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Rédacteur en chef / Editor in Chief:  
Rosmarie Carotti

Tél. / tel.:  
00352 4398 - 45506

E-mail :  
rosmarie.carotti@eca.europa.eu

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FOR MORE INFORMATION  
AND PAPER COPIES :

European Court of Auditors  
12, rue Alcide De Gasperi  
1615 Luxembourg, LUXEMBOURG  
eca-journal@eca.europa.eu

[eca.europa.eu](http://eca.europa.eu)



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# ECA Seminar on auditing energy and climate – Challenges and opportunities for Supreme Audit Institutions

By Katharina Bryan, private office of Phil Wynn Owen, ECA Member

Auditors from 19 EU/EEA Supreme Audit Institutions (SAIs) and the ECA came together to discuss the challenges they face in auditing energy and climate and identify potential opportunities for our audit profession in this field. The seminar on 19 and 20 January, was organised under the auspices of the private office of Phil Wynn Owen, ECA Member, in the framework of the ECA's Landscape Review of EU Energy and Climate. It had been announced at the Contact Committee meeting in Bratislava<sup>1</sup>.



Mechthild Wörsdörfer, DG ENER



Artur Runge-Metzger, DG Clima

## Why did we organise a seminar on this topic?

Having a seminar with workshops enabled us to discuss with colleagues our emerging findings in the landscape review, test some ideas and collect feedback. EU SAIs have contributed directly or indirectly to the landscape review via a collection of audit reports written over the past five years, a survey and presentations to the Contact Committee. The seminar aimed to develop further our discussions about the challenges and opportunities for SAIs in auditing cross-cutting energy and climate issues.

At the same time ECA auditors working in the field of energy and climate were invited actively to participate and were able to draw from the SAIs experiences for current and future audits. Workshops featured presentations from six SAIs, two ECA audits and a climate and energy economist.

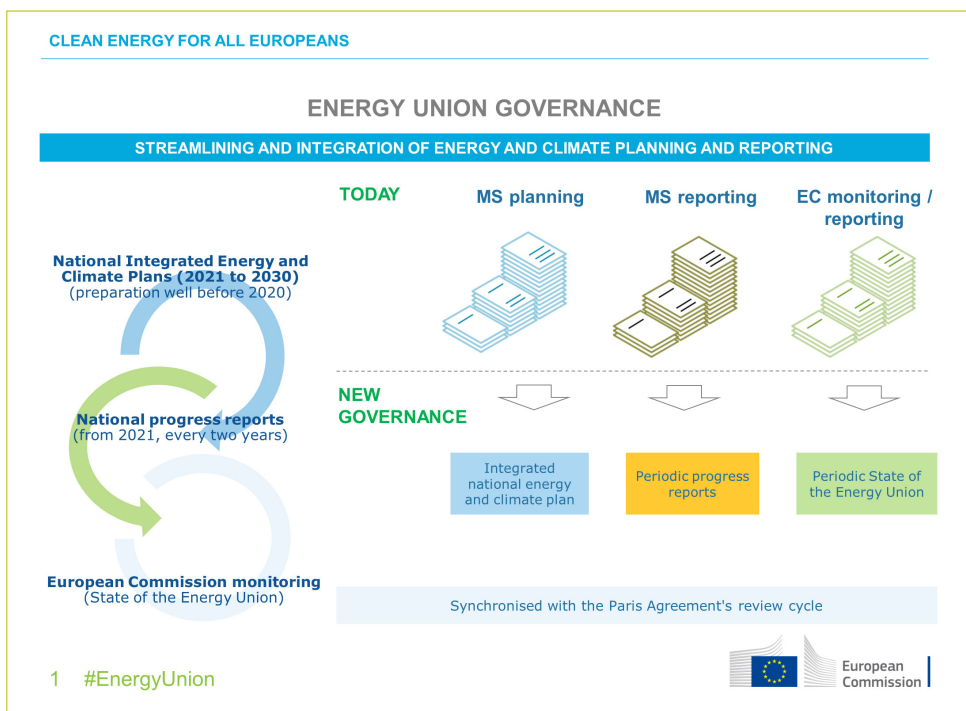
<sup>1</sup> See ECA Journal 12/2016, More cooperation needed to audit energy and climate policies effectively, by Radek Majer.

# ECA Seminar on auditing energy and climate – Challenges and opportunities for Supreme Audit Institutions *continued*

## What is the policy context in EU Energy and Climate post-Paris?

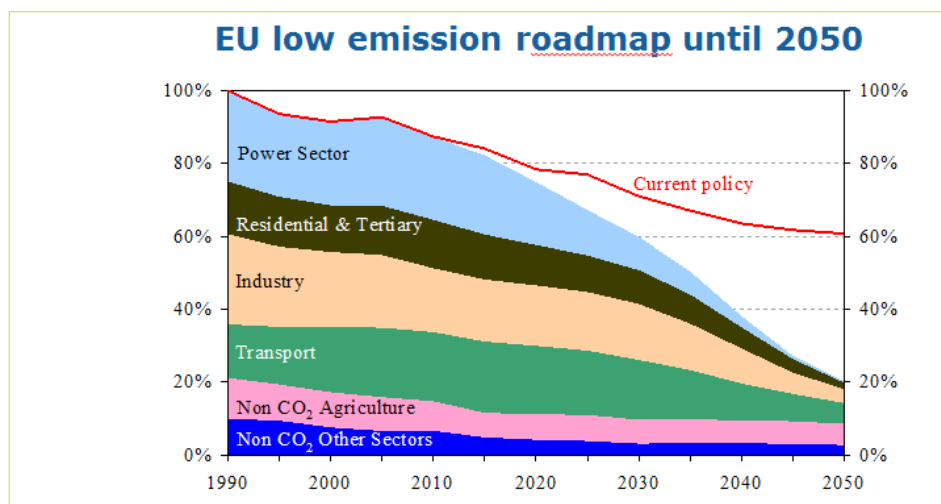
The first day of the plenary, moderated by *ECA Member Phil Wynn Owen*, was used to set the scene and gain first-hand information by two experienced Commission directors.

*Mechthild Wörzdörfer, DG ENER*, presented the Commission’s Clean Energy for all Europeans Package, released in November 2016. Next to the updates on renewable energy and energy efficiencies, she explained the Energy Union governance proposal included in the package. This governance system would include for Member States to draw up integrated Energy and Climate plans.



Source: European Commission

*Artur Runge-Metzger, DG Clima*, spoke about the way forward for the climate agenda post Paris agreement, pointing out that Paris Agreement was a major success in mobilising international climate action, and that its implementation is now key. On a European level, he highlighted the existing gap that needed to be filled between the current policy pathway and the EU’s 2050 roadmap target to reduce greenhouse gas emissions by 80% by 2050.



Source: European Commission

## ECA Seminar on auditing energy and climate – Challenges and opportunities for Supreme Audit Institutions *continued*

The second day plenary session, chaired by *ECA Member Samo Jereb*, was used to report back on the outcome of the workshops. Both SAI and ECA auditors working on energy and climate were represented.

Here are some of the workshops' results.

### What are the main risks and challenges in (auditing) energy and climate?

*Katharina Bryan, moderator of the workshop on main risks and challenges:* Stepping out from our traditional auditor's role we asked the participants to identify the main risk and challenges for the EU in energy and climate: *Governance in Energy and Climate, low price of allowances in the EU Emission Trading System, policy conflicts, importance of consumer behaviour and the adaptation challenge* were among the top five issues raised.

*Olivier Prigent, Head of Task of the Landscape Review:* The discussions we had in the workshop matched what we found during our work on the landscape review. During the workshop, challenges identified by SAIs in *auditing* the area come from both outside their institutions and inside. We discussed, for example, the limited financial weight of environmental sectors leading to lower prioritisation, or the challenge to audit policies not in isolation but to consider them within the energy and/or climate framework.

### Should auditors get excited about auditing monitoring and reporting of greenhouse gas emissions?

*Stefan den Engelsen, moderator of a workshop on auditing monitoring and reporting of greenhouse gas emissions:* Our discussions showed that this is an area where awareness and knowledge is at a basic level, but the participants were excited to learn more. Talking about the potential role of auditors in the monitoring, reporting and verifying of greenhouse gas emission and the EU Emission Trading System, we found that there are some potential opportunities for us as auditors. It could also be a fruitful field for future cooperation.



Auditing the numbers : Measuring, reporting and Verification (MRV) of greenhouse gas emissions and budgetary data

### How to take into account the societal and longer term impacts when auditing the funds devoted to energy and climate change?

*Erki Must, moderator of the workshop on cost-effectiveness in the area of energy and climate:* Our discussions showed that certain SAIs had already done considerable auditing of cost-effectiveness of energy programmes. Some considered more short-time cost issues, whereas others found longer term-impacts, for example stranded assets. We found that one of the challenges in auditing cost-effectiveness and its impacts is to set the right frame for the audit, establishing a long-term perspective and consider a systemic view of the issues.

*Thank you to the many SAIs and ECA colleagues which contributed to the organisation and implementation of this seminar!*

# ACCA President's debate «Accounting for Public Goods: the Social and Natural Capital Imperatives»

Brussels, 8 February 2017

By Rosmarie Carotti

**Key note speaker: Phil Hogan EU Commissioner for Agriculture and Rural Development**



ACCA was represented by its President Brian McEnergy and the panel discussion moderated by Maggie McGhee, ACCA Director, Professional insights.

Other participants were:

- Corrado Pirzio-Biroli, CEO of the RISE Foundation
- Eva Mayerhofer, Lead Environment and Biodiversity Specialist, European Investment Bank
- Michel Bande, Senior Executive Vice-President, Solvay
- Humberto Delgado Rosa, Director, DG ENVI, European Commission

## Introduction

ACCA, which is the largest global accounting body, aimed with this debate to foster effective engagement among policymakers, investors, landowners, landmanagers, businesses, natural capital specialists and accountancy professionals.

ACCA President Brian McEnergy underlined that all businesses, either directly or indirectly depend upon natural capital. Yet there is an unprecedented erosion of natural resources. Policy makers have been warning the world for decades.

In September 2015, the UN Sustainable Development Goals were adopted around the world. They were born with the objective to produce a set of universal goals that meet the urgent, environmental, political and economic challenges facing our world.

Business managers are called on to consider the effects of their decisions not only on finance but also on social systems and natural capital. A part of the answer to address the world's natural capital crisis lies with the accounting profession. A little over a year ago ACCA conducted research into the role that accountants are playing in the development of thinking, practice and frameworks for accounting for and reporting on natural capital by businesses.

## ACCA President's debate «Accounting for Public Goods: the Social and Natural Capital Imperatives» *continued*

While natural capital has just reached the periphery of traditional financial reporting standards, President Brian McEnergy is convinced that there will come a time when material impacts on natural capital are considered in mainstream corporate reporting and in mainstream corporate decision-making.

Traditional professional accounting skills have proven useful in the development of natural capital frameworks and standards. This has required the gathering and analysis of data, a consideration of materiality, the management of risk, evaluation of assets and liabilities and an understanding of corporate reporting. Also research found that the participation of the accounting profession at this early stage has been immensely valuable.

But while the development of a framework or standard for natural capital reporting is important, the need of the final user shall not be forgotten. Over the past decade, financial and corporate reporting has been steadily growing broader but has also led to a disclosure overload. Materiality is more important than ever, however different perspectives need to be considered before it is possible to reach a single conclusion on the way how to report and account for natural capital.

### The role of the Commission

Commissioner Phil Hogan focused on how policy can support the provision of public goods. Farmers are central to the debate in relation to how to ensure the adequate provision of public goods for the whole society.

Europe's Common Agricultural Policy has evolved. In addition to ensuring the provision of affordable, safe and good quality food products, the CAP now has an increased focus on meeting other societal needs. Agriculture contributes to food security, economic growth, social cohesion, sustainability and geo-political stability.

Policy can intervene in three ways: regulation, compensation, and facilitation. The CAP has undergone several waves of reforms, with the latest reform decided in 2013 and implemented in 2015. Some key note figures from the speech underline that what the CAP already delivers is real and measurable:

About € 43.8 billion of the total European Agricultural Fund for Rural Development budget has been allocated to Priority 4 (restoring, preserving and enhancing ecosystems related to agriculture and forestry).

Together with the € 7.6 billion for priority 5 (resource efficiency and climate action) the total allocation to the two priorities accounts for 51.8% of the total EU budget for rural development.

These funds will trigger € 2.7 billion of public and private investments for projects aimed at reducing greenhouse gas (GHG) and ammonia emissions.

In addition, about 18% of agricultural land and 3.8% of forest land is under management contracts supporting biodiversity and/or landscapes.



From left to right: Lazaros S. Lazarou, ECA Member; Phil Hogan, EU Commissioner for Agriculture and Rural Development; Brian McEnergy, ACCA President

## ACCA President's debate «Accounting for Public Goods: the Social and Natural Capital Imperatives» *continued*

The EU has signed up to new international commitments, especially those concerning climate change, through the Conference of Parties COP 21, and broad aspects of sustainable development through the UN's Sustainable Development Goals. Currently, the Commission is also conducting a comprehensive public consultation on the simplification and modernisation of the CAP. The results of this consultation process will be published and communicated in a public conference in July 2017.

### “Professional accountants – the future”

ACCA recently published under this title an ambitious report and an important piece of research on the future of professional accounting with which it drives a change to 2025. It is mainly about ACCA's corporate reporting becoming more holistic, less focused on numbers and covering more strong narrative stories.

It is time to have a discussion to concretely address challenges and define the next steps to further embed natural capital and social considerations in business decision making.

### Modernisation seen by the Rise foundation

The Rural Investment Support for Europe (RISE) Foundation is an independent foundation which strives to support a sustainable and internationally competitive rural economy across Europe, looking for ways to preserve the European countryside, its environment and biodiversity, and its cultural heritage and traditions.

Globally food systems are responsible for 60% of global biodiversity loss, around 24% of the global greenhouse emissions and 33% of degraded soils. Recent studies on the economics of the ecosystems suggest that the welfare loss is of the order of € 50 billion a year close to 1% of GDP a year. In this context, accounting of public goods is of the essence to save the environment.

While European agriculture played a positive role, notably as regards, food, soil, carbon emissions and renewable energies, the Rise Foundation feels it continues to cause environmental damage in respect to soil degradation, water consumption and gas extraction. The next CAP reform must take into account the international commitments of the sustainable development goals and COP 21 on climate change as well as other recently introduced commitments enhancing the delivery of public goods.

The current food production is unsustainable and absorbs a substantial amount of public support. It is imperative to enhance, better integrate and streamline the role of the landmanagers. Policy action is needed to strengthen the ability of new farmers. They run their often small businesses, sandwiched between the immense market power upstream of input suppliers and that of downstream processors and retailers. Also the pursued further liberalisation of agricultural trade could have a massive impact on farming income in Europe. Many farmers feel already today that there is too little return on their work; their primary objective is to stay in business rather than innovate. Their economic sustainability cannot be ignored.

The Rise foundation also questions whether it is still acceptable that the trade and consumers do not as yet contribute to internalise into food prices the cost of the environmental damage caused by the production of food that they are purchasing. That's why ecosystem accounting is so important and in its recent study on sustainable intensification the RISE foundation stresses that sustainability improvement depends on the availability of appropriate indicators.

## ACCA President's debate «Accounting for Public Goods: the Social and Natural Capital Imperatives» *continued*

### “You can't manage if you can't measure”

The EIB feels there is a need to move forward in terms of evaluation of biodiversity and introspection in order to be able to mainstream biodiversity in all the activities and sectors. A strong powerful signal that creates that demand is needed together with direct regulation so that investors especially in the private sector feel comfortable to invest.

In terms of accounting the public good the EIB aims to look beyond the financial data. It has revised and improved the existing carbon footprint assessment methodology; and is strengthening its standards on biodiversity. The EIB together with other key institutions like the Development Bank is also looking into environmental projects for businesses. This contributes to a better understanding of the trade-off between investment and biodiversity.

Together with the environmental agency of the World Bank Environment Agency and IFAC the EIB is considering suitable evaluations and methodologies. Streamlining them is a must, although there cannot be just one methodology. Major challenges remain: the availability of data, their reliability and the collaboration with the stakeholders.

### Ecological instability

The ecological instability is not only an environmental issue. The quest for sustainability is a challenge for accountants, too. At EU level, the Commission and DG ENV have started working on accounting at national level together with Eurostat. Now they want to extend this into capturing ecosystem accounts in services and values. The deadline set by the Commission to contribute to the UN experimental standards on ecosystem accounting is 2020. These systems of accounts shall be integrated alongside the usual system of national accounts. The Commission is also working with the private sector, to define non-financial disclosure and non-binding guidelines for companies to implement the non-financial reporting directive. DG ENV is also working together with businesses in the EU Business and Biodiversity Platform.

### The corporate view

Accountants will not save the world because they are far away from having the right procedures, the right standards and the right approach to convince the investors.

From the corporate perspective, the role of a company is to convince the investor that thanks to a sustainable policy value a sustainable business is created. A chemical company like Solvay loves to measure everything scientifically. Thanks to regulation, or because of it, it is transparent and publishes an incredible amount of data. Disclosure is mandatory. Many people calculate, measure or release substances.

The problem lies in a certain lack of measurement of the impact. How to consolidate is Solvay's problem. This is the only way to convince an investor. The most difficult part is the social one where different standards need to be aligned.

### Conclusion

Environmental audits are one of the most suitable areas for Supreme Audit Institutions' (SAI) cooperation, because environmental issues (climate change, water and air pollution, waste management, etc ) do not recognise state borders set by governments.

Also the ECA is addressing the challenge of environmental auditing and sees the potential for taking part in more of this type of work.

# L'audit du contrôle interne de l'État en France

Par Stéphanie Girard, attaché de cabinet de Mme Lamarque, Membre de la Cour

Monsieur Emmanuel Belluteau, conseiller maître, rapporteur général de la certification des comptes de l'État a été invité le 14 février dernier par Mme Danièle Lamarque, Membre de la Cour, chargée du contrôle qualité de l'audit pour donner une conférence sur l'audit du contrôle interne de l'État en France.



Emmanuel Belluteau, conseiller maître, rapporteur général de la certification des comptes de l'État; Danièle Lamarque Membre de la Cour

En ouverture de session, Madame Lamarque a rappelé à quel point ce partage d'expérience avec les États membres était intéressant. Concernant ce sujet particulier, ceci l'est encore plus compte tenu de la réflexion engagée par la Cour des comptes européenne sur le futur de la déclaration d'assurance.

Lors de cette conférence, les points clés suivants ont été abordés :

## **Pourquoi la Cour des comptes française prend-elle en compte les travaux de l'audit interne de l'État ?**

L'audit interne, en sa qualité de service indépendant et objectif, a pour missions principales de vérifier l'efficacité du contrôle interne mis en place et de prodiguer des conseils en vue de son amélioration.

L'une des missions de la Cour des comptes, en tant qu'auditeur externe, consiste à certifier la régularité, la sincérité et la fidélité des comptes de l'État français<sup>1</sup>. Pour ce faire, et en accord avec les normes professionnelles établies par la Fédération Internationale des Comptables (IFAC)<sup>2</sup> et par l'Organisation Internationale des Institutions Supérieures de Contrôle des Finances Publiques (INTOSAI), la Cour prend en compte les travaux de l'audit interne ainsi que leur potentielle incidence sur les procédures d'audit externe.

<sup>1</sup> Article 58-5° de la loi organique relative aux lois de finances (LOLF)

<sup>2</sup> Norme Internationale d'Audit (ISA) 610 « Utilisation des travaux des auditeurs internes » applicables pour les audits financiers

Au-delà du respect des normes professionnelles, la prise en compte de ces travaux comporte des avantages à ne pas négliger selon Monsieur Belluteau, tels que le transfert de compétences ou l'identification des complémentarités entre les travaux de l'auditeur interne et ceux de l'auditeur externe. Ce dernier point a pour but principal de permettre à la Cour de proportionner ses diligences en fonction de son évaluation de l'audit interne tout en évitant de surcharger les services audités par une succession d'audits portant sur les mêmes sujets.

### **Comment l'évaluation de l'audit interne est-elle menée par la Cour des comptes française?**

L'évaluation faite par la Cour des comptes française est réalisée en conformité avec la norme ISA 610. Cette dernière stipule que lorsque l'auditeur externe prévoit de s'appuyer sur les travaux de la fonction d'audit interne, il doit déterminer la pertinence de l'utilisation des travaux de la fonction d'audit interne, des secteurs de l'audit concernés et de l'étendue des travaux.

Concrètement elle est donc articulée par la Cour autour d'un certain nombre de critères portant à la fois sur la fonction, l'organisation, la méthodologie appliquée mais aussi sur les travaux, y compris les conclusions et recommandations formulées par l'auditeur interne. Un faisceau d'indices est recherché par la Cour des comptes française dans le but d'obtenir une assurance raisonnable sur le fait que chaque critère est bien rempli.

Les principaux critères d'évaluation de l'audit interne utilisés par la Cour des comptes française portent sur:

- son statut (est-ce une fonction indépendante ? objective ? compétente pour communiquer avec l'auditeur externe ?)
- ses compétences professionnelles (les auditeurs internes reçoivent-ils des formations adaptées ? ont-ils déjà une expérience en tant qu'auditeur interne ? ont-ils des connaissances sur les spécificités de leur environnement ?)
- son référentiel normatif et méthodologique (est-il explicite ? formalisé ?)
- son indépendance (est-il établi que l'audit interne n'a pas conçu le système de contrôle interne qu'il est censé auditer ?)
- son système de programmation des audits (est-il fondé sur une analyse des risques ? cette analyse est-elle documentée ?)
- l'organisation du suivi régulier de ses conclusions (est-il effectué ? est-il formalisé dans un plan d'action ?)
- la nature et l'étendue de ses travaux (des ressources adaptées sont-elles allouées ? les conclusions sont-elles fondées sur des éléments probants suffisants et appropriés ?).

### **Comment les travaux de l'audit interne sont-ils ensuite utilisés par la Cour des comptes française?**

Si les critères d'évaluation mentionnés ci-dessus sont jugés remplis de manière satisfaisante par la Cour des comptes française, cela lui permet de s'appuyer sur les constats de l'audit interne et de reprendre à son compte, le cas échéant, les conclusions et recommandations formulées par ce dernier.

Dans les ministères où la Cour des comptes française a évalué positivement l'audit interne et décidé de s'appuyer sur ses constats, les relations entre les deux auditeurs s'organisent autour d'un cadre formalisé : des protocoles sont conclus avec les auditeurs internes des ministères<sup>3</sup> précisant par exemple l'organisation et la fréquence des réunions conjointes de programmation, les modalités de communication des rapports d'audit, ou les suites données aux recommandations.

### **Comment se déroulent concrètement les vérifications de la Cour des comptes française ?**

En accord avec la norme ISA 300 – Planification d'un audit d'états financiers, la Cour applique une approche par les enjeux et les risques : tous les ans elle identifie les risques susceptibles d'avoir une incidence significative sur les comptes. Elle adapte alors l'intensité de ses travaux en fonction de ces risques.

Ensuite, elle examine l'ensemble des procédures mises en place en amont de la production des états financiers. Cet examen doit, entre autres, permettre à la Cour de s'assurer que les services concernés ont mis en place une véritable démarche formalisée de maîtrise des risques, laquelle comprend la mise en place de contrôles internes efficaces, et l'évaluation par les auditeurs internes de l'efficacité de ces derniers. Pour ce faire, la Cour examine la gouvernance et le pilotage au niveau global mais aussi au niveau de chaque ministère et effectue des tests d'efficacité des contrôles mis en place, pour apprécier si ces derniers permettent effectivement de prévenir, détecter et/ou corriger les erreurs éventuelles.

### **Quel est le résultat de ces travaux sur la certification des comptes de l'État français<sup>4</sup>**

Une fois que la Cour a procédé à son examen final des comptes eux-mêmes, elle forme alors son opinion sur les comptes de l'État. Si ces derniers sont certifiés, la Cour a néanmoins émis 5 réserves substantielles sur l'exercice 2015, dont une concerne directement le contrôle interne et l'audit interne ministériels. Cette réserve est principalement motivée par le fait que les processus de gestion significatifs sont insuffisamment décrits et documentés, que les cartes des risques ne sont pas toujours exhaustives et hiérarchisées, que des lacunes ont été identifiées sur l'audit interne, que le contrôle interne et l'audit interne n'étaient pas toujours efficaces, limitant ainsi l'étendue des vérifications de la Cour et générant des incertitudes sur la fiabilité des comptes de l'État. La Cour française a émis des recommandations destinées à pallier les faiblesses détectées.

<sup>3</sup> On en dénombre 10 à ce jour

<sup>4</sup> Pour plus d'information, voir: <http://www.ccomptes.fr/Publications/Publications/Certification-des-comptes-de-l-Etat-pour-l-exercice-2015>

Lorsque la Cour forme son opinion, celle-ci est basée non seulement sur des éléments quantitatifs mais surtout sur des éléments qualitatifs. Par ailleurs, la Cour se situe dans une démarche d'accompagnement de l'audité et tient donc également compte du contexte dans lequel travaille l'audité. L'utilisation de ces trois éléments pour fonder une opinion d'audit est d'ailleurs en accord avec les normes professionnelles.

**Expérience de la Cour française : sur quels points être vigilant lors de l'appréciation du contrôle et de l'audit internes ?**

L'évaluation du contrôle interne par la Cour française se fait à l'aide de grilles de notation, lesquelles sont complétées par des guides « d'aide à l'auditeur » comportant des critères d'évaluation précis et des indications concrètes pour l'attribution des notes. Ceci permet entre autres d'identifier les bonnes pratiques, les progrès réalisés, et les pistes d'améliorations.

L'expérience de la Cour des comptes française montre néanmoins que l'outil utilisé comporte quelques limitations portant par exemple sur l'harmonisation des cotations d'une chambre de la Cour à l'autre<sup>5</sup> ou d'un auditeur à l'autre. Enfin, le dialogue avec les entités audités suite à cette évaluation peut se fixer uniquement sur les notes attribuées et moins sur les améliorations à apporter.

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<sup>5</sup> La Cour française comporte 7 chambres à compétences sectorielles

# Fiscal Councils – exchange of views on EU fiscal and economic coordination process

By Jacques Sciberras, Chamber IV directorate – Regulation of markets and competitive economy



From left to right: Teodora Cardoso, Chair of the Senior Board of the Portuguese Public Finance Council; Marko Männikkö, Deputy Auditor General in the Finnish National Audit Office; Panagiotis Liargovas, Director of the Greek parliamentary budget office; Polyvios Eliofotou, Senior Economist in the European Fiscal Board Secretariat at the European Commission; Georgios Karakatsanis, head of private office of Neven Mates; Zacharias Kolias, Director, Lucio Pench, Deputy Director in DG ECFIN; Boris Grozdanov, Chair of the Bulgarian Fiscal Council; Lyubomir Datsov, Member of the Bulgarian Fiscal Council; Neven Mates, reporting Member for the audits of the European Semester and the MIP, opened the seminar

On 9 February the team responsible for Financial and Economic Governance related audits organised a seminar at the Court on the topic “Fiscal Councils – exchange of views on EU fiscal and economic coordination process”.

The aim of the seminar was to exchange views with participants from five National Fiscal Councils, the secretariat of the recently established European Fiscal Board and representatives of DG ECFIN from the Commission.

Neven Mates, reporting Member for the audits of the European Semester and the macroeconomic imbalance procedure (MIP), opened the seminar. He invited participants to share their views on how the work being done by Fiscal Councils, particularly in relation to their assessment of fiscal and budgetary planning, complements the EU’s coordination of the Stability and Growth Pact through the European Semester process, and to suggest how this could be improved and made more effective.

Five fiscal councils presented a number of reflections. The panel of speakers included Boris Grozdanov, Chair of the Bulgarian Fiscal Council; Lyubomir Datsov, Member of the Bulgarian Fiscal Council; Teodora Cardoso, Chair of the Senior Board of the Portuguese Public Finance Council; María Fernández Irizar, Advisor to the Spanish Independent Authority for Fiscal Responsibility; Panagiotis Liargovas, Director of the Greek parliamentary budget office; and Marko Männikkö, Deputy Auditor General in the Finnish National Audit Office.

Some of the points discussed included the status of implementation of national fiscal institutions in Member States in relation to the requirements of Regulation 473/2013, their current work and opinions on fiscal forecasts, and key challenges and opportunities for fulfilling their mandates.

## Fiscal Councils – exchange of views on EU fiscal and economic coordination process *continued*

Fiscal Councils pointed out that although fiscal rules are necessary, a model mainly based on strict EU rules and close EU surveillance of compliance with those rules has proven itself to be insufficient either to prevent a severe fiscal crisis or to promote sound public finances. More flexibility is required at different stages of implementing those rules, with a shift from annual targets to medium term targets, allowing for expenditure measures which deliver structural reform in the medium term.

A *second message* was that numerical rules are important but not sufficient. Strong national institutions are equally important and a prerequisite for effective fiscal policy. In this respect, the different presentations showed a landscape of councils at different stages of maturity. Some are relatively new and still on a learning curve, whilst others have been part of the national budgetary framework for many years and to that extent have a more important bearing in the budget process.

A *third message* was the importance of “comprehensive” fiscal frameworks at national level encompassing adequate budgetary information, good budgetary procedures and practices, a more medium-term approach underpinned by numerical rules or adequate arrangements between different levels of public administration. Progress on these points is uneven across countries and topics.

A *fourth message* is that the basics of the EU legal framework and the Fiscal Compact continue to be overly complicated. They are based on complex analytical tools, procedures and interpretation agreements. Concepts such as the MTO, sustainability risks, the output gap, significant deviation or one-offs, are not easily understandable for national parliaments nor the general public. They are also concepts were even experts find it hard to reach any common agreement on.

Also discussed was the current state-of-play in establishing the European Fiscal Board – a proposal which originated in the Five Presidents Report of 2015, and was subsequently established by a Commission Decision (2015/1937) in October 2015. Polyvios Eliofofou, Senior Economist in the European Fiscal Board Secretariat at the European Commission, presented the role of the EFB and status of development. Amongst others the EFB has the mandate to coordinate the network of national fiscal councils, provide advice and economic judgement on the appropriate fiscal stance at Eurozone level to the Commission, and opinions on the implementation of the Stability and Growth Pact and the related assessments of Stability Programmes and Draft Budget Plans submitted by Member States. The EFB is still in its initial phases of establishment and so far has not published any opinions on these matters.

Lucio Pench, Deputy Director in DG ECFIN, gave a reaction to the various presentations and made a reflection on the need for the Commission on the one hand to implement and enforce the existing EU fiscal framework, and on the other to reflect on the adequacy of the rules in terms of effectiveness, when considering proposals for future improvement. He pointed out that whilst the national fiscal councils have been created to reinforce the EU level surveillance, it created a parallel structure, a more complex system of surveillance which operates under both the Fiscal Compact (TSCG) and the EU legislation under the SGP.

The seminar was chaired by Zacharias Koliass and attended by Members of the audits teams working on the European Semester, MIP and Greek programme audits.

# Trust based on insight and values

The ECA's Strategy Working Group (SWG) designs the 2018-2020 strategy to be adopted by the ECA in June 2017

By the Strategy Working Group -> -> -> -> ->



From binoculars...

## Why a strategy

Where are we and where do we want to go? How can the ECA stay relevant or increase its relevance? Questions which are predominant in a strategy discussion. As a person you may reflect from time to time whether what you do is in line with what you would like to achieve. You stand back and reflect on whether you do the right thing in view of your objectives, be it physically, intellectually, family-wise, professionally, etc. Your environment may influence perhaps your objectives but most likely the way you would like to achieve them. Organisations often do the same. An organisation formulates a mission on what it would like to be and a strategy on how it would like to arrive at what it likes to be.

The European Court of Auditors is no exception to that. It has a mission and since several years, also in view of public accountability on what it aims to do and how to get to that, a multi-annual strategy. This strategy is publicly available and serves as its guidance for choices...to do the right thing. The right thing in the sense of achieving its mission: to contribute to improving EU financial management, promote accountability and transparency and act as the independent guardian of the financial interests of the citizens of the Union. The ECA strategy serves as overall plan on how to get there and the ECA work programme is the next layer of planned output to realise...its mission. So the strategy serves as the linking pin between mission and output.

## Changing environment

Several priorities the ECA has formulated in its 2013-2017 strategy are still relevant today. At the same time the external environment of the ECA has changed substantially. The way society and its government is organised is changing rapidly, particularly at EU level. This also in response to the aftermath of the financial crisis, external pressure on EU borders, the international security situation and the problems of climate change. The way the EU is governed is also on the move, with delegation of responsibilities to several organisations at national, intergovernmental and supranational level. How EU public services are organised and funded is becoming increasingly diffuse and complex. This makes it more difficult to trace the impact of a certain action and therefore to provide an opinion on the standard of the public service delivered.

Nowadays political developments show that citizens' trust in national governments and the EU to address common challenges is diminishing. Many citizens disengage and no longer trust the democratic institutions to improve their lives. The perceived distance between EU citizens and institutions has been looming large for a long time and can be seen as an existential threat for the EU. For many EU citizens the EU fails to demonstrate that results are achieved with EU money and administrative action.

### Contribute to trust

To (re)gain citizens' trust is a key challenge for the EU. Even an institution with a rather technical mandate like the ECA cannot ignore this situation. As ECA we always try to be very rational, which is an important element for our authority. However, to be relevant the ECA also has to relate to the values that concern our ultimate stakeholder, the European citizen, today and for the future. In the end the EU is about citizens, not figures. The ECA will need to provide information to these citizens and their representatives on how far they can trust EU institutions to address today's challenges. Therefore the ECA needs to provide new insights in an understandable and clear way that relate to citizens' current concerns. If the ECA wants to provide added-value and deliver input that is relevant for the political decision-making process, it will need to produce reports that provide valuable insight to the worries EU citizens have.

### Roadmap to the ECA's 2018-2020 strategy

The starting point for the ECA's new strategy was made in May 2016, when the ECA decided that the 2016 Members' seminar should focus on this theme, with as central question: what should the ECA be reporting on by the end of 2020? During the Members' seminar, held in September 2016, the Members discussed the main options and areas for action to be undertaken under a new strategic plan. With the goal in mind of contributing to citizens' trust in EU policies and institutions the Members decided that strategic change should be sought in three key areas:

- i) Improve the annual report;
- ii) Improve ECA's performance products;
- iii) Better communicate the ECA messages.

In October 2016 the ECA decided to set up a strategy working group, the SWG, to prepare the ECA's new strategy. The SWG consists of the following members: President Lehne, Alex Brenninkmeijer (chair), Danièle Lamarque, ECA Member, Eduardo Ruiz Garcia, Secretary-General. Following the practice established in preparation of the 2016 seminar the SWG committed itself to an consultation process, both internally, with Members and staff members, and externally, with ECA's main stakeholders: the European Parliament, the Council, the Commission and others, where deemed useful. The main aim is to have the ECA adopt a final strategy document before summer 2017. This should enable to take full account of the 2018-2020 strategy when preparing the 2018 ECA work programme.

### First steps for strategic changes: changes in the annual report

Since preparations for producing the ECA annual reports start a long time before the annual report publication, the ECA considers decision-taking on strategic changes for the annual report to be the first and most urgent step towards a new strategy. With this in mind the SWG produced a so-called 'Orientation Paper for strategic changes for the Annual Report' in December 2016. The main observation was that the ECA is at cross roads for where to go with its work to underpin its Statement of Assurance (SoA). Important stimuli for changing the annual report were the decreasing added-value of the SoA information provided in the annual report and to make better use of the more extensive compliance information produced nowadays by Commission services and others.

For years the Court has pleaded that the Commission and Member States should create and better organise its management systems to ensure compliance. The ECA now intends to harvest what it has preached by building on what its auditees have created to obtain assurance on compliance. Such an approach would review and build upon compliance checks already available, decrease the audit burden for the auditee and in the long run the audit costs for the ECA. It would also provide deeper and wider insight to why errors and system failures occur, advise on possible remedies, and take more account of the corrective capacity of the Commission to limit losses for the EU budget.

In January this year the ECA decided to base its SoA primarily on auditing the legality and regularity information provided by the auditee from the audit of financial year 2018 onwards. It also decided that for financial year 2017 it would seek a hybrid solution, seeking – within the framework of international standards, also from 2018 onwards – assurance from legality and regularity information provided by the auditee where feasible, complemented by direct transaction testing where necessary, to provide and audit opinion. To propose and coordinate appropriate action to introduce the new approach and to lead eventual discussions with the Commission, the ECA set up a technical working group (TWG), chaired by the Secretary-General.

Furthermore the ECA intends to enrich its annual report with new geographical insights (for which the Commission's compliance information can be an important source) and new performance information, best practice examples and pertinent recommendations.

### **Engage ECA stakeholders**

The ECA has decided that, in view of the developments in EU financial management during the last decades, substantial shifts are needed in the ECA's audit approach. The ECA will take the lead in this, not the auditee and neither its stakeholders. However, to take ECA stakeholders along in the shift towards a new annual report the ECA will need to present to them a clear story for the changes that will be introduced, and highlight the added value of the new elements. The SWG has engaged itself to do so, particularly through many contacts with representatives of the European Parliament and the Council, by highlighting i) what the ECA has achieved up until now with its reports, particularly its annual reports, ii) what further improvements in EU financial management are needed; iii) and how these new elements can contribute to these improvements.

### **Two other elements of the new Strategy**

The roadmap towards the new strategy points also to improving ECA's performance products and better communicate the ECA messages. The new strategy will provide more focus on performance in new and recurrent products. For the EU citizen most often the first question will be: did this EU action lead to a tangible result and more importantly: an impact achieved in an efficient way. The new performance paradigm is results, not procedures, and the ECA reports will have to provide new insight on the achievement of results. So the focus is on impact instead of mere compliance and output. Also in this area the ECA should try to build, where available and reliable, on information on performance provided by auditees. This could include a horizontal assessment of the quality of the Commission's performance reporting. Moreover, the aim is to provide concrete performance information, and assessments of public policy programmes that will be relevant for decisions to be taken for the new Multi-annual Financial Framework. In addition the ECA will strive to provide valuable input for the introduction of performance-based budgeting as intended by the Commission. This all needs to be enabled by a better

use of new, innovative audit techniques, enabled by digitalisation and increased access to (financial) management data of auditees and recipients of EU support. The effect of ECA conclusions and recommendations, both in compliance and performance issues, will need to be followed up rigorously...by follow-up audits by the ECA itself.

The success of the ECA bringing added value stands or falls with the quality of communicating its messages. First of all the ECA reports need to be comprehensive, readable and accessible through plain language and a clear set-up. This will require a clear story in our reports to bring the reader along, supported by an evident structure and an engaging style. This can mean targeted formats for different stakeholder groups. Secondly the reports need to reach policy-decision makers at the right time at the right level. This means that the ECA will have to reach out to specialised committees in the European Parliament and the Council, national stakeholders but also to media and EU citizens through new techniques and communication channels.

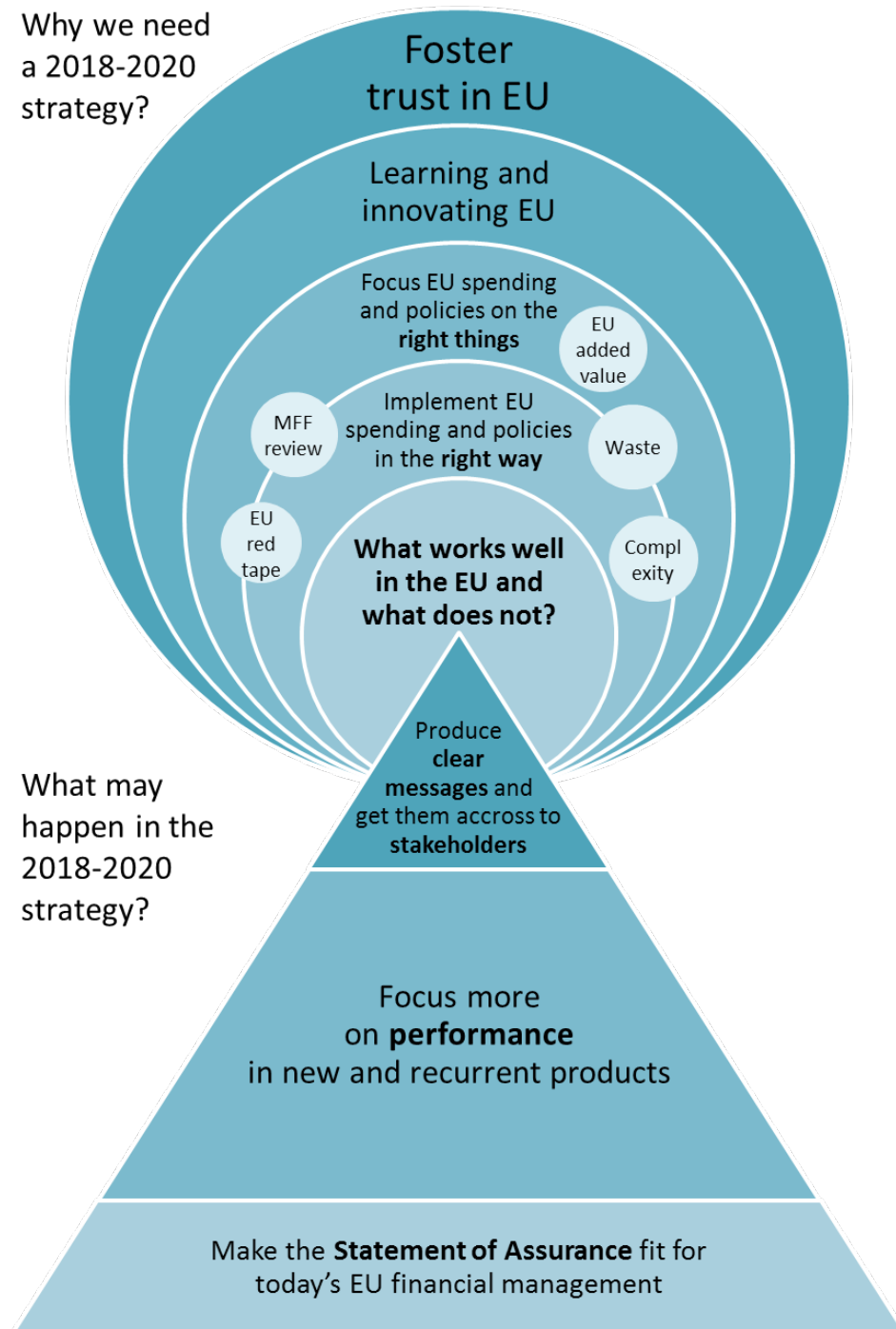
### **Drawing up the new strategy**

Having first focused primarily on swift progress towards a new SoA the SWG is currently drafting the actual document that will reflect the ECA's overall strategy for 2018-2020. This includes an internal and external information and consultation process, the presentation of a FAQ on options for gathering audit evidence for the SoA, and drafting the first version of the strategy document itself. The latter should represent an accessible document, put forward in plain language and supported by visuals. An example is the image below, representing a 'keyhole' picture on the 'why' and 'what' of the 2018-2020 ECA strategy and which serves as input for the consultation process with ECA staff to take place in March 2017.

### **Final word**

The ECA has played a key role in the EU accountability process and stimulate a learning government, both at EU level and, through shared management responsibilities, at Member States' level. To continue to do so in an EU that matters will require focus to provide insight and understanding in complex EU processes. This will help citizens and their representatives to decide in how far they can trust EU policies and institutions to address current challenges in society. This strategy aims at helping the ECA to bring such added-value for EU citizens. The SWG is preparing such a strategy and the College of the ECA will have the final word on what the new strategy will be when it decides on it, which is currently foreseen for June 2017.

...to a keyhole.



## Transforming challenges into opportunities: visit by the Finnish Auditor General Ms Yli-Viikari

By Turo Hentila, head of private office of Ville Itälä, ECA Member



Ville Itälä, ECA Member; Tytti Yli-Viikari, Auditor General of Finnish National Audit Office; Klaus-Heiner Lehne, ECA President

Auditor General of Finnish National Audit Office, Ms Tytti Yli-Viikari visited the ECA on 25th January. Discussions with President Lehne focussed on the challenges EU is facing and in particular what the auditors can do to address those challenges. Rapidly changing policy developments combined with instantly and globally spreading information mean that the auditors also need to re-think the ways to carry out the audits, Yli-Viikari stressed.

In order to provide useful information for the political decision-makers, there is a pressure for the audit observations to become more reactive and available faster. If and when the auditors can deliver on those challenges the audits will have more impact and will be more relevant. So, when there are challenges, there are also possibilities, Yli-Viikari summed up.

Yli-Viikari also met with Neven Mates and Mihails Kozlovs, ECA Members, to discuss the current issues on the area of economic and financial governance, such as the challenges facing the audit work in relation to ECB and Single Supervisory Mechanism, and the on-going mid-term review of the multi-annual financial framework. In the discussions with Bettina Jakobsen, ECA Member, the topic was the ECA's recent special report on food waste. As this is highly interesting subject in Finland, there will be a presentation to the national parliament and national audit office in the coming months.

## Visit to Poland by an official delegation led by President Klaus-Heiner Lehne and Janusz Wojciechowski

By Kinga Wisniewska-Danek, head of private office of Janusz Wojciechowski, ECA Member



The ECA's Delegation was also received by the Polish President, Andrzej Duda

© Grzegorz Jakubowski / KPRP

On 10 February a delegation from the European Court of Auditors, headed by ECA President Klaus-Heiner Lehne, and accompanied by Janusz Wojciechowski, Polish ECA Member, visited Poland. During the visit, the delegation met with the President of the Republic of Poland Andrzej Duda, the Prime Minister's Plenipotentiary for European Funds and Regional Development Jerzy Kwieciński, and visited the Polish Supreme Audit Office (NIK).

The visit to NIK was the first official visit of President Klaus-Heiner Lehne in a Supreme Audit Institution since he took up office on 1 October 2016. The cooperation between the ECA and NIK is very close and has a long history. NIK auditors take part in ECA audits as observers during audit missions to Poland. Moreover, ECA and NIK have jointly audited several areas (animal diseases; functioning of JASPERS instrument, NIK also provided input to the ECA's Annual Report 2014, Chapter 3, Getting results from EU budget). Additionally, numerous trainings and methodical workshops provided to NIK by ECA auditors on financial, compliance and performance audit methodology have also been an opportunity for discussion and exchange of knowledge and experience.

During the visit to NIK, meetings with the President of NIK and NIK management were held to discuss planned future joint initiatives, namely possible cooperation on air quality and animal welfare audit. The delegation also met the Council for Supporting Measures aimed at Protection of Animals, the NIK's consultative body, whose role is to initiate and support measures aimed at improving animal welfare.

At a press conference at NIK, ECA President Klaus-Heiner Lehne, President of the NIK Krzysztof Kwiatkowski and ECA Member Janusz Wojciechowski announced that ECA is to undertake an audit of EU-wide measures against air pollution and revealed first details of the audit. ECA auditors will work together with fifteen audit institutions from countries in Europe and beyond on a joint report, while the Polish NIK and the Dutch SAI will be coordinators of the audit.

After visiting NIK, the ECA delegation was received by the President of the Republic of Poland, Andrzej Duda. President Duda expressed his appreciation of ECA's work and was very interested in the planned audit on air quality, since air pollution is a major problem in Poland. ECA activities in the field of preventing corruption were also discussed during



Meeting with Prime Minister's Plenipotentiary for European Funds and Regional Development Jerzy Kwieciński

the meeting. Finally, President Duda stressed that all heads of state should meet with the Presidents of the institutions of the European Union and expressed regret that is not a common practice in the EU.

The last official meeting during the visit took place in the Ministry of Development. The Prime Minister's Plenipotentiary for European Funds and Regional Development Jerzy Kwieciński provided insight into major difficulties faced by Member States while managing EU funds. The meeting was inspiring because Polish interlocutors presented a lot of interesting material that could be useful for planning ECA audits.



Elisabeth Franco ECA Deputy Liaison Officer, Janusz Wojciechowski Polish ECA Member, Klaus-Heiner Lehne ECA President, Krzysztof Kwiatkowski NIK President, Wojciech Kutyla and Ewa Polkowska NIK Vice-Presidents

## 25 March 2017 marks the 60th anniversary of the signing of the Treaties of Rome

By Rosmarie Carotti



© AP, 1957 / Source: EC - Audiovisual Service / Photo: Mario Torrissi

From left to right, signing the Treaties for Belgium, France and Germany, Paul-Henri Spaak, Jean-Charles Snoy et d'Oppuers, Christian Pineau, Maurice Faure, Konrad Adenauer and Walter Hallstein

The European adventure is the greatest reconciliation process that the world has ever seen. In the place of century-old rivalries, there was to be an economic Community that would strengthen the sense of belonging among the peoples of Europe.

This was how the European Coal and Steel Community, the first step towards today's Europe, came to be established in Paris in 1951. It was followed by the Treaties establishing the European Economic Community and the European Atomic Energy Community, which were signed in Rome in 1957. These treaties formed the basis for the European Community Treaty and, finally, the Treaty on European Union.



**Special  
Report  
N°01/2017**



Published on  
21 February 2017

**More efforts needed to implement the Natura 2000 network to its full potential**

The Natura 2000 network is a key element of the EU's strategy to halt biodiversity loss. The network includes thousands of sites protecting diverse natural habitats and species, all over the EU. Our audit recognised the major role played by Natura 2000 in protecting biodiversity, but found that significant progress is still needed if the EU's ambitious goals to protect biodiversity are to be met. Member States were not managing the network well enough; EU funding was not well mobilised; and there was a lack of comprehensive information on its effectiveness. The Court therefore makes a number of recommendations aimed at fully implementing the network, clarifying the funding framework, and measuring results.

[Click here for our full Special Report](#)

**Special  
Report  
N°35/2016**



Published on  
28 February 2017

**The use of budget support to improve domestic revenue mobilisation in sub Saharan Africa**

The generation of government revenue from tax or non-tax sources is a crucial factor for sustainable development and as such, is a priority for EU development policy. By adopting a new approach to budget support in 2012, the Commission increased the potential of this form of aid to improve domestic revenue mobilisation. In this report we conclude that, despite recent improvements, the Commission has not yet effectively used budget support contracts to support revenue mobilisation in the audited countries. The Commission did not systematically consider some essential aspects of tax policy and administration when designing and implementing its budget support operations, and the number and quality of the disbursement conditions applied in this area were insufficient. Furthermore, our analysis revealed weaknesses in the reporting on the use and contribution of budget support to improve domestic revenue mobilisation.

[Click here for our full Special Report](#)

# A historical look back - Journal March 2004

Interview with Jan Pieter Linggen, head of private office of Maarten B. Engwirda

By Rosmarie Carotti



Delegation of the Collegium of the Russian Chamber of Accounts

**R. C.:** Mr Linggen, thank you for this interview. You are Head of Cabinet of Mr Engwirda who has hosted the meeting. The Russian Delegation was led by Mr Sergey O. Shokhin Ph. D, Member of the Collegium of the Russian Chamber of Accounts. Why has the Cabinet of Mr Engwirda been invited to organise the workshop?

**Jan Pieter LINGEN:** Mr Engwirda is the Member responsible for the audit of TACIS funds. The volume of the TACIS funds for Russia alone is about 100-200 millions a year of which 90% is for technical assistance, mainly in the field of public administration and the public health care system. Another specific element is nuclear safety. When Mr Stepashin, President of the Russian Chamber of Accounts asked us to cooperate in a TACIS audit in the Russian Federation, Mr Fabra Vallés, President of our Court, handed over the dossier to Mr Engwirda who was invited to comment on the Audit Programme of the Russian Chamber of Accounts on the use of these funds in the Russian Federation. In connection with this, two workshops were to be organised to discuss audit terminology and methodology, one in Luxembourg on 9-11 February and the second one in Moscow in May or June of this year.

**R. C.:** In 2002 there has been a proposal by the Secretary General of the Russian Accounts Chamber to Mr Hervé to conclude a cooperation agreement. In line with the Court's policy not to conclude bilateral agreements this proposal could not be accepted by the Court. All the same, on 6th of May 2003 Mr Stepashin, Chairman of the Chamber of the Russian Federation sent a letter to Mr Fabra Vallés, in which he proposed to carry out a joint study on the effectiveness of TACIS funds in the Russian Federation. Can you explain the motivation for his request?

**Jan Pieter LINGEN:** It is true, the Court decided not to conclude a cooperation agreement but in the letter to the President of the Chamber of Accounts it was stated that we are always willing to cooperate with other external audit institutions, if the cooperation is of relevance for us as well. Although we have decided not to sign a formal agreement of cooperation on a bilateral basis, in the reply of Mr Fabra Vallés to the Russian Chamber of Accounts it was made clear that it was quite possible for us, as European Court, to cooperate in a specific audit. Mr Stepashin then proposed to us to cooperate in an audit on the TACIS programme. We replied that an audit mission of our TACIS audit team was to visit Moscow at the end of September/ beginning of October 2004 and that Mr Engwirda could take part in this audit team to discuss the options for cooperation.

**R. C.:** The Russian Chamber of Accounts and the European Court have different powers. How can one really talk about cooperation? And how can we profit from it?

**Jan Pieter LINGEN:** It is true, our powers are different. Why cooperation? Because the Russian Chamber of Accounts cannot audit the Commission and the delegation of the Commission in Moscow.

That is something we can do. And we might profit from their powers or possibilities in an audit of what is the impact of TACIS funded projects in the Russian Federation at the level of the final beneficiaries.

Our role as an external audit institution in the European Union is to make sure that the EU funds used for the TACIS programme are useful for the Russian beneficiaries and fit into the programme which was concluded between the European Union and the Russian Federation. It is easy for us to analyse the strategy, the action programme agreed upon between the Commission and the Russian Federation, it is not even too difficult to see whether the selected projects fit into this strategy or action plan, but it is much more difficult to go to a Government institution or to the actual recipient of technical advice, to see whether they are satisfied. An overall opinion on the effectiveness includes also this. Although we cannot be sure that this will be the outcome of a possible cooperation, we see the possibility to investigate in this direction.

#### **R. C.: Why do the Russians come to our Court for cooperation?**

**Jan Pieter LINGEN:** Well, to be honest, there were some misunderstandings, on terminology but also on the precise division of responsibilities in the implementation of the TACIS programme. They had the impression that the TACIS programme was about money handed over from the Commission to the Russian authorities. That is not the case. TACIS concerns mainly services. The tendering and contracting procedures are done by the Commission, decentralised at the moment to the Delegation of the Commission in Moscow. We could clarify this and the Russian side adapted its original proposal for an audit in the last meeting. We then discussed the revised audit proposal.

In the last meeting it was also explained to us that the cooperation the Russian Chamber of Accounts seeks with the European Court of Auditors is part of an overall policy to have a link with the major external audit institutions in the world. We have to keep in mind that the Russian Chamber of Accounts only exists since 1995. They have, for example, a cooperation project on money laundering with the General Accounting Office in the United States and they have concluded a bilateral agreement with the National Audit Office in the UK. We, on our side, do cooperate, although perhaps in a lighter form, as well with some audit institutions in beneficiary countries in Africa, in Asia, in Latin America.

#### **R. C. What is the difference between this "new" cooperation with the Russian Chamber of Accounts and the contacts which have been so far within Intosai, Eurosai. In the last meeting the talk was about methodology and terminology, but this you can do also within the mentioned organisations.**

**Jan Pieter LINGEN:** The difference is that the focus now was on a specific audit the Russian Chamber of Accounts is planning to carry out this year and which is linked to an audit we are planning to carry out this year or at the beginning of next year. We have not yet finalised the preliminary study, but one could conceive an audit on the factors which can make

a TACIS project in the Russian Federation a success. The Russians want to get an answer as to whether the Russian final beneficiaries of TACIS projects have really benefited to the extent foreseen from the technical advice they have received. Both subjects overlap to a certain extent.

**R. C.: Which weaknesses might an audit reveal on the Russian side? And how can we help them to improve? Which is our role?**

**Jan Pieter LINGEN:** Their weaknesses might lie in the programming part, the setting of priorities and the selection of projects at the central level for which there is no real need at the level of the beneficiaries. This can end up in very good technical advice and reports but with limited effectiveness. If this impression is correct, it would lead to recommendations for the Russian Government to improve their own capacity to programme, to coordinate, to set the right priorities and to initiate projects in which the beneficiaries are really interested. We would cooperate in this audit and give advice to the Chamber of Accounts on how to set up this audit.

The report they will bring out will certainly be translated into the main languages of the European Union. The Commission can strengthen its own negotiation position towards the Russian authorities by just pointing at this report of the Chamber of Accounts. The selection of projects which fit the Community policy and for which there is a real need in the Russian Federation depends in the end on the outcome of a dialogue between the Commission, the European Union and the Russian Federation.

We, as European Court, do what we always do in sound financial management audits. We audit a selection of 20-30 projects financed by TACIS and try to assess how the Commission has managed these projects, what the results have been, if there have been evaluations. It leads naturally to a conclusion on the totality of TACIS projects carried out in the Russian Federation as well as to recommendations for the Commission on how to improve its management.

**R. C.: How real are the chances that Mr Stepashin, Chairman of the Russian Chamber of Accounts and President of EUROSAI (European Supreme Audit Institutions) will come to the European Court?**

**Jan Pieter LINGEN:** Mr Stepashin has been Prime Minister before he was appointed President of the Chamber of Accounts. Originally he planned a visit to Luxembourg at the beginning of this year. We thought that this first workshop could coincide with his visit. However, because of the overall political situation in Russia, Mr Stepashin has decided to postpone his visit to Luxembourg.

**R. C.: My last question to you. Pravda reported in October 2003 that, according to Mr Stepashin, Russia is fully integrated into Europe and into the major European organisations as far as financial control is concerned. Do you share this point of view?**

**Jan Pieter LINGEN:** How could I deny it, as Stepashin is the President of Eurosai?

## **EDITION HIGHLIGHTS**

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Cover:  
- Seminar at the Court on the topic “Fiscal Councils – exchange of views on EU fiscal and economic coordination process”. Neven Mates, reporting Member