxembourg, dont la dénomination constitue à elle seule tout un programme.

M. Rolf Tarrach a cité Max Weber, qui distinguait deux types d'éthique: une éthique de conviction et une éthique de responsabilité. L'éthique de conviction est fondée sur l'idéologie, la religion et des principes immuables; l'éthique de responsabilité, qui est plutôt de nature scientifique et réaliste, repose sur l'homme.



M. Rolf Tarrach, Recteur de l'Université de Luxembourg

Dans le second point de son exposé, il a opposé l'égoïsme à l'altruisme. Adam Smith nous a enseigné qu'un égoïsme plus ou moins sain associé à un marché fonctionnant de manière efficiente est en fait ce qu'il y a de mieux pour tout le monde. Les récents événements ont toutefois montré qu'une dose d'altruisme est également nécessaire. La science nous apprend que l'altruisme et l'égoïsme sont tous deux indispensables, la combinaison idéale dépendant dans chaque cas des périodes et des circonstances. Il n'en va pas autrement pour les entreprises.

M. Tarrach a également souligné l'importance particulière de la durabilité. Celle-ci constitue la protection des générations futures, dans un monde qui est menacé par le changement climatique et les catastrophes naturelles. La solution ne peut être que collective et elle présuppose de nouveaux objectifs, ainsi qu'un passage de la quantité vers la qualité, ou plus exactement vers la qualité quantitative, c'est-à-dire une qualité mesurable.

Selon M. Tarrach, nous avons besoin en économie d'une qualité quantifiable, donc au lieu d'un PIB (produit intérieur brut), un PIB de qualité. Cette question est surtout du ressort des entreprises, des universités et des écoles de commerce et il faudrait peut-être envisager la création d'une maîtrise en entrepreneuriat ("*Entrepreneurship*") durable.



M. Pohlmann, Chief Compliance Officer chez Siemens

M. Pohlmann, *Chief Compliance Officer* chez Siemens à Munich, a évoqué les risques qui guettent une entreprise lorsque l'éthique et l'intégrité passent à l'arrière-plan et a expliqué de quelle manière des prescriptions internes en matière de lutte contre la corruption ont été imposées chez Siemens. Cette dernière a connu une grave crise juridique et morale, mais la conformité est à présent devenue une des principales priorités de la direction.

La "*Corporate social responsibility*" (responsabilité sociale des entreprises) est l'appellation moderne de la notion de conscience de ses responsabilités dont Adenauer faisait déjà l'éloge il y a 100 ans et n'est donc pas une nouveauté. M. Michel Wurth, Président de la Chambre de commerce luxembourgeoise et membre du Conseil d'Administration d'Arcelor Mittal, a évoqué Emile Mayrisch, qui a fondé l'aciérie Arcelor en 1911 à Luxembourg et a créé un fonds de pension et ouvert des écoles à l'intention des travailleurs. De nos jours, il existe toujours une *Arcelor Mittal Foundation*, une fondation qui subventionne des projets dans le domaine de l'éducation et de la santé dans des pays du tiers-monde. La vision du fondateur, "Transforming Tomorrow", se perpétue, même si les temps sont difficiles et si les prix de l'acier ont baissé. C'est ainsi que le chiffre d'affaires a été divisé par deux en 2008. La crise de l'acier ne pourra être surmontée que dans le cadre d'un solide partenariat avec les gouvernements et les syndicats.



M. Michel Wurth, Président de la Chambre de commerce luxembourgeoise et membre du Conseil d'Administration d'Arcelor Mittal

En sa qualité de Président de la Chambre de commerce luxembourgeoise, il a également fait référence aux objectifs de l'Institut national du développement durable et au label ESR (Entreprise Socialement Responsable), qui doit être introduit début 2010.

«CORPORATE RESPONSIBILITY» À LA COUR DES COMPTES EUROPÉENNE

VALEURS

La Cour des comptes européenne est attachée aux principes suivants:

Indépendance, intégrité et impartialité

- Préserver et renforcer son indépendance et son intégrité pour tout ce qui concerne l'institution, ses membres et ses agents;
- REMPLIR sa mission de façon impartiale lorsqu'il s'agit de choisir les thèmes d'audit, d'effectuer les audits, de formuler des recommandations et de donner des conseils en matière de gestion financière, en tenant compte du point de vue des parties prenantes, mais sans solliciter d'instructions ou céder à la pression d'une quelconque source extérieure.

Professionalisme

- Maintenir un niveau exemplaire de professionnalisme dans tous les aspects de ses travaux;
- Contribuer activement à faire évoluer la profession d'auditeur du secteur public dans l'Union européenne et dans le monde.

Valeur ajoutée

- Produire des rapports d'audit pertinents, présentés en temps opportun, clairs, de qualité élevée et fondés sur des critères valables et des preuves solides, qui répondent aux préoccupations des parties prenantes et qui soient considérés par les utilisateurs comme des documents importants faisant autorité;
- Émettre des avis et formuler des recommandations contribuant réellement à l'amélioration de la gestion du budget de l'UE;
- Communiquer ouvertement et de manière convaincante avec le monde extérieur concernant son rôle, ses méthodes et ses résultats, contribuant ainsi à renforcer l'obligation de rendre compte de la gestion des fonds communautaires.

Excellence et efficacité

- Accorder de l'importance aux individus, développer les talents et récompenser la performance;
- Respecter la diversité, promouvoir l'esprit d'équipe et instaurer un climat de confiance par une communication efficace et une administration efficiente et proactive;
- Maximiser l'efficacité dans tous les aspects de ses travaux.

> MEMORIES, LEGACIES AND CHALLENGES: THE UNIFICATION OF EUROPE 20 YEARS AFTER

Invitation by the "Institut Pierre Werner" to the 6th European Cultural and Social Forum on 18 and 19 September in Luxemburg.

By Rosmarie Carotti

This was a two-day event with the objective of stimulating discussion, among politicians, ambassadors, university lecturers, writers, scientists and experts, of the historic changes in Europe in 1989 and their impact on Europe today.

On the first day contemporary witnesses and politicians revived memories of the historic moment. Although the scenes they described were largely identical, their interpretations often differed. Mario Hirsch, Head of the "Pierre Werner Institute", introduced and managed the transitions between these different but complementary contributions with admirable skill.



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What was it that provoked the change and when did it begin? Was it the result of politics or did resistance first arise among church and civil rights movements?

One thing was certain: three years after the signing of the Single European Act in 1986 the entire social order seemed to be coming apart at the seams. Something had happened that could not be reversed.

Anatoly Chernyayev, personal adviser to Mikhail Gorbachev from 1986 to 1991, saw both personal and objective reasons for Gorbachev acting the way he did and not otherwise. Naturally, ambition certainly played a part, but on the other hand Gorbachev could easily have kept the post of General Secretary of the Central Committee of the Communist Party of the Soviet Union for another 10 to 15 years.

The old system in the USSR was finished. It could not keep up with the technical revolution in the West. The standard of living was low and the ideological goals had been lost. After the events of 1968 in France and after the Prague Spring, human rights had become the main focus of attention. Gorbachev was faced with the choice of following Brezhnev's and Andropov's line or making fundamental changes.

Gorbachev abolished the Brezhnev Doctrine and announced there would be no more intervention in the national affairs of the states of the USSR. In Eastern Europe, the implications of this situation were immediately clear and the protest movement quickly gained a foothold.

Escaping from the Soviet embrace must certainly be seen as a historic achievement for the peoples and states concerned, but it could never have happened if there had not been a fundamental change throughout the world. Real, radical change had been inconceivable at the time of the Cold War. The decisive development was the improved relations between the two world powers, the USSR and the USA.

Werner Schulz, a former GDR dissident and Member of the European Parliament, emphasised that the opposition in the GDR did not appear spontaneously and suddenly in 1989. This had been preceded, since 1953, by a chain of events which were all expressions of a genuine popular uprising for freedom and reunification. In 1989 the opposition gained new impetus and it was the Evangelical Church which was mainly responsible for this. Most importantly, it was non-violent.

In fact, the plan was not to end the GDR but to reform it. It was the pressure of events which eventually led to the opening of the Wall. This was not the work of politicians but of a young generation setting itself free. Today peace and economic prosperity prevail and Europe is growing together, to a far greater extent than Gorbachev intimated.

Whereas Joëlle Timsit, France's ambassador to the GDR from 1986 to 1989, concentrated very much on emotional aspects in her talk, Anton Liehm, Czech university lecturer and intellectual, was all the more analytical concerning the contribution to the political transformation of the countries of Eastern and Central Europe made by the cultural and intellectual opposition. He pointed out the great differences between the countries concerned, differences which in the east were often greater than in the west. The countries in the east had only one thing in common: Russian rule. Prof. Ireneusz Krzeminski of the Institute of Sociology at the University of Warsaw, saw the rise of Solidarnosc as the main cause of the demise of the Communist system. He did not share the view of Gorbachev as an idealist and sensitive thinker, and wondered if the old ghosts of the Communist era had really been laid.

The actual purpose of the event was to draw attention to latent dangers to the European project and to discuss the subject of Europe's imminent legitimacy crisis.

For Charles Goerens, a former Luxembourg government minister and Member of the European Parliament, there could be no progress without radical change; it was no different in the European Union.

1989 had been a wake-up call for Europe, but could Europe not have achieved more by now? For example, Europe had no satisfactory responses with regard to climate change or security policy. On the essential questions Europe remained silent.

However, internal cohesion was precisely what Europe needed to be able to appear on the world stage as an example and champion of a new and more ethical economic order.

Enlargement had been a great step forward and in the interest of all concerned. Even the behaviour of neighbouring states was influenced by this. It was therefore important that Europe should say clearly what its aspirations for the future were.

Much had been achieved, fascism and dictatorship had been overcome, but now new challenges were waiting. Money would be in short supply and levels of public debt were alarming. This could have a detrimental effect on our political will if we failed to eliminate social inequalities, both in the EU and at global level.



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