

4
1977 - 2017



EUROPEAN
COURT
OF AUDITORS

JOURNAL

European Court of Auditors



N° **06**
June 2017

PRODUCTION

Rédacteur en chef / Editor in Chief:
Gaston Moonen

Tél. / tel.:
00352 4398 - 45716

E-mail :
antonius.moonen@eca.europa.eu

Mise en page, diffusion /
Layout, distribution :
Direction de la Présidence -
Directorate of the Presidency

Photos :
Reproduction interdite /
Reproduction prohibited
© ECA

Past editions of the Journal
can be found on ECA's website:
[http://eca.europa.eu/en/Pages/
Journal.aspx](http://eca.europa.eu/en/Pages/Journal.aspx)

© European Union, 2017
Reproduction autorisée à
condition de mentionner
la source/ Reproduction is
authorised provided the source is
acknowledged

The contents of the interviews
and the articles are the sole
responsibility of the interviewees
and authors and do not
necessarily reflect the opinion of
the European Court of Auditors

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



@EUAuditors



EUAuditorsECA



TABLE OF CONTENTS

- 04 | **Open invitation to the Journal**
By Gaston Moonen
- 05 | **ECA conference on Youth Employment: confronting challenges and finding solutions
Brussels, 10 May 2017**
By Gaston Moonen
- 13 | **Meetings with the Portuguese government and Court of Auditors**
By Marc-Oliver Heidkamp, Lehne's private office Attaché
- 14 | **Xth EUROSAI Congress, Istanbul, 22-25 May 2017**
By Radek Majer, Directorate of the Presidency
- 16 | **ECA auditors meet academics to discuss EU accountability**
By Torielle Perreux-Lloyd, senior administrator Chamber III
- 18 | **Internal Audit Service of the Commission ready for more cooperation with the ECA**
By Andreas Bolkart, Directorate of the Presidency
- 21 | **Farewell to Rosmarie Carotti**
By Alex Brenninkmeijer, chair of the Journal's Editorial Board
- 22 | **Europe Day events in May: EU auditors hand in hand with Europe's citizens**
By Damijan Fišer, Directorate of the Presidency
- 25 | **'Health under control'
The NIK/ECA/Medical University of Łódź joint conference held in Poland**
By Kinga Wisniewska-Danek, head of cabinet
- 27 | **FOCUS**
Special reports NOS 7 & 8/2017



For many years now, the ECA has been known as a solid and professional institution. We can be relied upon to serve as the independent guardians of the financial interests of the citizens of the European Union. Changes do occur, but they are more an issue of evolution than of revolution. The same goes for the ECA Journal. Over time, the Journal has changed considerably, but it has always been in an incremental fashion. One of the most recent changes has been in personnel and I am very happy to succeed Mrs Rosmarie Carotti as Editor-in-chief. Hers are big shoes to fill, but I will do my best to build on all the good work Rosmarie has done and ensure that the Journal continues to reflect the wide range of activities undertaken by the ECA.

Such a task I cannot do alone. I will need input from colleagues, ECA management and also from the many high-level visitors and guest speakers who help us carry out our tasks better. So, please do send me your feedback, ideas, suggestions, etc. to ECA-Journal@eca.europa.eu. I count on your input to help develop the ECA Journal further and make it even more interesting!

The articles in this edition can be summarised in two words: 'reaching out'; we want to share the knowledge we have...and learn from others. When we organised the ECA conference on Youth Employment, we reached out to policy-makers and the younger generation, to push the topic higher up on the political agenda. For more details, see page 5. By participating in the EUFINACCO workshop in Berlin on financial accountability in the EU, we reached out to the academic world. It was an opportunity to connect concrete findings with conceptual discussions (see page 16). And at the Xth EUROSAI Congress we reached out to the European audit community, sharing our experiences to promote innovation in audit (see page 14). Finally, the ECA reached out directly to EU citizens by participating in this year's Europe Day activities. We took part 'in person' at events for citizens in Tallinn, Strasbourg, Warsaw, Brussels and Luxembourg (see page 22). In short, the ECA is keen on reaching out to intensify the dialogue about our work and be inspired by new ideas!

Gaston Moonen

ECA conference on Youth Employment: confronting challenges and finding solutions

Brussels, 10 May 2017

By Gaston Moonen

The ECA conference on youth employment, held on 10 May in the European Parliament in Brussels, brought together high-level representatives from several EU institutions, employment organisations, but also young people. In many EU countries young people are experiencing serious difficulties in finding a job and the Youth Guarantee scheme aims to alleviate this problem. 'Europe has no time to lose, young people have no time to lose. They should be helped and not be left alone', said Ms Ivanova, The ECA Member who initiated the conference, to the young people present in the conference and following discussions through webstreaming.



Mariane Thyssen, Commissioner; Pavel Telicka, Vice-President of the European Parliament; Klaus-Heiner Lehne, ECA President; Valdis Dombrovskis, Vice-President for the Euro in the European Commission; Iliana Ivanova, ECA Member; Martina Dlabajova, Member of the European Parliament

Opening: Europe's big challenge towards its young generation

The conference was opened with welcome addresses by Mr Pavel Telicka, Vice-President of the European Parliament, and by Mr Klaus-Heiner Lehne, ECA President. Mr Telicka pointed out the persistence of too high levels of youth unemployment in many Member States of 20 to 25% of the work force. Even in countries where it is relatively low it is still higher than the average unemployment rates, while, in his opinion, youth employment should be lower than the average unemployment rate.

He underlined that it is both a Member State and EU responsibility and the problem is a policy issue, not a budgetary issue, requiring action from many policy areas. Member States and the EU have shared competences to be used to address the regulatory environment to decrease the administrative burden and bring down barriers to employ young people. On the other side increase in support to SMEs should be considered. Towards the young generation it will be essential to stimulate their motivation for education, acquiring skills, searching for opportunities and showing entrepreneurship. This goes with successes and failure and the latter is also part of the learning curve. Mr Telicka pled for more multi-layered solutions and the conference could help to identify which of these failed and which were successful.

ECA conference on Youth Employment: confronting challenges and finding solutions *continued*

According to Mr Lehne providing jobs and education for the young generation remained one of the EU's biggest challenges, no matter which institution one represents. He added that 'We must ensure that the Union gives young Europeans a perspective to base their lives upon – that the Union is their perspective.' He referred to the four reports the ECA has published on this topic during the last years, looking at employment programmes and EU education programmes supported by EU initiatives.

Keynote address: European action to support national initiatives and expertise

Mr Valdis Dombrovskis, Vice-President for the Euro and Social Dialogue in the European Commission, welcomed the most recent ECA report on youth employment as an important assessment that needs to be taken very seriously. The Commission has youth employment very high on its agenda but Mr Dombrovskis also referred to what Commission President Juncker has said on this: 'We hold summit after summit promising to bring down the unemployment numbers- particularly youth unemployment – despite this being far from the realm of Europe's capability. Tools at EU level cannot do miracles if national action is not enough.' The Commission offers the platform and funding but the expertise and tailor-made services need to be mobilised at national, regional and local level.

European Semester and structural labour market reforms

According to Mr Dombrovskis the strong impetus on structural reforms and policy innovation is paying off: youth unemployment is declining. But it comes from far: young people were hit the hardest on labour markets during the economic crisis, more sensitive to the economic cycle, being less likely to be hired but easier to fire. Important root causes for difficult entry to the labour market is insufficient gearing of education and training to the real needs of labour markets; low capability of public employment services to provide these tailored services, and long-term unemployment effects on young people's future employment prospects (the so-called 'scarring effect'). For breaking through these root causes structural reform is needed, which is what the European Semester, which is in Mr Dombrovskis portfolio, aims at. He highlighted broader labour market reforms targeted at reaching young people not in employment or education, aimed to make the labour market less segmented and more flexible and focussing on training and apprenticeships and inclusion of specific groups, like Roma and young migrants.

Youth Guarantee schemes: glass half-full instead of half-empty

The Commission looks at the Youth Guarantee scheme and considers the glass half-full rather than half-empty. Both Mr Dombrovskis and Ms Thyssen, Commissioner for Employment, Social Affairs, Skills and Labour Mobility, who spoke later on in the conference, highlighted that millions of people have benefitted from the Youth Guarantee scheme. This programme has been a catalyst for change, creating a broader momentum for tailor-made solutions and training support programmes throughout Member States. According to her EU youth unemployment has decreased from the peak in 2013 of 24% to 17,2% in March this year. Commission figures show that 16 million young people have entered Youth Guarantee schemes and 10 million have taken up an offer within the scheme towards employment, training or continued education. Mr Thyssen gave concrete examples on how Youth Guarantee action has evolved, like in Croatia where a tracking system and dedicated Career Guidance Centres for outreach and activation have been created. Or in Finland where one-stop guidance centres have been established.

But more action needed

Both Commissioners also underlined that more action is needed, like the ECA concludes in its special report and also the European Parliament highlighted in its resolution of January

ECA conference on Youth Employment: confronting challenges and finding solutions *continued*

2017 on the European Social Pillar. With a current EU unemployment figure for young people of almost 4 million and an unequal spread across Member States, from 6,7% in Germany to more than 30% in Cyprus and Italy, Member States and the Commission need to reach out to groups and regions most in need, including through reform efforts undertaken through the European Semester. Recent EU initiatives in that direction, presented in a Youth Package in December 2016, are the establishment of a European Solidary Corps, with projects to increase mobility of apprentices. This also includes proposals to increase the funding of the Youth Employment Initiative from 6,4 billion euro to 8,4 billion euro until 2020. Also new is the Erasmus PRO programme for cross-border apprenticeships and vocational mobility, opening up the Erasmus experience beyond university students. Essential to make youth employment happen are investments in the real economy, through the European Fund for Strategic Investments (the 'Juncker Plan') and the European Structural and Investment Funds. Both Commissioners welcomed the feedback the ECA has given on the EU initiatives undertaken on what tangible results for young people in Europe have been achieved and how to do better.

ECA findings critical on Youth Employment schemes

The main findings of the most recent ECA special report 5/17 'Youth employment – have EU policies made a difference?' were presented by means of a video and highlighted by Ms Ivanova, Member-rapporteur for this report and initiator of the conference. She welcomed the progress made in the seven Member States visited by the ECA, but underlined that the youth employment situation remains alarming and that action to help young people is needed: 'This complex issue needs a holistic approach. Policymakers should make sure that EU policy does not raise expectations that cannot be fulfilled. This is particularly critical for young people.' She pointed out the ECA's findings such as: a lack of strategies with clear milestones, no assessment of cost and available funding by Member States, difficulties with the sustainable integration of who are not in employment, education or training ('NEETs'), and the weak quality of data. In 2015 Ms Ivanova was also rapporteur for another report on the topic, assessing whether the Commission had provided appropriate support to Member States in setting their Youth Guarantee schemes and reviewing possible implementation risks.

The Commissioner responsible for this policy area, Ms Thyssen, found that many of the ECA findings coincide the Commission's own conclusions as it had indicated at the end of last year: more efforts are needed to support young people who are most detached from the labour market, more individualised accompanying measures are needed and the quality of data needs to be improved. Ms Thyssen indicated on some of these points the specific action the Commission takes or intends to take, mostly in cooperation with the Member States who have a primary responsibility for national implementation.

Panel discussions: concerns of youth: what to do to find the right job?

Before starting the first panel discussion, focusing on the way forward for policy makers, a video with testimonials of young people throughout Europe was shown. The moderator of the first panel, Mark Rogerson, ECA spokesperson, invited a group of young people present in the audience, a group of students from Austria, to react on what they had heard so far. After all, they are the first ones concerned and to be stimulated by the EU programmes for employment. Many students present indicated to be worried about finding a job in the near future. Worries were expressed on the need for specific contacts to find a good job. It might be possible to find a job but much more difficult to find the right one.

The first panel discussion focused on the way forward for policy makers on youth employment. Panel members representing the Employment Committee of the EU, the European Network of Public Employment Services, European Commission's DG Employment,



Iliana Ivanova

ECA conference on Youth Employment: confronting challenges and finding solutions *continued*

Social Affairs and Inclusion, and including two Members of the European Parliament (Romana Tomc and Derek Vaughan) overall agreed that not only more but particularly doing things differently is necessary to get young people more into the labour market: more dialogue between public employment services and businesses on the one hand with educators on the other hand is needed. This to find out which skills are really needed to prevent a mismatch between high qualified people and employers not finding people with the right skills. More intensive data mining is necessary to find out the reasons why the young people who stay longer unemployed are in that particular situation; preparing young people for different jobs in the future since life time jobs is something of the past; and more focus on real training jobs, with real responsibilities and creating a perspective to a proper job.

Obtaining skills through on the job training

An important challenge will be how to motivate young people to invest in getting the skills to find the right job for them. How to engage them towards the job market? Or, as Commissioner Thyssen called it, and which was reiterated by panel members: 'find, mind, bind,' with as starting point the strong points a person has and build on them. taking stock of strong points and build on them. This should go hand in hand with a proper analysis of the labour market on which skills are needed. However, the first condition to be fulfilled will remain the existence of jobs, i.e. companies having a demand for employees with skill, triggered by economic growth. A real demand, not jobs which are paid out of a public budget and which, according to Ms Tomc, will vanish once that budget is depleted. From the panel discussion it also evolved that youth employment policies concerns many different other policy areas, like education, innovation policy and better regulation measures, slashing potential barriers and administrative burdens. Such a linkage makes a precise identification of which measure works and which not, more difficult, and, as is also identified in the ECA report, data collection is cumbersome, with many parties, several periods and multiple programmes involved.

Mr Fons Leroy, panel member and President of the European Network of Public Employment Services, identified training on the work floor as a focal point for the future since skills and training needs change so fast nowadays. This means training inside companies also for young job seekers. This is one of the reasons why through the European Social Funds programme Alliance for Apprenticeship many investments go to in-company training. This could also be an answer to a question from the audience highlighting shortages in skilled labour in certain regions: in-house training and promoting mobility among young people, enabled by one of the foundations of the single market: freedom of movement.

Ways forward for the labour market

The second panel discussion was moderated by Ms Martina Dlabajova, Member of the European Parliament, and who urged the panel to bring forward workable solutions. Ms Dlabajova underlined that as MEP and Member of both the Budgetary Control Committee and Member of the Committee on Employment and Social Affairs she herself has to deal with different perspectives on the same coin. She would like to have a discussion which measures work well and which measures do absolutely not work. Panel members highlighted facilitating measures for the transition of school to the labour market, job creation by SMEs and micro-companies, improving apprenticeships in Europe, communicate better to young people and their parents where there are career opportunities and jobs. This also includes young people exploring themselves where their own strengths are and extend them; also think about better partnerships between public and private employment services and their social partners. Very important will also be to restrain the costs of labors: high minimum wages can prevent labour integration of young people. As wrong measures subsidised employment was highlighted, since often they do not create sustainable jobs, and also a one size fits all approach: diversity is required, involving stakeholders, flexibility and adaptability to for example IT needs. Measures that work are characterised by diversified approaches and tailor made career guidance.

ECA conference on Youth Employment: confronting challenges and finding solutions *continued*

Interview with Ms Martina Dlabajova, Member of the European Parliament and vice-chair of the Committee on Budgetary Control and Member of the Committee on Employment and Social Affairs



Martina Dlabajova

Ms Dlabajova found it most welcome that the topic of youth employment was brought again into the European Parliament, with the involvement of the European Commission and the Council. The topic certainly deserves more time and she would welcome more meetings on this topic to bring parties and best practices together. Ms Dlabajova underlined to be fully aware of the substantial responsibility Member States have in the area of youth employment but in her view the European Parliament can contribute in getting the bigger picture of what is happening in the EU, the more since there are big differences between Member States. Getting such a perspective is important for every Member State.

From her own business experiences Ms Dlabajova indicated that it is important to help young people to make the transfer from education to the labour market much smoother. That is why she strongly supports this transition through traineeships, apprenticeships, etc. She said: 'what matters here is not only the real work but also nurturing the attitude to work. The latter is very delicate because first work experiences and how to engage to work are essential.' One of her own big projects has been to create 'dream traineeships', offering traineeships to young people through the programme 'Why not?'. As MEP, she and her staff offered over 50 traineeships during the past two years. One of them also included a secondment of one her trainees to the ECA. Through these traineeships Ms Dlabajova wants to show people the wide variety of work opportunities.

For Ms Dlabajova the EU is an excellent platform to share best practice examples from local, national and European projects. It is very important to know which projects are working well and why, and then use the best examples in different regions. Her preference goes to a better use of what works well before creating new things. The EU should promote flexible solutions, to be adapted to regional needs. With the Youth Guarantee scheme Ms Dlabajova was chairing a fact-finding mission of the Budgetary Control Committee to Sicily and Calabria, both regions having high unemployment rates. According to her, what stood out was a lack of cooperation between all levels of administration. Furthermore policy-makers need to listen much more to what entrepreneurs need in order to match skills with jobs: what kind of labour force companies need should be the leading angle. Otherwise these companies will not find the skills needed. Ms Dlabajova saw statistics indicating that 40% of companies in Europe cannot find people with skills required for the positions they have. So it will be crucial to identify, by talking to companies, their future needs regarding skills and training.

As MEP Ms Dlabajova tries to reach out to young people very often by going to schools, universities, meetings with young people, for example soon with a group of over 200 young people in the Czech Republic. Important is to listen to them, to their concerns, but to employers as well to meet expectations. Also in this respect she very much welcomed the conference, and the fact that the ECA reports focus on efficiency and effectiveness of measures and funds put at the disposal. The ECA reports show how important it will be to produce measurable results to show what works and what does not, in an important area like youth employment.

ECA conference on Youth Employment: confronting challenges and finding *continued*

Young people needs to enter the labour market

Representatives of young people, for example of the European Youth Forum, indicated that social partners need to reach out to young people, traineeships need to go beyond numbers and offer contents and true experience gaining. It will be important to create a structure where young people can gradually engage, also to reach out to youngsters not used to a working environment. Furthermore access to funding needs to be facilitated and that all regions can apply for funding.

Practical examples on what works and what not

Ms Dlabajova, in her role as moderator, encouraged the panel to give concrete examples that show measurable results and how a mismatch between education and training needs can be avoided. The representative of BusinessEurope, Mr Maxime Cerutti, highlighted the needs of educators to adapt to megatrends in businesses, like digitalisation and the greening of the economy. The qualification frameworks need to reflect these occupational realities, i.e. adapt to these business needs. For doing this enterprises need to be on board when designing programmes. Otherwise employers who cannot find people on the labour market, need to train people on the job, which will lead to higher costs for them. Other remarks related to stimulating life-long learning programmes to identify and deliver the most need skills quickly. Important will remain a partnership approach, where all stakeholders (employer, future employee, educator) work together designing solutions. Research shows that there where education and the labour market are most separated young people struggle the most to find jobs.

Change in mentality needed: concrete action instead of principles

Youth representatives underlined the need for a mentality change and reforms to prevent discrimination of young people when trying to find a job. Policy-makers launch many principles, like the European Commission's did in the European social pillars. What is particularly needed is concrete action to prevent young people from being discriminated on the job market. For example, with minimum youth wages sometimes young people are earning less simply because of their young age, despite their skills. Other examples are exclusion of young refugees from the labour market, or young Roma people, or even young parents. According to Carina Autengruber of the European Youth Forum, not to act against these violations are political decisions that should not occur in 2017.

One of the concerns expressed was whether it was actually possible to remain in contact with young people in Member States. Ms Dlabajova underlined that as MEP she was often in dialogue with youth representatives in Europe and particularly in her country, and that with the European Youth Forum and many young people present in the conference the ingredients for a dialogue were present. Ms Autengruber added that in many Member States there are National Youth Councils representing young people, involved in contacts with social partners and monitoring data and signalling trends on the labour market.

Getting ahead is getting started

The representatives from BusinessEurope and the European Youth Forum found each other agreeing that radical reforms are necessary, involving social partners: enterprises and trade unions have a key role to play in these reforms, a topic also discussed in an upcoming seminar on social partners in the reform process and the European Semester process. For the Youth Guarantee schemes there is certainly some effect and young people are reached, but most resources, both in budget and services, for youth employment are still at the national level. As for engagement of the young people present they were challenged whether they would be interested to become an entrepreneur. Two of the students present indicated to have plans into that direction. Another concern expressed by a student was the heavy requirements from employees towards young people regarding experience, which creates a gap between those leaving school and

ECA conference on Youth Employment: confronting challenges and finding *continued*

the minimum work experience requirement for a first job. Ms Dlabajova concluded the session that there were still many things open to discuss in a future conference but that the secret to getting ahead with this problem is getting started and working together to tackle the problems in a practical way.

Closing remarks by Maltese Presidency and future Estonian Presidency

Employment as essential point in the EU economy...and vice versa.

On behalf of the Maltese Presidency of the Council, his Excellency Neil Kerr, Ambassador of Malta to the EU, highlighted the importance of youth employment as essential part of the economy in the EU. The ECA special report on this topic acknowledges that progress has been made in this area but he also underlined that there is still more work to be done. Reaching the heterogeneous group of unemployed young people requires strong efforts from national authorities, certainly in the aftermath of the financial crisis, which hit the younger generations severely with social effects till today. Mr Kerr highlighted the need so support partnerships between employment, education and youth sectors, as the EU cannot allow for an entire generation to suffer the consequences of the crises. The EU needs to do its utmost to improve young people's employment perspectives. Several EU schemes have been initiated and the ECA report shows that realistic and achievable objectives need to be set for these schemes. Transnational project initiatives need to be supported, according to the ambassador, to help achieving policy learning and sharing of best practices: we can all learn from each other and foster economic and social cohesion across Europe. Achieving results will also strengthen the European project and the belief of EU citizens in it. Mr Kerr pled for close cooperation with the ECA in its role as guardian of the EU finances to ensure that the use of funds for youth employment is truly maximised.

Interview with His Excellency Mr Neil Kerr, Ambassador, Deputy Permanent Representative of Malta to the EU



Neil Kerr

Ambassador Kerr underlined that the social dimension and social inclusion are at the core of the priorities of the Maltese Presidency of the Council of the EU. The younger generation might be more difficult to reach than other generations while at the same time they were made to bear the major brunt of the financial crisis. So they need an extra push, and an extra hand to get them out of the vicious cycle of unemployment and get it right at the start of their employment career. The ECA report clearly acknowledges that good work has been carried out but also highlights that more needs to be carried out to help the 4 million young persons who are still unemployed. When asked about possible deadweight risks of EU funding in this area, being EU funding replacing national funding instead of adding to it, Mr Kerr replied that the ambition should be to maximise every euro being made available for the area of youth employment, whether it comes from EU or national sources. We should aim for a multiplier effect, whereby EU and national funds supplement each other. Cooperation with EU organisations will be essential to ensure that the use and effects of funds are maximised, with the role of the European Court of Auditors being fundamental in this regard.

For the Maltese presidency it was important to end key legislative proposals which have a tangible effect on the daily lives of our citizens, such as those relating to which led to the end of roaming mobile phone charges or the portability of on-line content. But these proposals mean nothing to those young people who do not even have the means to buy online subscriptions or purchase a phone. The current conference puts the spotlight on one of these essential aspects for people on this other dimension which the Maltese presidency wants to progress upon, namely the advancement of the younger generation on the labour market.

ECA conference on Youth Employment: confronting challenges and finding *continued*

For Europe to be successful its youth needs to be successful

Mr Janar Holm, Undersecretary of state of Labour Policy for Estonia, stated that youth unemployment can be seen as a burden for society with negative effects on economic growth. However, the core should be a sense of belonging for the young generation and an opportunity for an own future. Mr Holm highlighted that 'Europe is not successful if our younger generation is not successful. If they do not feel as full members of the society there is a lot at stake.' That is why, in his view, the ECA's assessment of Youth Guarantee and other initiatives is very helpful and important, showing there is a lot of thought to ensure an active life of the youth for the future. In Mr Holm's view the report's criticism will help to keep the head cool and the goals clear. Estonia has a youth unemployment rate that has decreased to 12,7%. Economic and demographic factors led to this decrease but there is, according to Mr Holm, evidence of substantial influence of special measures towards this decrease, like labour services initiated by government at different levels. To separate between all the factors influencing employment rates is very difficult. Results of programmes are visible but the question will remain whether measures work in all circumstances. This might not be the case. In Estonia an example of action undertaken is to involve young people at an early stage in the labour market by simplifying labour market law for minors, trying also through programmes to involve young people from 13 years onwards during summer holidays. Estonia will look forward to see the European Commission's proposals on the European Solidarity core, which will have an important place on the agenda under the upcoming Estonian Presidency during the second half of 2017.

Mr Holm joined many other speakers thanking the ECA not for only having organised a high level conference on the topic of youth employment but for having audited the topic and put it higher on the political agenda.



Janar Holm



ECA Conference on Youth Employment at the European Parliament in Brussels

Meetings with the Portuguese government and Court of Auditors

By Marc-Oliver Heidkamp, private office of Mr Lehne (President)

The ECA President Klaus-Heiner Lehne and the ECA Member João Figueiredo met with Vítor Caldeira, President of the Portuguese Court of Auditors and former ECA President and speaks with several Portuguese authorities during a visit in early May.



From left to right: Marc-Oliver Heidkamp, private office of Mr Lehne; Klaus-Heiner Lehne, ECA President; João Figueiredo ECA Member; Vítor Caldeira, President of the Portuguese Tribunal and former ECA President; Elisabeth Franco, ECA Directorate of the Presidency

President Lehne and Mr Figueiredo, met with key government officials in Lisbon on 2 May. They were welcomed and accompanied by Vítor Caldeira, the Court's former President and now head of the Portuguese Supreme Audit Institution. The discussions with Prime Minister António Costa and Minister of Finance Mário Centeno were successful. Awareness of the importance of the Court's work was raised and both expressed their support for the reforms in principle, especially of the Annual Report. On 3 May the President, together with Mr Figueiredo and Mr Caldeira, were received by the President of the Republic Marcelo Rebelo de Sousa. President Lehne also met the Secretary of State for European Affairs and spoke at a conference on the role of audit institutions in public procurement.

Xth EUROSAI Congress, Istanbul: reaching out to the European audit community

22-25 May 2017

By Radek Majer, Directorate of the Presidency

The EUROSAI steps into the future with an ambition to support innovative and effective audits, and help its members to better address the opportunities and challenges they face. EUROSAI is the organisation bringing together Supreme Audit Institutions of all over Europe to exchange audit practices and developments. It organises every three years a congress, this year held in Turkey.



50-strong member community to share audit practices

This EUROSAI congress brought together the 50-strong member community of European continent SAIs (from Portugal in the west to Kazakhstan in the east) to adopt an ambitious strategy for the next six years. The first element of the new strategy is to support its members in carrying out more innovative, effective and relevant audits. This includes brokering between members the sharing of information and experience, and notably support to developing and raising awareness of innovative audit approaches. The second key element is developing the institutional capacities of its members.

The congress provided numerous opportunities to start contributing to these new goals. Around a dozen workshops were organised to address the challenge of, and finding practical solutions for, implementing INTOSAI's public sector auditing standards (ISSAIs). The wide range of subjects included IT audit and audits in the area of sustainable development, the certification of government financial statements, harnessing digitalisation and open data, building analytical teams and ensuring effective ethics management. Experience was also shared on practices concerning selected phases of the audit process and procedure, such as risk management, monitoring the responses of auditees to audit findings and implementing recommendations. A useful role-play session was held to simulate a cyber-attack on a SAI and to explore the different responses to be given to such a threat.

ECA involvement continued

The ECA contributed to several breakout sessions and participated in the meeting of the EUROSAI governing board organised immediately before the congress. After six years of co-leading the EUROSAI the ECA stepped down as EUROSAI governing board member. The ECA – as vice-chair of the INTOSAI Professional Standards Committee, the world body responsible for developing public sector audit standards – will increase its focus on work directly related to developing and implementing these public sector audit standards. Nevertheless, the ECA will continue to contribute to the activities of the EUROSAI's working bodies on IT, ethics, environmental auditing and auditing of funds allocated to disasters and catastrophes.

Increasing EUROSAI's effectiveness

The EUROSAI community agreed that sustaining legitimacy in a situation of declining trust in public institutions is an important aspect of its future work. Apart from delivering better, relevant and timely output, SAIs should lead by example and remain agile and responsive to recent developments. The congress recommended that its members support the implementation and oversight of the United Nations' Sustainable Development Goals, notably by developing and carrying out relevant audits on the subject of the goals. Another significant area of interest is increased focus on IT audit and making best possible use of electronic data.

As the Auditor general of Finland Ms Yli-Viikari put it, 'EUROSAI should sail in one direction, despite the wind blowing from many directions and at different speeds.' For the next three years, the presidency of EUROSAI is in the hands of the Turkish Court of Accounts, and it's President Baş as chair. The new and agile organisational structure and modus operandi approved by the congress should contribute to further enhancing the effectiveness and efficiency of EUROSAI over the coming period. This positive outlook is reflected in a new logo and visual look for the organisation, as the result of an open competition among EUROSAI members.

The next congress will be held in Prague in 2020.

EUROSAI

ECA auditors meet academics to discuss EU accountability

By Torielle Perreur-Lloyd, Chamber III

The ECA's second participation in an EUFINACCO workshop, was initiated by Mr Cardiff, ECA Member, with the support of President Lehne. Activities such as this help to strengthen ties between the Court and the academic world, notably in the context of the Court's 40th anniversary.



EUFINACCO network members

EUFINACCO publication on financial accountability in the EU

Bogna Kuckzynska (currently working in the Audit Quality Control Committee and Chamber V) and I spent two sunny days in the middle of May at Berlin's Hochschule für Wirtschaft und Recht helping to strengthen ties between the Court and academia. We joined a workshop set up under the aegis of the Academic Association for Contemporary European Studies (UACES).

The workshop was organised by the EUFINACCO research network, which aims to publish a book on "Financial Accountability in the European Union". Participants had sent abstracts for inclusion in the book and made presentations to stimulate debate. Even when the main focus of their research was not the ECA, each presenter included thoroughly interesting views on our role and contribution to EU accountability from his or her own perspective as economist, lawyer, sociologist or political scientist.

Bogna presented the ECA Special Report 27/16 on Governance at the European Commission. The academics were keen to understand the impact that our work has on the Commission not just through formal follow up to our recommendations, but also by way of reaction to the questions we ask and the discussions we have as part of the audit.

I presented elements drawn from the ECA's Chamber III's risk review of the Commission's innovative tools for implementing EU external policy. One issue hotly debated was whether the Commission was actually trying to avoid being held accountable in creating new and complex uses for the external actions budget, or whether the primary focus was truly greater flexibility and obtaining additional financing for achieving development goals.

ECA auditors meet academics to discuss EU accountability *continued*

Of practical interest to us was the contribution by the Directorate on Budgetary Affairs of the European Parliament. We shared interesting ideas on increasing the value of this resource for the ECA. We suggested that the Directorate could publish a summary of studies carried out each year as well as planned studies for the coming year. We noted that their forthcoming study of “Management and Oversight of EU Trust Funds”, requested by the European Parliament’s Budget and Control Committee (CONT), is closely related to a high priority performance audit task proposed for the Court for 2018.

Coverage of wide range of research topics

The academics presented their research on varied topics covering: financial accountability; better regulation; the relationship between the EU, the EP and national parliaments; the European Parliament’s role in setting up the European Social Fund; the European Central Bank’s role as prudential regulator; Brexit and the EU budget; corporate social responsibility and the EU financial crisis; the legitimacy of lobbying and budgeting in the UN system. We enjoyed thoroughly contributing to the lively debate from our perspective as EU external auditors.

Of note was a polished presentation by Emma van Gelder of research she conducted with Mr Brenninkmeijer, ECA Member, during an internship with his private office on “The complexity of setting shared enforcement powers between national and EU enforcement authorities (EEAs)”. Referring to Court special reports on EEAs, she identified key accountability issues relating to access to the information the Court needs to carry out its work, the quality and completeness of information provided and the absence of clear performance frameworks with comprehensible indicators against which to measure performance.

Interest in links the ECA

Our fellow participants at the workshop were keen to listen to our thoughts as practitioners from the world of external audit. Many of them admitted to us privately during breaks between sessions that they often felt that their knowledge was incomplete because of their lack of hands on experience. They told us they would like to develop links with the ECA and referred to the difficulty they had searching the ECA’s website for documents. We commented on the relevance and usefulness of the book proposal on which they are working. For example, we encouraged them to examine some more forward-looking issues, such as the impact the advent of open data and blockchain technology could have on EU accountability and on the ECA audit of the European Commission.

Topping up on vitamin D in Berlin’s Tiergarten whilst waiting for our plane back to Luxembourg, we agreed that we felt revived and refreshed by our foray into academia. It had drawn us out of our comfort zone and inspired us to reflect differently on questions that we deal with on a daily basis within our auditing boxes.

Internal Audit Service of the Commission ready for more cooperation with the ECA

By Andreas Bolkart, Directorate of the Presidency

On 10 May 2017, the senior management team of the Commission's Internal Audit Service (IAS) visited the ECA. During the visit the IAS delegation held a presentation and Q&A session open to all ECA staff, presented the IAS' 2017 work programme to representatives of all chambers and finally met with members of the Technical Working Group for the audit approach for the ECA's Statement of Assurance.

IAS mandate and organisation

Speaking in a session in the ECA conference room attended by a high number of interested colleagues, the IAS management team set out the mission, role and working methods of the IAS. The IAS work is conducted in conformance with the standards of the Institute of Internal Auditors (IIA), as third line of defence of an organisation (see chart no. 1). Its legal mandate is set out in articles 98 to 100 of the Financial Regulation. Established in 2000, the IAS was reorganised in 2015 to become the sole provider of internal audit services for the Commission by integrating the former Internal Audit Capabilities of each Commission DG and executive agency. The IAS reports to the Audit Progress Committee, chaired by First Vice-President F. Timmermans, and consisting of six internal and three external members. In addition, the IAS is also the internal auditor of more than 40 EU Decentralised, Regulatory Agencies, Joint Undertakings and other EU bodies.

IAS delegation on 10 May 2017

Manfred Kraff – Director-General
 Reinder van der Zee – Director IAS.A "Audit in EU Agencies and other autonomous bodies"
 Jeffrey Mason – Director IAS.B "Audit in Commission and Executive Agencies I"
 Cristiana Giacobbo – Director IAS.C "Audit in Commission and Executive Agencies II"
 Sunil Beersing – Head of Unit IAS.01 "Quality Assurance, Resources, Administrative coordination and Communication"
 Christoph Nerlich – Head of Unit IAS.B4 "Audit of central services and office"
 Adrian Mircea – Assistant to the Director-General



Manfred Kraff - Director General of the IAS since 1 March 2017. Previously Mr Kraff was Deputy Director General of DG BUDG.

Director General Manfred Kraff and his team of directors introduced the responsibilities of all units of the IAS and **encouraged ECA colleagues to develop their contacts with the respective teams at the IAS and exchange information on on-going and planned audits.** The IAS has 161 staff posts and finalised about 200 engagements (100 audits and 100 follow-up engagements) in 2016. The IAS plays a key role in the Commission's accountability framework through individual financial, compliance and performance audit engagements. It issues annual limited conclusions on the state of internal control in each DG and an overall opinion on the financial management at Commission level (see chart no. 2). Upon invitation by the respective service or body, the IAS also performs consultancy engagements.

Internal Audit Service of the Commission ready for more cooperation with the ECA *continued*

1. The Internal Auditor is the third line of defence of an organisation



Source: European Confederation of Institutes of Internal Auditing (ECIIA), Position paper, "Improving cooperation between internal and external audit"

Six key areas

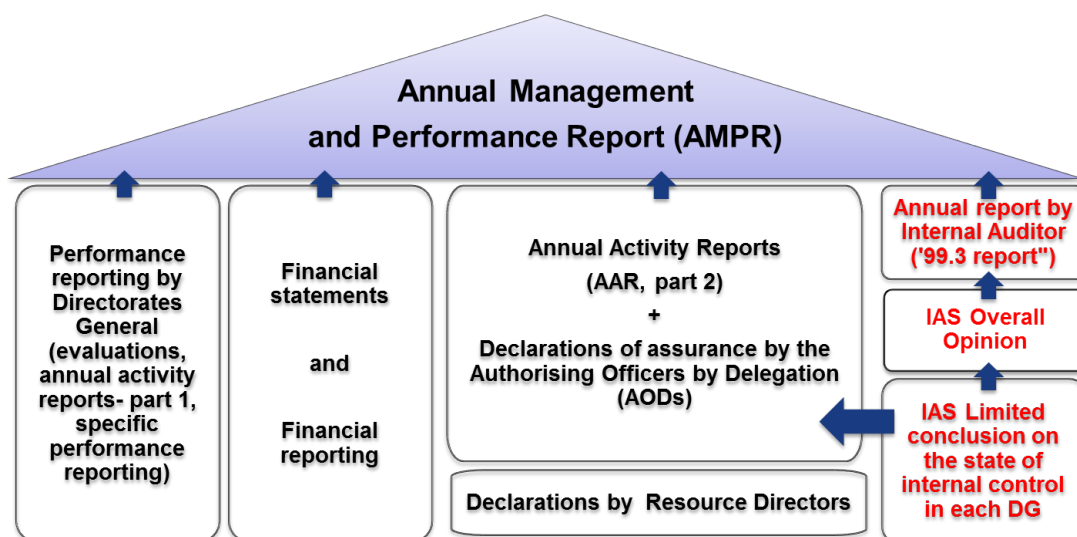
The **2017 audit plan** of the IAS focusses on six areas: Effective and efficient use of resources (performance and financial management audits), corrective capacity, IT, governance/externalisation processes, better regulation and financial instruments. In a meeting with representatives from all chambers, Mr Kraff highlighted the benefits that both the IAS and the ECA can draw from exchanging information during the annual programming exercise as well as between audit teams working in the same area. While remaining independent, both sides can increase the relevance and pertinence of their audit engagements by avoiding overlaps and by exploiting complementarities between audit engagements.

IAS role in the assurance framework

In the meeting with the Technical Working Group on the **Statement of Assurance audit approach of the ECA** the discussion centred on the IAS's role in the Commission's accountability and assurance framework. The IAS colleagues explained how the annual limited conclusions on the state of internal control of individual DGs and the IAS overall opinion on the Commission's financial management are established. Both delegations agreed to explore the deepening of the future cooperation in the context of the reformulation of the ECA's Statement of Assurance audit approach. For instance, following the practice of other SAIs and their auditees' internal auditors, the ECA and the IAS could formalise their cooperation by signing an agreement or Memorandum of Understanding. In this context, the role of the IAS as the third line of defence of the Commission's internal control system and the Court's role as external auditor of the EU will be taken into consideration.

Internal Audit Service of the Commission ready for more cooperation with the ECA *continued*

2. IAS contribution to Commission's overall assurance framework



Source: Commission IAS

Find out more about the IAS: <https://ec.europa.eu/info/departments/internal-audit-service>

Farewell to Rosmarie Carotti

By Alex Brenninkmeijer, ECA Member and chair of the Journal's Editorial Board



Rosmarie Carotti

Our Editor-in-chief retires

This Journal is the first one produced without having Mrs Rosmarie Carotti as editor in chief. After having worked for almost 40 years for the European Union, of which over 37 years for the European Court of Auditors (ECA), Rosmarie retired on the 1 May 2017 to enjoy her well-deserved pension.

Through her valuable contributions and excellent ideas Rosmarie has made the Journal what it is nowadays: an inspiring monthly, reflecting to the outside world the diverse activities the European Court of Auditors undertakes to serve as European watchdog, providing insight, understanding and guidance to Europe's citizens and policy-decision makers on how to improve the management of EU policies and programmes. Rosemarie also brought relevant events in the outside world to the Court. Rosmarie worked hard for this and is also very proud that the Journal has its own ISSN number. And she cherished her journalistic approach in her work.

Enormous curiosity

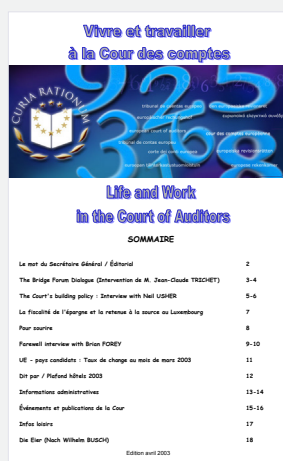
My first encounter with Rosmarie was when I became almost her neighbour when I started my work as ECA Member in 2014 and her office was adjacent to my cabinet offices. Often with a smile Rosmarie could surprise me sometimes when she greeted me with an interesting remark or a query into ongoing issues. When I started chairing the Journal's Editorial Board our working relationship only intensified. My own experience, also confirmed by others who worked many more years with Rosmarie than I did, is that Rosmarie's approach to her work and life in general is characterised by an enormous curiosity, remarkable tenacity to find out things, and standing open to undertake new things. This she did with a staunch adherence to her own style, full trust in the course of her activities, sometimes confrontational and demanding but always with confidence in the colleagues' qualities to provide interesting contributions to her Journal.

Push for the journal's development

Her Journal indeed: Rosmarie made the Journal to what is today: from an internal news magazine to an external monthly with a strong focus on topics related to external public auditing and sometimes complicated policy issues, like the European Banking Union or digital tools in the audit world of today. The difference between the first Journal editions, starting in 2003 and the recent ones is striking: then articles mostly written in French, now mostly in English. Then with information on local activities in and around Luxembourg; now with a wider spectrum towards Brussels and beyond. Then with administrative and personnel information, ranging from staff concerts to advertisements for the in house travel agency; now with conferences and seminars organised in Brussels, Luxembourg, etc. to discuss our findings with stakeholders and possible ways forward. From inward looking to outward looking, thereby also symbolising the trend not only the Court but also several other EU organisations have taken: reaching out to policy-makers, media, citizens to show what EU organisations do and how they try to make a difference to the better.

40 year anniversary activities

Rosmarie has handed the Journal over to her successor but she is still occupied with research activities for the celebration of the ECA 40 year anniversary later this year. Which shows how true her own words of the Journal's May edition are: every end is also a new beginning. I wish Rosmarie all the best in this task and in her retirement and thank her, on behalf of the Editorial Board and the European Court of Auditors, for all the good work she had been doing to make the Journal what it is today. We will continue her work to develop the Journal further!



First edition of the Journal:
April 2003



Last edition of Ms Carotti:
May 2017

Europe Day events in May: EU auditors hand in hand with Europe's citizens

By Damijan Fišer, Directorate of the Presidency

Do the EU institutions and their staff reach out to the citizens? Or let them see where and how they work for them? Yes, we do

1950 Paris declaration: chartering the course of the EU

Every year on 9th May, Europe remembers Robert Schuman, the Luxembourg-born French foreign minister who was one of the founding fathers of today's EU. His 1950 Paris declaration of Europe's post WWII cooperation on coal and steel affairs cast aside the likelihood of renewed hostilities between its neighbour countries and charted the course of the Union as we know it. Over 70 years of peace between the EU's countries and 60 years of political cooperation within the bloc have turned the day into an annual celebration of peace and unity, under the name of Europe Day.

The events surrounding Europe Day attract tens of thousands of visitors from across the Union. They also represent an excellent opportunity for the EU institutions to reach out to our citizens and help bridge the gap of confidence and trust "on the ground". Many EU institutions, particularly in Brussels, Luxembourg and Strasbourg, open their doors to the public for the day and take part in outdoor events, with information stands to provide information directly to the public on what they do and how they do it.

The ECA stand in Luxembourg featured our largest ever team of twelve – all sporting our institution's trademark green colours



At the European Court of Auditors in Luxembourg, now in our 40th year of safeguarding the financial interests of the EU citizens, we are proud to celebrate Europe Day with them. Year after year, we reach out to them across Europe and let them know personally what is our role, why our work is so important for Europe and its taxpayers, and what it actually means for them in their everyday lives.



ECA staff, mainly auditors, provide personal accounts of the work they do to keep the EU finances on track and on record, while conveying their enthusiasm for the European project and ECA's role in it

Europe Day events in May: EU auditors hand in hand with Europe's citizens *continued*

EU audit quiz proved to be popular

To reach the largest possible number of citizens, we combine our regular presence in the flagship places of the EU institutions with changing visits to the EU capitals of the year, and to top it all we set up our information stands in some selected cities. So it was that, from 6th to 14th May this year, we took part in the EU open days in Brussels at the European Commission's headquarters, in Strasbourg at the European Parliament, in Tallinn as the capital of the incoming Council presidency country, in Warsaw at the very popular Schuman parade, and last but not least in our own hometown of Luxembourg, where the EU institutions and Member States' national embassies held information stands at the European village in the city centre.



ECA Members Henri Grethen and João Figueiredo visit ECA stand in Luxembourg on 13th May



The visitors of ECA information stand in Strasbourg get a sneak preview of the ECA's new corporate video, premiering in French, English and German on 14th May

The large number of visitors who came to our information stands in their thousands were eager to learn more about the facts and figures of the EU budget, how EU finances are performing and how they are accounted for. They were arguably even more eager to take part in our EU audit quiz, which again proved to be "the hot ticket" at many events. The questions were educational and our auditors were happy to lend a hand and help the visitors learn about our institution and our work, as we say in audit speak, "on the spot". But, if the quiz showed us one thing, it was that public awareness of the EU's external auditor and the guardian of its finances is not always and equally well-known across the EU's population and

Europe Day events in May: EU auditors hand in hand with Europe's citizens *continued*

geography. At a time when the EU needs to face up to the threats of terrorism and the challenges of populism, migration and Brexit, many citizens also tend to question its sound financial governance. This is our opportunity to help build and maintain their trust in the work of the EU institutions by regularly reaching out to them. They need to know they can turn to our institution as the steadfast source of facts about the EU finances and provider of independent information on how their money is being spent and invested by the EU on their behalf.

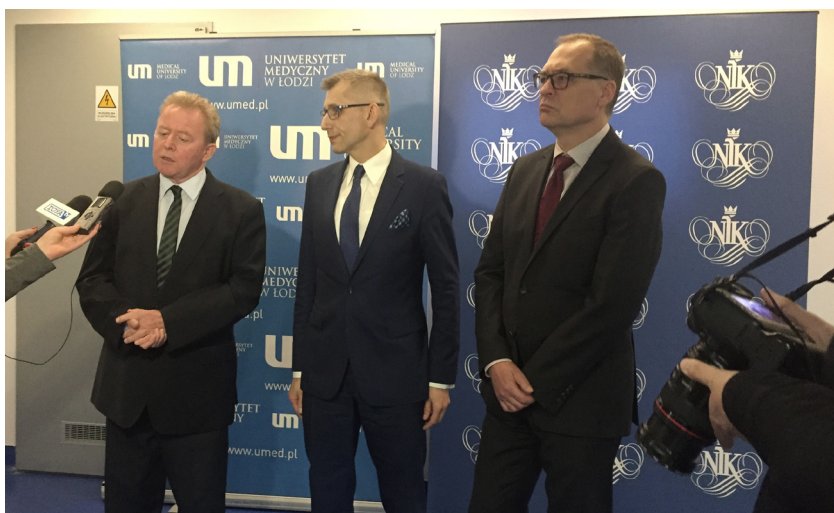
ECA Member Janusz Wojciechowski (Poland) presented ECA's work at the University in Warsaw and took part in their student debate on 6th May



Health under control at the Medical University of Łódź: joint conference held together with the Polish NIK

By Kinga Wisniewska-Danek, private office of Mr Wojciechowski

The EU should do more to protect its citizens from pandemics and other serious health threats, according to Special Report 28/16 of the European Court of Auditors, titled 'Dealing with serious cross-border threats to health in the EU: important steps taken but more needs to be done.' Mr Wojciechowski, ECA Member and his private office, together with the Polish Supreme Audit Office (the NIK) and the Medical University of Łódź organized a joint conference entitled "Health under control".



Press briefing held after the conference

From left to right: Janusz Wojciechowski, ECA Member; Krzysztof Kwiatkowski, NIK President; professor Radziśław Kordek, rector of the Medical University of Łódź

The event focused on reaching out to audiences interested in health-related issues and took place on 12 April at the Medical University of Łódź. Members of the national parliament, academics and representatives of regional medical and pharmaceutical bodies attended the conference along with students from the Medical University of Łódź. A press briefing held after the conference allowed a much wider audience to significantly gain increased awareness of the Court's work.

Serious health threats requiring a multilateral response

Both the ECA and the NIK presented the results of their work in the field of health and health safety. Referring to Special Report 28/16 Mr Wojciechowski stressed that serious health threats are often cross-border problems and may require a multilateral response. They can cause significant economic costs, especially when an emergency lasts for a long time, disrupting travel, trade and public life. During the audit, auditors checked whether there are mechanisms in Europe that ensure better protection of citizens in the event of large scale health emergencies. This was one of the audits where the role of the ECA was to be the advocate of citizens and not only the guardian of EU money.

EU Member States have the primary responsibility in the area of public health. The European Commission's role consists mainly of providing support and taking complementary action. A key milestone in building a stronger EU health security framework was the adoption of a decision on serious cross-border threats to health in 2013. The decision covers important areas such as the mandate and role of the Health Security Committee, coordination of preparedness planning, including the joint procurement of medical countermeasures, rules and systems for early warning and

'Health under control'

The NIK/ECA/Medical University of Łódź joint conference held in Poland *continued*

response, as well as epidemiological surveillance. In addition to other issues, the auditors found delays in implementing and developing the 2013 Decision and a number of gaps in the Commission's internal coordination of health security activities across different programmes and services. Scope to upgrade the early warning and response system was also identified.

Mr Wojciechowski stressed that the Decision provides good mechanisms to better protect EU citizens. He indicated that a number of important steps have been taken and that Member States can now act much more effectively together in the area of public health.



During the conference

From left to right: Janusz Wojciechowski, ECA Member; Krzysztof Kwiatkowski, NIK President; professor Radziśław Kordek, rector of the Medical University of Łódź

During the conference Krzysztof Kwiatkowski, President of the NIK, presented the most significant findings of the NIK audit related to granting marketing authorizations for dietary supplements¹. As many as 89% of Poles report that they buy OTC drugs and dietary supplements (according to CBOS data). The Polish market in dietary supplements is developing rapidly, and the problem occurs therefore on an increasingly vast scale. During the audit the NIK commissioned examinations of randomly selected dietary supplements to find out their actual composition. Although only a number of studies were commissioned, there was a high percentage of products whose composition was not as stated on the label or which contained ingredients harmful to human health. The audit revealed that the Polish market in dietary supplements is a high health risk area, insufficiently supervised by state authorities. Several attendees of the conference voiced their interest in a possible future ECA audit on food safety and food information, which could provide an insight into that issue in the European framework.

Reaching out to audiences in Member States

The "Health under control" conference showed that there is, especially within the Member States, an interest in the Court's work related to topics close to the citizen's interests, such as cross border health threats or health safety. Moreover, joining forces in communication actions and dissemination of audit results is an area where the ECA can successfully cooperate with other Supreme Audit Institutions. Such joint actions enable broader audiences to be reached and enhance the impact of the messages the ECA wants to convey.

¹ P/16/078, audit coordinated by the NIK Regional Branch in Łódź.



**Special
Report
N°07/2017**



*Published on
4 May 2017*

The certification bodies' new role on CAP expenditure: a positive step towards a single audit model but with significant weaknesses to be addressed

This report examines the role of the Certification Bodies which provide opinions on the legality and regularity of spending under the Common Agricultural Policy at Member State level. The Common Agricultural Policy accounts for almost 40 per cent of the EU Budget. We assessed whether a new framework set up in 2015 by the European Commission enables the Certification Bodies to form their opinions in line with EU regulations and international audit standards. Although the framework is a positive step towards a single audit model, we found that it is affected by significant weaknesses. We make a number of recommendations for improvement, to be included in new Commission guidelines due into force from 2018.

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

**Special
Report
N°08/2017**



*Published on
30 May 2017*

EU fisheries controls: more efforts needed

This report examines the effectiveness of the EU's fisheries control system – a key element in safeguarding the sustainability in the long term of fish stocks and the fishing sector. We found that the Member States were not yet carrying out all the required controls, and that the control system itself needed to be updated. There were weaknesses with the verification of the accuracy of their fleets' capacity, with the control of small vessels, with the reliability of reported catch data and with the equal treatment of fishing operators in the application of sanctions. We make a number of recommendations both to the European Commission and to the Member States to improve fisheries controls.

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

EDITION HIGHLIGHTS

- 05** ECA conference on Youth Employment: confronting challenges and finding solutions
- 14** Xth EUROSAI Congress, Istanbul
- 16** ECA auditors meet academics to discuss EU accountability