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Be creative and proactive – it is the only way to stay relevant

Interview with Rasa Budbergytė, leaving ECA Member

By Rosmarie Carotti



Rasa Budbergytė, leaving ECA Member

R. C.: Looking back at when you came to the European Court of Auditors, how did you live the switch from Lithuanian National Audit Office to the ECA?

Rasa Budbergytė: When I left the National Audit Office of Lithuania it was a young, modern and learning supreme audit institution. It went through a huge transformation process after Lithuania regained its independence in 1990. By being open and eager to implement best public audit practices, it has achieved enormous progress in becoming an exemplary public audit organisation sharing its practices around the world, Europe and the region.

When I came to the ECA I found many professional and intelligent auditors and staff, however, to my surprise, quite clumsy organisation with slow processes, sometimes focusing too much on traditional audits and reluctant to change. Nevertheless, I am proud that during last six years I was a part of internal changes which the ECA went through by implementing its strategy for 2013-2017. From the very beginning of my term I was an initiator in Chamber I of leaner processes and timelier thus more relevant audits. I was

also an active supporter of a new annual audit programming system, which introduced the ECA's audit priorities taking into account stakeholders' expectations, as well as the implementation of the ECA's communications and stakeholder relations strategy. Finally, we can be proud that the institution has dared to implement an organisational reform which should increase the efficiency and the impact of our audit work. Thus I believe that the ECA now is much fitter to meet the current and future challenges and be relevant.

R. C.: Having spent now for more than a decade with audit professionals – for five years as Auditor General at National Audit Office of Lithuania and for six years as ECA Member – what are your perceptions concerning the future of audit profession?

Rasa Budbergytė: I believe in the future of auditing, provided we take into consideration the fast changing environment, clients' needs and ever growing interest of wider audiences on how private and public entities are managing their finance. Auditors are somewhat conservative and careful. If we are not innovative and fail to change then the future for the audit profession will be less promising.

R. C.: What specific changes do you have in mind...

Rasa Budbergytė: For instance, as much as we need international auditing standards to ensure quality and comparability of our audits, among other things, we must find the way to change them faster in order to remain relevant and in-tune with the overall development. Here I see a unique chance for the ECA in fulfilling the role of Vice-Chair of INTOSAI's Professional Standards Committee and bringing some innovations e.g., in the field of reporting...

R. C.: What do you mean?

Rasa Budbergytė: It's all about increasing the impact of our audit work. We should look for new ways of communicating audit findings when needed to those who may push the implementation

of our recommendations. Auditors in the business world, who present risks to the shareholders at their annual meeting or present assurance to potential investors, achieve much greater and faster impact.

R. C.: During the time you spent in the ECA, how many audits concerned Lithuania? Were there areas showing higher risks than others?

Rasa Budbergytė: Every year when I visited the Lithuanian Parliament to present the ECA's annual report, my presentation included observations associated with Lithuania. When there were no findings about Lithuania in the report, I checked if Lithuania was mentioned in one of the statements of preliminary findings we send to the national authorities after our audits.

Lithuania only receives small amounts compared to other bigger countries and therefore was not often selected in the ECA sample. But Lithuanian MPs always wanted to know how their country performed.

At the beginning, when I arrived in the ECA risks were more related to the structural funds. I remember the sewage plants which were built with European funds. Serious public procurement errors were found there and sanctions imposed by the Commission.

Later on, auditors found more mistakes in agricultural spending, and the Commission imposed sanctions. I am proud to say that, in general, I found that Lithuania is one of the best countries in its use of commitments in comparison to other EU countries. Outside the European context, Lithuanians may have the feeling that they do not perform well and need to improve but looking at the overall picture they come off well.

R. C.: What are your future plans?

Rasa Budbergytė: I plan to participate in the elections to the National Parliament in autumn 2016. This will certainly be a challenge for me as I have spent my entire career serving non-political posts in the public service. However, I see this as an opportunity – being a politician you can

fully devote to the wellbeing of the citizens and prosperity of your state and even for more global aspirations. I also see an advantage in exercising a certain level of freedom in political activities and less constraints from certain rules and instructions. Finally, I have to avail of my experience gained in the public service in Lithuania and at the European level for the benefit of my country and the EU. I know we need to solve urgent economic and social challenges in Lithuania in order to keep fiscal stability in a long term and reduce social inequality.

R. C.: In the ECA you have been in charge of EU spending. In your future roles, possibly as Minister of Finance, you may have some responsibility for managing EU funds in your country. Will your opinion on EU policies change?

Rasa Budbergytė: Let's not jump the gun. It is too early to speak about my future posts. As I said I plan to become a politician.

As to my former role in the ECA I was mostly responsible for audits in the area of Common Agricultural Policy: some performance and compliance audits and assessments of rural development spending for the ECA's annual reports. However, I am confident that my insight and experience would be very relevant for enhancing the performance culture in other EU policy areas. I believe that Lithuania has gone far away from a spending culture of just absorbing EU money. To my knowledge Lithuania is also among the leaders in investing EU funds, i.e. more use of financial instruments instead of just giving grants and subsidies. I believe this is the right way of using EU taxpayers' money: invest and reinvest in pursuit of the Europe 2020 Strategy objectives. And my position will stay unchanged – EU policies and instruments shall bring EU added value and serve the needs of EU citizens.

R. C.: The ECA is committed to a results-based approach. How do you see, in this context, your Special report No 1/2016: Is the Commission's system for performance measurement in relation to farmers' incomes well designed and based on sound data?

Rasa Budbergyté: The performance measurement of farmers' incomes is a very complex and challenging area. A large proportion of the EU budget is spent on supporting farmers' incomes. Although this allocation of funds is a political decision, such policy choices must be based on good information being made available to policymakers. We have concluded that the Commission has not established a sufficient set of statistical data needed to assess effectively performance in this area. Notably, information is lacking with regard to farmers' disposable income, which would enable an assessment to be made of whether the Treaty objective of a fair standard of living for farmers is achieved. Looking at income from agriculture only when assessing the effects of direct support and other CAP measures would obviously not show the whole picture of farmers' financial situation, which can also be considerably impacted by non-agricultural sources of income. In other words systems currently in place do not provide data about the disposable incomes of farmers and thus cannot inform about their standard of living, which does not serve a well-informed policy decision making process. As I said it is a complex area and despite some disagreement with the Commission, I believe that in a longer perspective i.e. after 2020 the CAP will be better targeted towards achievement of specific objectives.

R. C.: Now when you leave the ECA and the auditors' world what would you like to wish to them?

Rasa Budbergyté: I believe we must not stop learning and developing, like our job, believe that it makes a difference, apply new technologies, be creative and proactive – it is the only way to stay relevant.

We need to have more respect for the expectations of the citizens

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Interview with Janusz Wojciechowski, new ECA Member

By Rosmarie Carotti



Janusz Wojciechowski, ECA Member

R. C. : On 2 June 2016, it was decided that you would join Chamber I – Sustainable use of natural resources. What was your reaction to this appointment?

Janusz Wojciechowski: It met my wish to work in Chamber I, which is responsible for audit in agriculture, natural resources and environment, as this had been my area of interest as a Member of the European Parliament. I also care very much for animals and hope I will get the possibility to audit the effectiveness of animal welfare.

R. C.: Should animal welfare be included among the sustainable development goals for the EU?

Janusz Wojciechowski: There are several reasons which speak in favour. Mahatma Gandhi said “The greatness of a nation and its moral progress can be judged by the way its animals are treated.” We should give evidence of high moral progress in our European civilisation.

Animal welfare is also important for economic reasons and as an auditor I always have to consider the economic aspects as well. As MEP and Chairman of the Animal Welfare Intergroup, I actively worked for shortening the transportation times not only in order to reduce the suffering of the animals but also because of the costs for the producers, the

consumers and the environment. Live export of animals also is not good in economic terms as it is always more profitable to export processed goods.

R. C.: You have a very interesting CV, former President of the NIK, the Polish Court of audit, former judge and Member of the Polish National Parliament.

Janusz Wojciechowski: I started as judge when I was a very young lawyer. I stayed a judge for thirteen years and this was an important time of my life because of the contact I had with people. My main speciality was criminal law cases although for a short time I have been a family judge.

Then, I became a politician and was elected to the Polish national parliament in 1993. From there I was elected to the NIK.

Please allow me a remark. A better translation of NIK is Chamber of Control instead of Court of Audit. A chamber of control has more powers than a court of audit. In my opinion, control means more than audit. Audit is concentrated on financial issues but control implies four criteria: legality, economic prudence, efficacy and diligence.

R. C.: In a previous talk you told me about your fight against corruption in public procurement at national level.

Janusz Wojciechowski: My main contributions as President of the NIK were twofold: I initiated the audit by the State audit institution on animal welfare which is now continued by my successors, and I introduced a special methodology to audit the risks of corruption. A Supreme audit institution is not an investigative body, but prevention and identification of the mechanisms of corruption are very important tasks.

There are four main mechanisms of corruption: arbitrary decision-making, conflict of interest, weakness of internal control systems and lack of transparency. Sometimes I hear the opinion that corruption is a mentality of people dictated by the environment in which they live. I disagree. Corruption is not a problem of mentality but an illness or weakness of the system. In a well-organised State corruption should be impossible.

I had some success in the fight against corruption. The NIK made an audit of the road police in Poland which led to the recommendation that policemen should not carry money while on duty as it was difficult to control where it came from. The recommendation was directly adopted by the government and strongly reduced the level of corruption within the road police.

R. C.: But the ECA has no judicial powers and therefore no power to impose sanctions. Do you consider this a handicap?

Janusz Wojciechowski: I do not dream about judicial power as an auditor. At the end of my term as President of the NIK I published a summary of my statements and used the following metaphor: the role of the supreme audit institution is similar to a doctor's one. The doctor checks the health of the patient and recommends a therapy, but it is the patient's responsibility to accept the therapy.

R. C.: In talking about corruption, transparency comes to mind. But it cannot be limitless. Where is for you the line between secrecy of institutions and transparency?

Janusz Wojciechowski: Already the first text of the Polish Supreme Chamber of control in the 19th century stated that those who received public money had to clearly explain the use made of it. It means that generally public expenditure has to be transparent and open to the public. As a Member of the national Parliament I was the author of a change in the Polish law introducing into public procurement the obligation to make the contract public once it had been signed.

But secrecy is necessary during negotiations, in the military field, in the secret service. In the ECA everything should be secret before the formal end of the audit. The public opinion should not be informed about the discussions which take place inside the ECA before the audit report is published.

R. C.: Concerning cooperation between the ECA and the EU supreme audit institutions (SAIs), you declared in the European Parliament that you see the scope for improving it and you suggested making further efforts to align audit methodologies. In which areas?

Janusz Wojciechowski: It is not so easy to harmonise methodologies because the legal competences in the national audit institutions are not the same. But in some areas I consider this possible. I think it is possible to transpose everywhere into practice the four NIK criteria I mentioned: legality, economic prudence, efficacy and diligence. I am convinced that, for example, the Polish anti-corruption methodology of the NIK could be useful for all EU SAIs. Another potential field of closer alignment could be the area of audit of environmental protection.

R. C.: The aspect of sustainability comes more and more to the fore.

Janusz Wojciechowski: However, the EU is not doing enough yet in terms of achieving the sustainable development goals. I am very worried about the process of industrialisation of our agriculture and about our achievements in the conservation of the environment.

R. C.: The ECA has developed new ways of working. I think of the ECA's two landscape reviews. Are there other ways of increasing the scope and delivery of the ECA's analytical work?

Janusz Wojciechowski: In my view, the ECA is going in the right direction in having a wider view over policy fields. The ECA's knowledge is spread through its individual reports. It is a very good idea to have a larger view through landscape reviews, which systematize and summarise ECA findings.

It implies a long process which should be connected with the audit planning. The individual audits should be planned with the general vision to use them for the landscape reviews as well.

By the way, twenty years ago I organised in the NIK a special department for systematic analysis responsible for landscape reviews.

I also fully agree with the other new direction of the ECA, the performance audit. Before its audit concentrated on the statement of assurance (DAS) but it is important to measure the effectiveness of the EU expenditure. This is absolutely important for the public opinion. Audits should be well prepared and use the elements of financial audit but above all report about performance.

R. C.: You are also in favour of collaborative audits.

Janusz Wojciechowski: It would be good to do some audits together with national SAIs because not everything can be audited by the ECA on its own. The NIK and the ECA never had any problem in making collaborative audits and I see only benefits from this kind of cooperation.

R. C.: What does the term “democratic deficit in the EU institutions” mean to you? How do you want to strengthen democratic oversight of the activities of the EU institutions?

Janusz Wojciechowski: It means that in our activity we need to have more respect for the expectations of the citizens. It is a challenge for the ECA because we are part of European bureaucracy and there is the tendency to feel independent from everybody. We should change our view. During the planning of our audit process we should take into account public opinion. Let me describe my experience at national level. Each audit programme includes the analysis of the views and complaints lodged by people. There also are important signals which come from press and parliament because citizens talk to their elected representatives. In its work, ECA should always refer to one of its mission's statements, which defines the Court's role as independent guardian of the financial interests of the citizens of the Union.

Chamber V is a great challenge

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Interview with Jan Gregor, new ECA Member

By Rosmarie Carotti



Jan Gregor, ECA Member

R. C.: While some ECA Members come from national audit institutions, you come from the Ministry of Finance of the Czech Republic. You also have been on the Board of Directors of the European Investment Bank. How will your professional experience contribute to the work of the ECA?

Jan Gregor: Some colleagues have served in the Supreme audit institutions, some in a Ministries of Finance like me, others in politics. I think it is good to have representatives with different backgrounds.

During my almost 18-year working experience at the Ministry of Finance of the Czech Republic I gained a deep knowledge of budgetary planning, budget implementation, budget management and control. I started my career in the Ministry of Finance when we were preparing to join the EU. I was negotiator of chapters which had financial implications. I was involved in the negotiations concerning the own resources, I also covered part of the regional and agricultural policy and finally I calculated the net balance of the Czech budget.

I think there are many areas where my experience will add value to the work of the ECA. I will use my knowledge and experience to help the ECA to behave as high performing modern public audit institution.

R. C.: In the hearing of the European Parliament you also declared that you had a role in the establishment and development of the internal management, control and audit of the Czech National Fund. You state that you have served there as a “prolonged arm” of the European Commission. Please explain the role of this Fund.

Jan Gregor: I was asked to establish a National Fund department which would focus on the use of pre-accession assistance. Later it was transformed into the paying/certifying authority for regional policy and the competent authority for common agriculture policy.

Although we have done our best to design a waterproof management and control system, there were number of areas where the Czech Republic faced some difficulties. Over the period of 15 years I had to apply a number of financial corrections, both individual and flat-rate for more systemic problems. The vast majority of individual irregularities was related to public procurement. In case of systemic failures, I had to cope with large systemic corrections for non-transparent project selection.

R. C.: Please give more details about your banking experience. Was the EIB the last mandate before you joined the ECA? You will understand that we are particularly interested in it as the ECA has an audit role there.

Jan Gregor: I was also Vice-Chairman of the Supervisory Board of the Czech-Moravian Guarantee and Development Bank and Vice-Chairman of the Supervisory Board of the Czech Export Bank. I gave up all these mandates when I was appointed to the ECA, together with my position at the Ministry of Finance and the Board of Directors of the EIB.

The EIB was a very good experience because I was involved in both strategic planning and individual operations as the Board of Directors has sole power to take decisions in respect of loans, guarantees and borrowings. More recently I also participated in the preparation of the European Fund for Strategic Investment (EFSI). We faced some difficulties to find the borderline between normal EIB activities and new EFSI projects to be guaranteed by the EU budget.

R. C.: You were assigned to Chamber V – Financing and administering the Union. Is there any risk of conflict with your previous positions?

Jan Gregor: I take potential conflict of interest very seriously and studied carefully any potential conflict of interests. That’s why I decided to stay away from Chamber 1 “Sustainable use of natural resources” and Chamber 2 “Investment for cohesion, growth and inclusion” as I remained responsible for the

National Fund department until my appointment as member of the ECA. As such, I was involved in the certification of the EU expenditure for region policy and for the certification of the common agriculture policy. We assured the quality of audit in agriculture and had to communicate to the Commission.

Contributing to the set-up and the further development of Chamber V is a very motivating challenge. I am very interested in the subjects covered by Chamber V. Among other things, I will concentrate on the Chapter 3 of the Annual Report – Getting results, which is very important and challenging one at the same time. It has developed over last five years and now it is time to discuss a longer term context for this chapter while keeping the possibility it to react to the developing EU.

R. C.: What is more important for you: financial audit or performance audit? Do you see a clear link between Landscape Reviews and performance audit? You said you liked both. Do you see them both as equally important?

Jan Gregor: Having been assigned to Chamber V, I have to focus on both the obligatory statement of assurance and on getting results from the EU budget which is performance audit.

Timing is important. Concerning the new financial instruments like the EFSI, or the revision of the Commission evaluation, if the audit takes place too early the system will not yet be fully operating. If it takes place late, the ECA will be criticised.

When I was preparing for the hearing in the European Parliament, I looked at the two ECA landscape reviews of 2014 and I thought they were a good tool for disseminating the ECA's knowledge and the practices across the Member States.

In the ECA's strategy 2018-2020 we should try to design the approach to the landscape reviews in terms of methodology and strategy incorporated into the ECA's vision. And we should also develop an approach for us to follow up these landscape reviews.

Let me give an example: if we prepare a landscape review on technical assistance in various sectoral policies, we should come back after a certain number of years. A landscape review is, in my view, not to be understood as one off exercise.

A special report focuses on a specific issue, so a landscape review should be on top of the special reporting. It takes on board cross-cutting issues.

Therefore the landscape review should have a longer-term perspective and be reviewed from time to time.

R. C.: Concerning major irregularity or even fraud and/or corruption you have answered in the hearing in the European Parliament that you would forward such cases to OLAF. This is correct. However, the ECA has also a preventive role in the fight against fraud. How can it be optimised?

Jan Gregor: We have recently discussed the ECA role in protecting the EU's financial interest.

The ECA has decided to establish a working group to come up with concrete proposals on how to improve the reporting of irregularities and on how to distinguish between irregularities and fraud. Every fraud is of course an irregularity but not all irregularities are to be considered as a fraud. This is often misunderstood by the stakeholders.

By carrying out its audits and focusing on the improvement of internal control systems, the ECA contributes to the prevention of fraud. I think that we should also enhance fraud awareness in-house and ensure a consistent treatment of suspected fraud cases.

The Court also discussed the reporting on fraud. It is compulsory to report these cases to OLAF, the Commission's anti-fraud office, but we could also consider reporting them directly to the national prosecutor's office. This is an area we could and should explore.

There is a delicate balance between prevention and protection but sometimes I think we could make better use of new IT developments for instance to analyse larger sets of data. Data mining could indeed help us to detect fraud.

R. C.: Could a research department within the ECA be useful to that purpose?

Jan Gregor: In some SAIs this is quite common. I discussed it in recent years with the President of the Czech SAI. He was in favour of using IT tools for data mining and comparing audit findings between the Czech SAI, the ECA and other national SAIs. In my budget capacity I agreed to increase the staff plan of the Czech Supreme Audit office.

The ECA should concentrate to greater extent on its external role and its place among the EU institutions

Interview with Mihails Kozlovs, new ECA Member

By Rosmarie Carotti



Mihails Kozlovs, ECA Member

R. C.: You were previously at the Ministry of Finance of Latvia and then in the Latvian Permanent Representation to the EU. You were in the ECOFIN when Latvia had the Presidency of the Council of the European Union. What imprint did Latvia leave during the EU Council Presidency?

Mihails Kozlovs: I think my country had a good Presidency. 2015 was the beginning of a new legislative term for the European institutions. There was a new Commission; the new European Parliament, which had been elected in May 2014, had just started its work. We were able to launch our Presidency in the spirit of good co-operation among institutions, and that facilitated greatly our work during the six subsequent months.

We had important and interesting files on the table: the Investment (Juncker) Plan, the Digital Agenda, the Eastern Partnership and internal policy matters under the Justice and Home Affairs. The crisis in Ukraine was still unfolding.

Apart from negotiating the European Fund for Strategic Investment, I was, for example, also closely involved in making sure that the Council proceeds rapidly with the macro-financial assistance of the EU to Ukraine. The conflict was at its peak, the country was in a very difficult situation. The EU ought to show its solidarity with the Ukrainian authorities and people. We succeeded to deliver quickly the financial support package that had become the

biggest in the field of macro-financial assistance to non-EU countries. Smooth co-operation with the European Parliament was extremely helpful. In spring 2015, during the Eastern Partnership summit in Riga, a Memorandum of Understanding with the Ukrainian authorities was signed; thus the EU was ready to disburse the aid, subject to conditionality, already in summer. This is what I call a spirit of good co-operation among the EU institutions.

R. C.: In your hearing with the European Parliament you said that you appreciate the strong call of the ECA to shift the focus from just spending money to investing it smartly. How can the ECA influence that as an audit institution?

Mihails Kozlovs: The ECA has an important role to play. When I called for more investment-based decisions in the EU budget, I meant spending within the EU through various financial programmes. There should be a genuine and open reflection on what the EU budget is spent on and how to achieve the best outcome while respecting sound financial management principles.

Generally there should be a change in the perception of the EU budget, both for the so-called net contributors and net beneficiaries. The bottom line is that no one should take EU resources for granted. On too many occasions, a risk of decommitments forces governments to just spend and report good implementation numbers. Net contributors, on the other hand, should be able to see, for example, that improving living and working conditions in a sustainable way in the poorest parts of EU prevents people from leaving their homes.

We need to have a system in place that facilitates spending that adds value. Resources are becoming scarcer at national level, and also in the EU budget. There is a need to do more and better with less. From the ECA's perspective this change can be achieved by increasingly emphasising the principles of sound financial management in the governance of public funds. Those are the principles of economy, efficiency, effectiveness as well as ecology, equality and ethics, covering the social element of the EU spending and potentially connecting the EU spending to improvements in citizens' everyday lives.

R. C.: Despite gradual improvement of the EU budget governance, you point out that deficiencies still persist? Which ones?

Mihails Kozlovs: Lack of flexibility of the EU budget is often mentioned as one of the problems. It doesn't allow reacting quickly to the situation on the ground. The financial perspective is fixed for seven years and it takes a lot of effort and lengthy negotiations to re-allocate resources among various headings. But it is not that much the problem of the EU budget. To me it is more of a general problem of the EU. Over the last decades EU has become a "bigger feature" in our lives and it has not been reflected in the size of EU budget. But this is a separate debate.

We have to work with what we have at our disposal. To address the unforeseen needs, the policy makers resort more and more to innovative financing solutions thus further complicating the financial governance landscape in the EU.

The deficiencies arise from complexity of legislation, multilayer planning, implementation, and control systems as well as unclear responsibilities and sometimes, unfortunately, political factors. While a lot still can be done to address the concerns by simplifying and clarifying rules, one has to admit that the potential to simplify things that by nature are rather complex is limited.

From the ECA's perspective, we have to contribute and think how the budget should look like in the future. We will soon enter the negotiation phase for the next MFF. The ECA has accumulated a bulk of valuable knowledge about potential improvements to the financial management in the EU. The legislators have us at their disposal. We will contribute to the debate on the review of the current financial framework.

R. C.: This would also imply that the ECA's work features more frequently and prominently on the Council's agenda. Do you have suggestions how to achieve this?

Mihails Kozlovs: When the ECA fully completes its internal reform, it will be able to concentrate to a greater extent on its external role and its place among the EU institutions. The Council is a co-legislator and an important stakeholder. The fact that the ECA now has a Member responsible for institutional relations is a very good step forward. As to how the ECA could improve its relations with the Council, I think that we should have closer contacts with the Presidency and the Secretariat General of the Council. It has a lot to do with agenda setting. It is very important that we present

ourselves and our ideas for the agenda of various Council formations.

We could pay more attention to the meetings of Member States' permanent representatives to the EU, so called COREPER I and COREPER II. These are important fora where the bulk of decisions are being made; thus the ECA could be more active there explaining the Court's work focusing on the policy areas of current interest.

A more ambitious approach would be to suggest that ECA's Reporting Members attend Council of Ministers meetings in order to discuss our findings at the highest political level.

The ECA might pay more attention to the General Affairs Council (GAC), the Council formation responsible for the multiannual budget of the EU. For example, I see only benefits if ECA presented its annual report not only to ECOFIN Council but also to GAC.

Another avenue, while fully respecting the independent role of the Court, could be to consider our closer involvement, i.e. through legal opinions on the Commission's proposals, in the legislative process regarding any legal act with substantial financial impact. Of course, the approach is not new in itself but its use could be generalised, we could try to be more proactive.

We invest a lot of resources in close co-operation with the European Parliament. We need to invest our resources in working with the Council and getting feedback from them. Also, it would be very useful to know to what extent Council has taken on board our recommendations. It would help to know which audit topics are of the interest for them. This work will take time.

R. C.: You had the pleasure to chair the ad-hoc working party on the European Fund for Strategic Investment (EFSI). The ECA has published an opinion on the EFSI in which it identified several risks for the EU budget from it. Do you share the ECA's arguments?

Mihails Kozlovs: The ECA opinion on the EFSI was a very timely and well-written contribution. It came at the right moment when this complex issue was discussed in the Council. Many delegations appreciated an independent assessment from the Court. It also was a powerful tool for the Presidency of the Council in the political negotiations. The ECA identified several risks in the original proposal by the Commission, not only to the EU budget but also in a much broader sense. The ECA emphasised the need to look very carefully at

governance, legislative framework, financial liability for EU public finances, accountability and audit arrangements. The Court's opinion is in fact one of the reasons why the regulation finally adopted by the legislators looks quite differently from the original proposal of the Commission.

In the regulation it was made very clear that the ultimate cumulative liability of the EU budget is €16 billion, supported by a contribution of €8 billion. On the basis of the ECA opinion we also looked at the audit arrangements and brought them in line with article 287.3 of the Treaty. The ECA has audit rights according to the Tripartite agreement with the EIB and the Commission.

Obviously, EFSI is a very complex construction involving many players and stakeholders, as well as the EIB. It is an experiment of whether it is possible to use the EU budget in a new, different way, by leveraging public resources.

R. C.: Is EFSI investment in Europe, for Europe but also outside Europe?

Mihails Kozlovs: EFSI certainly means investment in Europe and for Europe. It is also possible to develop investment projects involving partners from the third countries though I am not aware if there is any such deal in the pipeline.

The recent communication by the Commission on the results achieved by EFSI during the first year of operation suggests that there is a potential to extend the investment period and to enhance the investment capacity of the Fund. Besides, EFSI might serve as an example of alternative ways to increase the EU assistance to the third countries. The main question, however, will be if the EU budget disposes enough resources to provide additional guarantees. This was one of the risks the ECA rightly identified. This is also linked to the issue of flexibility that we addressed in the beginning of our conversation.

In any case the Court will look at the EFSI in detail in the near future. I am certain it will feature in our work program. It is a substantial instrument and it can contribute significantly to economic growth in the EU. Therefore it is important that it is designed properly and functions well.

R. C.: The EFSI is managed by the European Investment Bank (EIB). But there also is the European Bank for Reconstruction and Development (EBRD) where you had some professional experience. Please explain in a few words the EU/EBRD co-operation and the links between the EC, EIB and EBRD

Mihails Kozlovs: The Commission, the EIB and the EBRD are very close partners and they represent an integral part of the EU and global financial ecosystem. They share similar policy objectives and operate in countries or regions that overlap. Their mandates, modes of operations, expertise and other features are indeed complementary. The shareholders of the EIB are EU Member States only. As regards the EBRD, the EU owns 3% of the EBRD's capital, represented by the Commission. 3% is also owned by the EIB. The EU, EIB and the EU Member States together own 62.8% of the EBRD's capital, the rest belongs to countries like the USA, Canada, Japan, Switzerland, Russia and since recently even China.

When I worked at the EBRD I saw quite a few examples of good co-operation between the EIB and the EBRD and the Commission. There were also examples of healthy competition between them. The competition is normally for good projects, technical assistance funds, co-financing from public bodies and syndication of private funds, procurement of services such as policy dialogue or expert advice to beneficiaries.

The EBRD has developed a very good knowledge on the ground, it is very strong in the field of SME development, it contributes to financial market development in many countries that are in desperate need of financing. EBRD often works through local financial institutions/ local banks. The EU grant money allows incentivizing the financial intermediaries to re-engage with the SME and MSME segments in a crisis / post-crisis environment. It can provide incentives to the final beneficiary to invest in green energy or helps reducing overall project costs for local partner banks if the product is new in the local market. EU grant contribution can support investment projects through, for example interest rate subsidies.

EU is the largest single donor to the EBRD as 36 per cent of total grants channelled through the EBRD since the Bank's inception come from the EU. In 2015 the Bank received over €179 million in contributions from the EU, which represents half of the total donor funding provided to the EBRD that year.

The advantages of the EIB are its political reach, size, cheaper resources for big (infrastructure) projects and extensive expertise.

For me the most important is to make sure that the EIB and the EBRD co-operate closely thereby exploiting fully the synergies that exist.

INTOSAI launches a fundamental re-think of its auditing standards and standard-setting process

By Neil Usher, Audit Quality Control Director, project manager for the PSC vice-chair project and member of the Forum for INTOSAI Professional Pronouncements



Introduction

It is nine years now since INTOSAI set out on the path to establish a full set of International Standards of Supreme Audit Institutions (“ISSAIs”). Over the years, numerous working groups have drafted ISSAIs and the other INTOSAI product line, INTOSAI Guidance for Good Governance (“INTOSAI-GOVs”) and a major milestone was passed when the first complete set of ISSAIs was presented and endorsed at the INTOSAI Congress in 2010. The Court has played a significant role in all this activity, participating (amongst other things) in the work of the Financial, Performance and Compliance Audit Sub-committees, in the Environmental Audit Working Group and chairing the working group that drew up guidance on the audit of disaster-related aid.

The complete ISSAI package now comprises some 93 pronouncements extending over 3100 pages.

Rethinking the standards framework

Experience and feedback, particularly from SAIs seeking to implement the ISSAIs but also from external stakeholders who seek to rely on the reports and opinions issued by SAIs has shown that there is a need to make improvements. To bring a clearer focus, the 2013 INTOSAI Congress endorsed ISSAI 100 on the Fundamental Principles of Public-Sector Auditing, along with ISSAIs 200, 300 and 400 on the Fundamental Principles of Financial, Performance and Compliance Audit respectively.

These fundamental principles – and, in particular, ISSAI 100 – provide the lynch-pin that will hold in place the ISSAI collection of standards and guidance and around which the ISSAI framework needs to be revised.

To kick off this revision process, the current Chair of the INTOSAI Professional Standards Committee¹ (PSC) has launched an invitation to comment on a proposal to replace the current INTOSAI framework with the new INTOSAI Framework of Professional Pronouncements. The document on the following pages describes and explains the main changes that are proposed and interested readers can find **further details on the home page of www.issai.org**.

Rethinking the standard-setting process

If users are to have confidence in the work of SAIs, it is essential that the standards to which the latter carry out their audits are of high technical quality, credible and become the authoritative framework for public sector auditing. In October 2014, the PSC issued the final version of an “Evaluation and recommendations to improve INTOSAI’s standard-setting”². As a result of this, the INTOSAI Governing Board decided to establish a common forum to address standard-setting issues. The forum – now called the Forum for INTOSAI Professional Pronouncements (FIPP) – was assembled in 2015 and consists of 15 experts nominated by INTOSAI’s members and selected by the chairs responsible for INTOSAI’s strategic goals on standard setting, capacity building and knowledge sharing.

The first task assigned to the FIPP was to review the ISSAI framework and to come up with proposals for improving it – the document that follows. In the longer term, the FIPP will play a central role in assuring quality in the standard-setting process, both by acting as a “gatekeeper” to the framework³, by monitoring quality in each individual project to develop or revise standards and guidance and by approving draft pronouncements.

¹ The SAI of Denmark

² Available at <http://www.psc-intosai.org/psc-steering-committee/evaluation-of-intosais-standard-setting/>

³ It will provide advice to the PSC on whether proposals for new/ revised standards and guidance should be allowed into INTOSAI’s strategic development plan and, if so, the priority that each project should be accorded.

Meanwhile the roles of the PSC, of which the Court will become vice-chair later this year along with our chairing partners, the SAI of Brazil (TCU), will evolve. Among other things, it will be responsible for managing and monitoring the implementation of INTOSAI's strategic development plan of new and revised standards and guidelines and will be ultimately responsible and accountable for the overall operation of "due process", the process by which standards and guidance that are adopted meet the highest quality criteria⁴. It will also be the PSC chair's task, working in close cooperation with the two other goal chairs, to ensure that the membership of the FIPP is properly maintained through a transparent process.

Closing comments

The Court is preparing to take on its new role as vice-chair of the INTOSAI Professional Standards Committee at an especially challenging and exciting time. There are new systems and processes to put into place and new working relationships to build and maintain. The end result – a clearer framework of INTOSAI professional pronouncements that are of high technical quality, credible and the authoritative framework for public sector auditing worldwide – is certainly worth working towards.

⁴ A proposal to revise due process was agreed at the PSC Steering Committee's meeting in May 2016 and will now be presented to the 2016 INTOSAI Congress for endorsement. The proposal can be found as agenda item 7 at <http://www.psc-intosai.org/psc-steering-committee/meetings/copenhagen,-denmark,-may-2016/>

1. Purpose of this paper

The INTOSAI Governing Board decided in 2014 to assemble *a common forum of experts to address standard-setting issues across the full Framework of Professional Standards*. This forum – now known as the Forum for INTOSAI Professional Pronouncements (FIPP) - was initially asked to *consider and propose how the ISSAI Framework can be further developed by:*

- *providing clearer distinction between auditing standards, other standards (requirements), guidelines, best practice documents, etc. covering both auditing, ethics, independence and capacity development; and*
- *providing clearer directions on the format and quality requirements for each of these different categories of documents.*

The FIPP made its first report to the Professional Standards Committee (PSC) at the Steering Committee meeting in Copenhagen on 26 – 27 May 2016 in the presence of the Goal Chairs for Capacity Building and Knowledge Sharing. The Goal Chairs and the PSC Steering Committee broadly welcomed the proposal made by the FIPP to revise the INTOSAI framework and asked the FIPP, in collaboration with the PSC chair to invite the wider INTOSAI community and its external stakeholders to comment upon it.

We will use the comments received to finalise the following draft proposal, which the PSC intends to present for decision by the INTOSAI Governing Board in December 2016:

2. Proposal on the INTOSAI Framework of Professional Pronouncements – draft for comments

The purpose of this proposal is to improve the credibility of INTOSAI's professional pronouncements, assist in making them an authoritative framework for public sector auditing and enhance their technical quality. The proposal entails a series of changes in the current framework of ISSAIs and INTOSAI GOVs. These changes recognise the central importance of the fundamental principles of public sector auditing and thus enhance the role and standing of ISSAI 100 within the framework.

The improvements of the current framework will include the following seven key changes:

- 1) the revised framework will be called the INTOSAI Framework of Professional

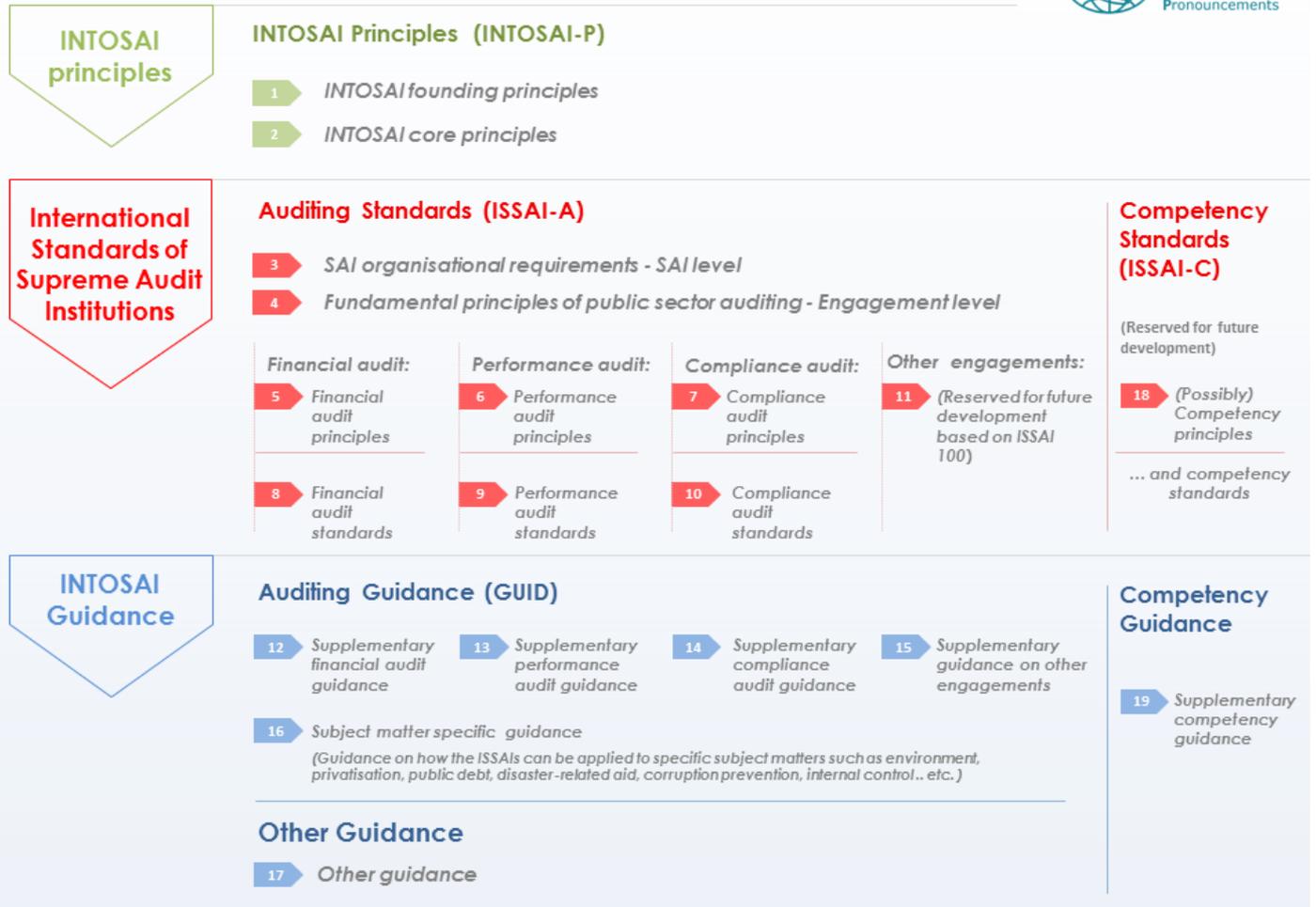
Pronouncements (IFPP) to reflect the fact that it includes documents other than ISSAIs (standards);

- 2) the ISSAI brand is retained and ISSAIs are part of the IFPP;
- 3) only documents that set out requirements to support ISSAI 100 and are consistent with ISSAI 100 are named as ISSAIs;
- 4) other documents may be included in the IFPP under other categories or linked to it on the ISSAI web site (www.issai.org) – the FIPP suggests that two other categories are relevant in the IFPP, the INTOSAI Principles (INTOSAI-P) and the Auditing Guidance (GUID);
- 5) the IFPP reflects the need to reduce the number of ISSAIs that have to be implemented to achieve ISSAI compliance, thereby facilitating easier ISSAI implementation;
- 6) the need to accommodate the future development of an INTOSAI competency framework for public sector auditing¹ as well as other pronouncements that may facilitate better ISSAI implementation are foreseen within the framework;
- 7) The INTOSAI Guidance for Good Governance (INTOSAI-GOV) documents are valuable and after review of their content may be included/integrated in the IFPP as core principles or GUIDs.

The revised framework is illustrated in the diagram overleaf. There are three large groups of documents within this framework. At the top level are the INTOSAI principles, including the Lima Declaration and the Mexico Declaration on SAI Independence. These appear in green in the diagram. Next come the auditing standards - the ISSAIs – and, with them, a new category, the competency standards. Appearing in red in the diagram, these are the requirements that would have to be fulfilled by an SAI that wishes to claim ISSAI compliance in its audit reports. Finally, there are the guidance documents. Marked in blue in the diagram, these documents are non-mandatory and offer the SAI and the auditor assistance in implementing the ISSAIs, insights when planning, executing or reporting on specific subject matters or tools for assessing ISSAI compliance, etc.

¹ Elements of a competency framework appear in paragraphs 36, 37 and 39 of ISSAI 100 which refer to "professional competence" (§36), to "the application of collective knowledge, skills and experience" (§37) and to auditors possessing or having access to "the necessary skills" and being offered "staff development and training" (§39).

INTOSAI Framework of Professional Pronouncements (IFPP)



This revised framework addresses a number of challenges in the current framework of ISSAIs and INTOSAI GOVs:

- it identifies clearly those pronouncements that have to be complied with by an SAI that wishes to claim ISSAI compliance in its audit reports and limits this to those needed to achieve a framework of credible, high quality ISSAIs;

- it opens up the possibility for INTOSAI to develop pronouncements on competencies as a complement to the work that is being undertaken under the leadership of the CBC on auditor education and certification;
- it makes a clear distinction between the standards (in red, and mandatory for ISSAI compliance) and non-mandatory guidance (in blue);

- under “other guidance”, it opens up space within the framework to include elements that might be useful for SAIs which are on the road towards ISSAI implementation as well as elements such as the current ISSAI 5600 on peer reviews;
- by clarifying the overarching role of ISSAI 100 – the fundamental principles of public sector auditing (component 4), it is possible to place the subject-specific guidance that currently appears in the 5000 series ISSAIs in their appropriate place as supplementary non-mandatory subject-specific guidance that SAIs and auditors might find useful when carrying out financial, performance or compliance audits in the areas concerned;
- by splitting audit principles and audit standards for financial, performance and compliance audits (see the blue line in each of the relevant blocks in the diagram), the framework acknowledges that, as set out in ISSAI 100, paragraph 8², SAIs may adopt their own standards providing these are consistent with the principles set out in the present ISSAIs 100 to 400;
- it makes it clear that the pronouncements are primarily intended for SAIs, either at the SAI level or at the engagement level. As a result, the INTOSAI Guidance for Good Governance (INTOSAI-GOV) documents that serve a variety of purposes need to be reviewed: where these documents aim to provide guidance to SAIs and their auditors they should be incorporated as core principles or GUIDS; where, however, this is not the case, the document should not be included in the revised framework. However, they are valuable documents and should continue to have the same prominence on the www.issai.org web site as they enjoy at present.
- finally, this clarification of the overarching role of the fundamental principles opens up the possibility of systematically reviewing existing pronouncements to ensure that they are coherent with these fundamental principles and free of inconsistencies.

² ISSAI 100, §8 (extract):

”The Fundamental Auditing Principles form the core of the General Auditing Guidelines at level 4 of the ISSAI framework. The principles can be used to establish authoritative standards in three ways:

- as a basis on which SAIs can develop standards;
- as a basis for the adoption of consistent national standards;
- as a basis for adoption of the General Auditing Guidelines as standards.

The FIPP will - under direction of the PSC Steering Committee - continue working on the revised framework and develop clear classification criteria for the future categories of INTOSAI professional pronouncements – INTOSAI-Ps, ISSAIs and GUIDS.

The revised framework will be implemented through a broad collaboration between FIPP and all INTOSAI working groups who wish to contribute with content and expertise for the framework in 2016-2019. Any revisions that may be needed in existing ISSAIs and INTOSAI GOVs must be carried out in accordance with the due process established by INTOSAI.

Visit of German Court of Auditors Steering group "Taxes"

7 June 2016

By Rosmarie Carotti



Steering group „Taxes“ with Pietro Russo, ECA Member

The meeting organised by the private office of Pietro Russo was attended by 23 representatives of the German federal Court of Audit and the Courts of the Länder. It concentrated mainly on VAT issues and on co-operation between them and the ECA. The Steering group "Taxes" was led by Kurt Wurms from the Court of Audit of North Rhine-Westphalia.

According to Article 108 of the German Basic Law the Länder are in charge of the fiscal administration, including VAT. Therefore the Courts of Audit of the Länder play an important role in the audit of revenue in Germany.

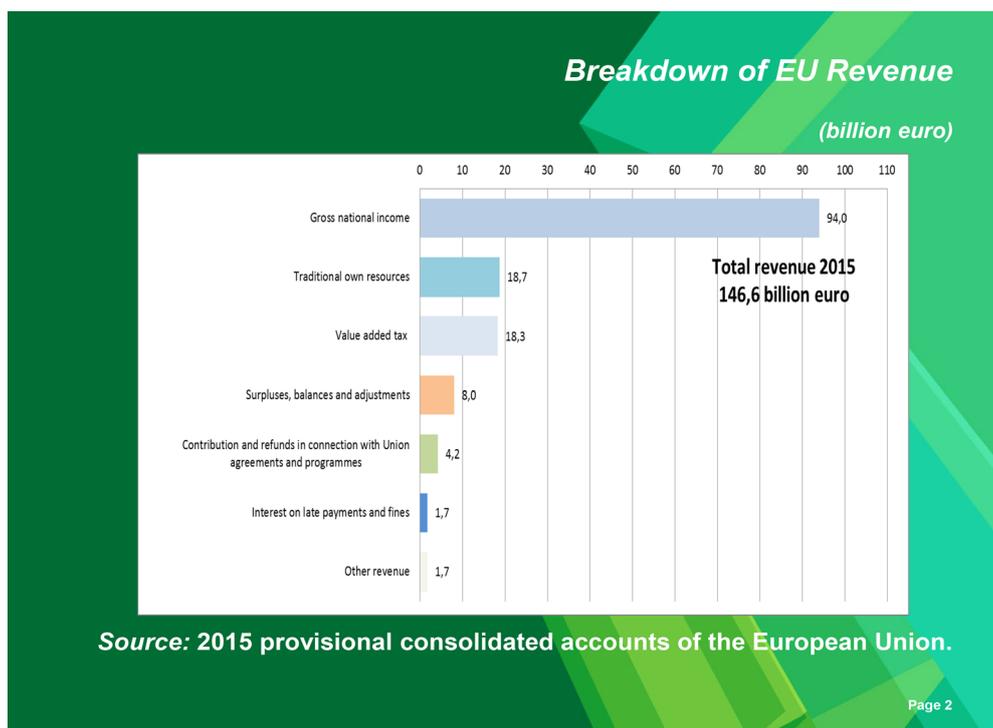
Pietro Russo, the Italian ECA Member responsible for the audit of revenue of the European Union welcomed the participants in German and briefly explained the structure of the ECA and its work.

The meeting was more specifically focused on the ECA's work on the EU's strategy against intra-community VAT fraud.

While the legality and regularity of revenue is

covered each year by a chapter in the ECA's annual report, as reminded by Josef Edelmann, facilitator and administrator in Chamber IV, the ECA's special reports have a much wider scope and assess the management of the efficiency of the Commission and the Member States in this area.

The first presentation by José Parente was on the annual statement of assurance audit of the own resources of the EU.



On 26 May 2014, a new own resources legislative package was formally approved by the Council but so far only 24 Member States have notified its ratification. Once the decision on own resources has been approved by every Member State, the rules will apply retroactively as of 1 January 2014, and the Commission will have to recalculate all own resources contributions made since that date.

VAT

The VAT-based own resource is not a “direct resource” as it is not a percentage of the amount of VAT collected in the Member State that is made available. It is based on the amounts collected, but some statistical corrections are applied.

Carlos Soler Ruiz, head of task in Chamber IV discussed the audit on intra-Community VAT fraud and the ECA's Special Report 24/2015 “Tackling intra-Community VAT fraud: more action needed”.

He explained how a carousel fraud scheme works and the main constraints affecting the fight against VAT fraud. He gave in particular an overview of the administrative cooperation tools in place.

Member States are happy with the current administrative cooperation framework but there are problems with the accuracy, completeness and timeliness of data. In particular VIES, which provides information on intra-Community transactions shows occasional reliability problems inter alia because Member States often do not act upon error messages nor do they assess the trader's VAT-related risks before allocating a new on VAT identity number. In addition to that, not all VAT-exempted imports under customs procedure 42 are reported in VIES and tax authorities in the Member State of destination are not aware that goods have been transported to them.

The ECA found that the EU system is not sufficiently effective and is adversely affected by a lack of comparable data and indicators on intra-Community VAT fraud at EU level.

There is lack of cooperation and overlapping competences of administrative, judicial and law enforcement authorities to fight against VAT fraud. Europol, for example, has no access to the Eurofisc fraud observatory where trends in fraud are analysed, and OLAF has no competence to investigate fraud.

Common risk analysis tools to render Eurofisc an efficient early warning system are lacking. The reverse charge procedure can be considered a useful tool but delays of introduction by certain countries lead to fraudsters moving to these countries.

Since 2015 there is new legislation on e-commerce which follows international best practices but is difficult to enforce. The Commission will therefore, as part of its [Digital Single Market strategy](#), present a legislative proposal by the end of 2016 to modernise and simplify VAT for cross-border e-commerce.

At a later point, Klaus-Heiner Lehne, the German ECA Member, joined the meeting and the Questions and Answers session.

One of the questions from the German side was how to tackle the issue of revenue when competences are split between the local and national level and how to find the audit points of intersection with the EU as methodologies differ.

VAT is mainly a national income and the percentage which goes to the EU budget relatively modest.

VAT audit is therefore a delicate subject in the Member States. The ECA, on its side, mainly checks the procedures the Commission has in place to safeguard the financial interests of the EU. The ECA does not directly test the statistics and data provided by the Member States.

Two special ECA reports concern VAT: the Special Report 24/2015 “Tackling intra-Community VAT fraud: More action needed” and the Special Report 13/2011 “Does the control of Customs Procedure 42 prevent and detect VAT evasion?”

In the end, the EU and the Member States face the same challenges. According to Europol's representatives, it is estimated that 40-60 billion euro of the annual VAT revenue losses are caused by organised crime groups and that 2 % of those groups are behind 80 % of the missing trader intra-community (MTIC) fraud. Belgium succeeded in reducing the losses related to fraud by 85 % in only two years by adopting a ‘joined up’ approach with better cooperation between authorities which allowed a focus on the disruption of organisers rather than targeting missing traders. This calls for strong cooperation.

Germany with its federal system faces the same challenges as the EU with its Member States, the main area of concern being the coordination between the law enforcement authorities, the prosecuting authorities and the tax authorities.

That VAT is a subject which encounters great interest in Germany was also proven by the detailed and technical issues discussed after the presentations. The ECA highly appreciates this kind of high level exchange with colleagues from the national audit administrations and calls on them to join in the common commitment to fight fraud.

9 June 2016

By Prof. Dr. Eric Dubois, Luxembourg Institute of Science and Technology



By Prof. Dr. Eric Dubois

LIST (Luxembourg of Science and Technology) is a public research and innovation institute located in Luxembourg. Its mission is to help private and public organizations to innovate in the domains of environmental, material and information technologies (IT).

In a complex, and continuously changing, technical, social environment, innovative organisations need to put in place smart systems to rapidly analyse, predict and manage the needed transformation and adaptation of their operation. The role of the "IT for Innovative Services" department of LIST is to design and develop new IT solutions for implementing these smart systems.

One of a driver for the transformation of organisation is the need for being compliant in implementing best practices, norms, standards and regulations. The deployment of them is usually expensive in terms of resources and time, including activities needed for reporting to internal and external audits as well as to regulators. LIST is developing different tools and methods for supporting compliance and audits. Two of them are reported in the rest of this paper.

TIPA Executive Summary

TIPA® is a standard-based methodological framework for process assessment. Its first version was published in 2003 by the Public Research Centre Henri Tudor based in Luxembourg. TIPA is now a registered trademark of the Luxembourg Institute of Science and Technology (LIST).

TIPA uses the generic approach for process assessment published by the ISO in ISO/IEC 15504[2] – Process Assessment (now ISO/IEC 33000). The TIPA Process Assessment Method can thus be used to assess processes from any field of activity (IT or business). A process assessment is conducted to understand the current state of practices in an organization in a particular domain. The goal is to compare these practices to the state-of-the-

art or to a standard so that the processes can be measured and appropriate suggestions for process improvement can be made. Classes of assessment enable to size the effort based on the available resources and the required level of confidence on the results while keeping a rigorous approach for the assessment.

The TIPA framework has been successfully transferred to the market in the domain of the IT Service Management. The "TIPA for ITIL" community counts now more than 250 TIPA certified Assessors and Lead Assessors in 25 countries on the 5 continents with big names adopting it in all sectors of the economy.

The TIPA framework is industrialised to be used whatever the sector for capability determination in a process improvement or supplier/provider selection context. It can also be used to support process risk determination. Process models have been designed to support effective assessment in various domains and TIPA can thus already be used for Information Security Management System based on ISO/IEC 27001, e-Archiving (based on Luxembourg PSDC regulation), Operational Risk Management (based on Basel II Accord), Know Your Customer for banks and Funds contexts, Management Systems (based on ISO structure for Management System Standards), Knowledge Management, and dedicated business processes (in-house specific process descriptions). It enables to perform combined assessments or to assess management systems integrating several standards or frameworks. The TIPA process models are developed applying goal oriented requirements engineering techniques that support the quality characteristics expected for their compliance (traceability, comprehensiveness, usability, *assessability*). TIPA also supports process improvement by providing a gap analysis. The TIPA framework is supported by a toolbox that provides templates and software tools for every single step of the assessment process. The toolbox can be customized to any application domain. The TIPA method has been published in 2009, and a dedicated training and certification programme launched in 2011.

This makes TIPA a unique, robust solution.



TISRIM

TISRIM is a software tool to manage risks easily, efficiently, autonomously and in compliance with international standards and expectations of regulators.

Today, risk management has become a key activity in the management of organisations and the reporting to regulators. Many regulations and standards require organisations to have a risk-based approach for service management, quality management and information security management. However, it remains a challenge to develop a pragmatic, compliant and efficient risk management approach that will produce relevant and maintainable results. With this in mind, LIST has developed TISRIM, a tool that guides organisations in implementing risk management in an easy, efficient and autonomous manner.

TISRIM exploits the information required for risk management within the guidelines of ISO/IEC 31000, developed by specialists in risk management. Fully aligned with international best practices in risk management and national requirements, the application also includes numerous facilities to increase the timeliness of such a study and automate most of the process.

The targeted markets for this application are organizations (from small to large) with a security manager or risk manager leading the process and gathering relevant information from different stakeholders. It includes companies performing several risk management processes on different scopes within the company.

The use of TISRIM presents several benefits:

- compliance with the standards ISO 31000, ISO/IEC 27005, ENISA guidelines, CSSF circulars, makes the tool suitable for any type of organization
- facilitates and accelerates the risk assessment process and related reporting to regulators
- produces comparable, reproducible and maintainable results
- extensions available for Telecommunications Service Providers (TSP), Support PSF and others (under development)

TISRIM can be used by:

- consultants who want to perform a risk assessment for their clients
- the internal risk managers, compliance managers, IT team and the SSI practitioners to carry out a risk assessment of their company
- certification and reporting

Visite de l'AFROSAI-GIZ WOMEN Leadership Academy à la Cour des comptes européenne

23

10 juin 2016

By Rosmarie Carotti



L'Afrosai-GIZ Women Leadership Academy (WLA)
First row, third from left:
Danièle Lamarque, ECA Member

La Deutsche Gesellschaft für Internationale Zusammenarbeit (Société allemande pour la coopération internationale, GIZ) aide le gouvernement allemand à atteindre ses objectifs dans le domaine de la coopération internationale et du développement durable. Elle travaille à des projets et à des programmes centrés sur des thèmes divers, dans le monde entier.

L'AFROSAI-GIZ Women Leadership Academy (WLA) est l'une des initiatives que la GIZ met actuellement en œuvre dans le cadre du projet Good Financial Governance in Africa (Bonne gouvernance financière en Afrique), en coopération avec l'Afrosai, l'organisation africaine des institutions supérieures de contrôle.

Un sondage de l'AFROSAI a montré que la plupart des postes décisionnels dans les Institutions Supérieures de Contrôle africaines sont occupés par des hommes. Comme réaction, l'AFROSAI a-t-il mis en place une stratégie en matière d'égalité entre les hommes et les femmes pour l'ensemble de la région. C'est dans ce contexte que s'inscrit la Women Leadership Academy qui vise à renforcer les compétences des femmes dirigeantes en matière de réflexion stratégique et de gestion dans leurs domaines d'expertise respectifs. Ce programme, d'une durée d'un an, comprend entre autres des cours en ligne et le développement de projets de réforme portant sur des thèmes divers.

Le programme, consacré à l'audit externe, est organisé en trois étapes, la première à Libreville, à la Cour des Comptes du Gabon, la deuxième en Allemagne, avec une visite de la Bundesrechnungshof (la Cour des comptes fédérale) et de la Cour des comptes européenne à Luxembourg. La troisième étape aura lieu en Afrique du Sud en Novembre 2016.

La Cour des comptes européenne a ainsi reçu la visite de cadres occupant divers niveaux de responsabilités issues de ISC africaines (Burkina Faso, du Cameroun, du Tchad, du Congo, du Gabon, du Kenya, du Malawi, du Niger, du Rwanda et d'Afrique du Sud). Au cours de cette journée, les déléguées ont eu l'occasion de se familiariser avec le fonctionnement de la Cour des comptes européenne et de débattre du leadership chez les femmes, de l'évolution de carrière et de l'égalité des chances au sein des ISC.

La délégation a été accueillie par Mme Danièle Lamarque, Membre de la Cour des comptes européenne, qui a exposé les grands principes qui régissent l'exercice du mandat des ISC (indépendance, accountability, professionnalisme) et présenté le fonctionnement de la Cour des comptes européenne. Elle a décrit les différentes composantes de l'indépendance de la Cour : sa place dans les institutions européennes, le mode de nomination de ses membres et du président, la collégialité, la contribution au débat public. Elle a précisé comment la Cour garantit la qualité et l'objectivité de ses travaux, rend compte de ses résultats, assure le suivi de ses recommandations et soumet son fonctionnement à l'examen de ses pairs.

Les autres intervenants ont présenté la politique de la Cour en matière de leadership et égalité entre hommes et femmes, management des ressources humaines, communication. Ils ont discuté le rôle et le mandat de la Cour, sa réforme récente ainsi que ses travaux et méthodes d'audit. Chacun de ces exposés a donné lieu à de nombreuses questions et à des échanges très riches.

**Special Report
N°11/2016****Strengthening administrative capacity in the former Yugoslav Republic of Macedonia: limited progress in a difficult context**

In this report the Court examines whether the Commission's support to the former Yugoslav Republic of Macedonia has contributed effectively towards building up the administrative capacity of the country to prepare it for membership of the EU. The Court concludes that there was relatively limited progress during the period audited (2007-2013). This was largely due to insufficient political will in the country to tackle some of the obstacles to strengthening administrative capacity and to reduced leverage in key areas for the Commission in the absence of a framework for accession negotiations. At the same time, the Court points to shortcomings in the Commission's management of the audited projects.

This report was published on 27 June 2016 and is available on our website www.eca.europa.eu.

**Special Report
N° 14/2016****EU policy initiatives and financial support for Roma integration: significant progress made over the last decade, but additional efforts needed on the ground**

At an estimate of 6.2 million, the Roma population is the EU's largest ethnic minority. But it is mostly marginalised. This report assesses whether EU policy initiatives and financial support in Bulgaria, Spain, Hungary and Romania have contributed effectively to Roma integration. Some €1.5 billion has been earmarked for the integration of marginalised communities such as Roma between 2014 and 2020. We found that while the European Commission has made significant progress in setting out policy initiatives to promote Roma integration, obstacles and dilemmas remain and additional efforts are required at both Commission and Member State level.

This report was published on 28 June 2016 and is available on our website www.eca.europa.eu.

Special Report
N°16/2016**EU education objectives: programmes aligned but shortcomings in performance measurement**

Investment in education is crucial for improving labour productivity, professional development and economic growth. The level of education achieved has a direct link to both employability and the quality of employment obtained. The European Social Fund contributed nearly €34 billion to supporting education measures between 2007 and 2013 and plans to allocate a further €27 billion between 2014 and 2020. We assessed whether the EU's education objectives had been adequately considered in the programmes and related projects undertaken before 2013 and in their design for the future. Overall, we concluded that they have been adequately considered. However, we found some shortcomings in monitoring and project performance could not always be demonstrated because of a lack of quantified objectives and indicators.

This report was published on 30 June 2016 and is available on our website www.eca.europa.eu.

Sharing audit programmes, planning common activities: a meeting between the ECA and the French Court of Auditors

By Danièle Lamarque, ECA Member



Phil Wynn Owen, Danièle Lamarque, Henri Grethen, ECA Members ; Didier Migaud, Président de la Cour des comptes française;; Henri Paul, rapporteur général

A meeting was held in Paris on 23 May between representatives of both the French Court of Auditors and the ECA. The purpose of the meeting was to discuss both Courts' audit programmes and find areas where it might be beneficial for the two Courts to cooperate. The ECA's delegation was composed of Henri Grethen, Danièle Lamarque and Phil Wynn Owen, Members, Marc Hostert and Dirk Pauwels, heads of cabinet, Zacharias Koliass and Martin Weber, directors, Pietro Puricella, Niels-Erik Brokopp and Michael Bain, Principal Managers, Sylvain Lehnard and Luc T'Joen, administrators, Thibaut Brocart, intern, and Nathalie Di-Gennaro, assistant.

The meeting was opened by Didier Migaud, First President of the French Court of Auditors, and chaired by Henri Paul, rapporteur-general in charge of public reports and audit programmes. Thirty French magistrates and auditors attended, members of all chambers of the French Court. The participants split into five round tables to discuss specific audit areas, and shared their conclusions in a closing wrap-up session. Many very positive and constructive conclusions were drawn from these meetings.

Public finances and financial and economic governance

A discussion was held on budgetary questions, where the two Courts shared their views about their

audits (in particular, those covering the European semester, assistance to Greece, and macro-economic imbalances) and about the financial sector. Since the Single Supervisory Mechanism (SSM) was established in 2014, neither the French Court of Auditors nor the ECA has had access to the supervisor's reports. Both institutions agreed on the need to update their respective audit mandates in order to avoid any audit gap.

Transport

In this area, cooperation between both institutions is already very intense, with an annual meeting covering common audit themes. This is a practice which may serve as an example for other chambers.

The auditors exchanged views on different topics: financing infrastructures and transport services, and how best to allocate resources (high-speed trains, rail freight, and air, sea or river transport); the impact of EU funding on French transport policy (the Lyon-Turin tunnel, the single European sky, etc.); further reflections about the business model of transport infrastructures; and *ex ante* and *ex post* assessment methodologies to be used for auditing large scale infrastructure projects. The French auditors were interested by the ECA's evaluation of regulation costs, which are still underestimated in France.

Environment and energy

The discussion focused on two main areas: the interconnection of electricity and gas markets, and the development of a common European standard. Both institutions have carried out audits on similar topics (broadband coverage in rural areas and aid to renewable energy in the rural sector). The French Court also expects significant added value for its work from the ongoing landscape review on the European Energy and Climate strategy.

A topic to be considered in the coming years was identified: the adaptation of agriculture to climate change.

Migration and asylum

Both institutions are concerned with this sensitive issue, which is set to remain at the top of the European agenda. After exchanging views on their past and current audits in this area, the panel considered the opportunity to follow up and further exchange information on an audit of the AMIF (asylum, migration and integration) Fund planned for 2018 or 2019. This initiative is supported by the rapporteur-general of the French Court.

Cohesion, agriculture and other funds

The implementation of cohesion and agriculture funds was the subject of a round table: the associated regulation is considered to be very complex, with increasing management costs due to the development of European and national requirements and control systems.

A suggestion was made to evaluate recommendations in order to avoid additional costs arising from their implementation.

The decision was also taken by the French Court to follow up the implementation of the ECA's recommendations concerning agriculture policy. The rapporteur-general backed this initiative, which will be the subject of a specific section in the French Court's annual report, in the chapter dedicated to the follow-up of recommendations.

This meeting was recognised as a good opportunity to exchange views on audit matters and to improve planning and cooperation between the two institutions.

By Karlijn van Bree and Gaston Moonen, Cabinet of Alex Brenninkmeijer



“National parliaments can play a key role”

On Monday 13 June 250 parliamentarians and delegation staff from all over Europe gathered in The Hague for the plenary COSAC meeting. The COSAC is intended as an exchange of information and best practices between the different national parliaments. Members of the European Parliament participate in the conference as well. The European Court of Auditors was invited to discuss how its reports can contribute to the work of national parliamentarians.

Dutch Prime Minister Mark Rutte addressed the participants. In his speech he reflected on the Dutch presidency of the Council of the European Union. He indicated that national parliaments, if they work together, can be important operators in the EU: “National parliaments can play a key role. A single parliament can play a limited role. Together the national parliaments can achieve great things: you can give the parliaments the loudest voice in the EU. National parliaments form the bridge between society and Brussels and can greatly affect public opinion on the EU.”

During the first session the parliamentarians discussed ways of exercising parliamentary scrutiny of EU dossiers. At this session the tools available to national parliaments for influencing European policy, particularly the different card procedures, and how they might be used in political dialogue were discussed. The discussion topics included use of rapporteurs and procedures for the yellow

or green card¹ and the informal meetings attended by representatives of the European Parliament, the Council and the Commission, the so-called “trilogues”, were discussed as well. To conclude the morning session First Vice President of the European Commission Frans Timmermans was interviewed.

During the lunch break two informal side sessions were held. The Dutch rapporteurs for the Single European Sky (SES) organized a meeting on the implementation of the SES, during which representatives of the ECA provided information on the Court’s activities in this area. At the initiative of the Estonian parliament an additional informal session was dedicated to the collaborative economy, on which the parliamentarians from Estonia wished to exchange ideas with fellow parliamentarians.

Presentation European Court of Auditors

The programme for Day 2 opened with the session on the ECA. Dutch senator Joris Backer introduced the session: “Why have we placed the European Court of Auditors on the agenda today? Because it affects all of us and all our parliamentary committees. We are convinced that auditing is a matter for us to exert influence at European and national level. How did we spend our money in the EU? This question can be a good wake-up call for us.”



Ville Itälä, ECA Member; Alex Brenninkmeijer, ECA Member and Joris Backer, senator

¹ Members of parliament gained new powers in 2009 with a yellow card system under which a third of parliaments can raise the alarm if they feel the Commission is legislating in an area which is better dealt with at a more local level (subsidiarity). The Green Card is a new initiative (2014), which enables the parliaments to join forces to make proposals to the Commission, and thereby influence the development of EU policy.

The ECA Members present, Alex Brenninkmeijer and Ville Itälä, spoke with the parliamentarians about closer cooperation between the national parliaments and the ECA. Brenninkmeijer mentioned that “If we want to improve government at national and European level, there are lessons to be learned from past performances.” Alex Brenninkmeijer also noted the need to explore ways to improve cooperation between the ECA and the national parliaments. There is not just one single way of working together; rather, the approach needs to be customised. A video was shown in which national parliamentarians from Finland, Italy, Luxembourg and the Netherlands shared their views on their experiences with the ECA and the special reports. The importance of contacts at staff level, a clear overview of the upcoming special reports, a newsletter and regular presentations at the national parliaments were some of the topics mentioned during the conference.

Cooperation between the ECA and national parliaments

Participants had the opportunity to debate with ECA Members and gratefully used the occasion. The Italian and Portuguese delegations stressed the importance of enhanced cooperation and greatly appreciated the presentations of special reports by ECA Members in their national parliaments and they look forward to strengthening these contacts in the future. Regina Bastos, Member of the Portuguese Assembly, stated that a great number of topics audited by the ECA are very relevant for Members of Parliament, such as the Single Supervisory Mechanism, EU biofuels policy and Food Waste. Food Waste was the topic of the first-ever 'Green Card', proposed by the Lords EU Committee, and co-signed by 15 national parliaments, which called on the Commission to take action to reduce food waste. British Member of the House of Lords, Hilary Armstrong, asked what the ECA does to ensure that big companies pay their taxes. Alex Brenninkmeijer replied that the ECA can look at the effectiveness of the Commission policies on this issue. Nadia Ginetti, Member of the Italian Senate, wondered if the ECA was actively involved in combating fraud in European Social Funds. The ECA Members pointed out that there is cooperation with OLAF and that a special report on financial instruments will be published next month. The Belgium delegation was curious to know how they can put forward proposals for audits by the

ECA. Alex Brenninkmeijer suggested contacting the ECA Member of their Member State. Dutch MP Anne Mulder attended an interesting presentation on EU VAT fraud and stressed the possibility of Member States to learn from best practices in other Member States, such as the United Kingdom and Belgium when it comes to combating VAT fraud. Moderator and Senator Joris Backer raised the issue of the role of national parliaments to provide more information and assurance on a consolidated basis on the implementation of EU policies and programmes in their own Member States. Alex Brenninkmeijer explained that a national assurance declaration might work well in some Member States but not in others because of the complexity of the way they are organised.



Ville Itälä, ECA Member; Alex Brenninkmeijer, ECA Member and Joris Backer, senator

During the debate Ville Itälä explained how important cooperation is between the ECA and the national parliaments: It's very important that we get feedback also from national parliaments; in relation to our published reports as well as in relation to relevant audit topics. Cooperation is key, we have to look at issues which are relevant to citizens in the Member States, such as food waste and migration and we have to give information to each other, for example to deal with error rates that are too high. Ville Itälä also spoke about accountability: To improve accountability, for example in the area of agriculture, we need better and simpler regulations.

Debate on migration

The second session of the day focused on the very topical migration issue. Kamran Ullah moderated the discussion about the implementation of

the agreements between the EU and Turkey. Gerald Knaus, chairman of the European Stability Initiative, introduced this topic and indicated in which areas the EU-Turkey Agreement is working, and where it is not: "Let's make the Agreement work." The lively panel debate that followed addressed the role of all member states in the migration issue. The EU should achieve its values, give and take and "show that this is serious." That the migration issue is much discussed in the EU became clear from the large number of parliamentarians who then requested speaking time.

Next, the Slovak delegation had the opportunity to showcase the Slovak presidency, which will begin on 1 July 2016. This conference marks the conclusion by the Dutch parliament of the last of six successful conferences.

Links to the videos of the Plenary COSAC meeting:

<https://www.youtube.com/watch?v=ApOwwzJpabc>

<https://www.youtube.com/watch?v=E3JkgKeWwFE>

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