



EUROPEAN COURT OF AUDITORS

WORK PROGRAMME 2009

The European Court of Auditors (the Court) undertakes:

Financial audit - on the reliability of accounts and the legality and regularity of underlying transactions. Financial audits are generally required by legislation (notably the statement of assurance, or 'DAS') and mostly cover complete accounts for each budgetary year.

A key component of financial audit is **compliance audit** which involves an assessment of compliance of transactions or systems of specific budgetary areas with the rules and regulations governing the income or spending.

Performance audit - on the soundness of financial management (including value for money). These are undertaken on specific management or budgetary topics covering a number of budgetary years.

Performance and compliance audit topics are **selected** at the discretion of the Court based on criteria such risk analysis, potential for improvement and public interest. Their complex and detailed nature means they generally require more than one year to complete.

The Court publishes the results of its audit work in the following types of report:

Annual reports - presenting the results of financial audit in the form of statements of assurance on the general budget and the European Development Funds. These two reports are published together in November.

Specific annual reports - presenting the results of financial audits on the Communities agencies and bodies.

Special reports - presenting the results of selected performance and compliance audits. Special reports can be published at any time during the year.

In addition, the Court is called upon to provide its **opinion** on new or updated legislation with a financial impact.

The Court - in line with other supreme audit institutions - carries out its work in compliance with **international auditing standards** to ensure the highest professional quality. This helps the Court achieve the required independence and objectivity required of the external auditor.

THE PLANNED WORK OF THE EUROPEAN COURT OF AUDITORS IN 2009

The European Court of Auditors is the external auditor of the European Union. Most of our resources are devoted to the audit of the general budget of the European Communities, but also includes the European Development Funds and the EU's agencies and bodies.

This document provides an overview of the Court planned work and output for 2009. It includes also information on the Court's **areas of interest**, **new products** and other developments with relevance for the period 2009-2012, in accordance with the Court's audit strategy (further information on the 2009-2012 audit strategy can be obtained on the Court's website: www.eca.europa.eu).

In addition two tables are provided in annex which sets out the main selected **audit tasks and preliminary studies** on which the Court will be working in 2009.

i) Areas of interest

The Court does not have the capacity to audit each area in detail every year. It therefore selects its performance and compliance audit tasks in order to make the most effective use of its resources. A number of factors are taken into consideration when selecting tasks, including the risks to performance or compliance for the expenditure, the level of spending involved, the time since any previous audit, forthcoming developments in the regulatory or operational frameworks, and political or public interest.

For the period 2009-2012, the Court identified a number of key developments to be focused on:

- Growth and jobs;
- Climate change and sustainable Europe;
- Europe as world partner; and
- Better regulation.

The Court needs also to respond to some new and ongoing changes in EU management and accounting, including:

- the continuing development of an integrated internal control framework based on the Commission's action plan, including the concept of tolerable risk;
- the continuing implementation of the 2007-2013 financial framework and its attendant multi-annual programmes and regulations, particularly for the Structural Funds;
- the closure of the previous 2000-2006 spending programmes;
- the completeness, adequacy and recording of recoveries and financial corrections;
- the increase in the number of agencies and executive agencies, joint-undertakings and other bodies.

ii) **New products**

The Court will widen the range of its audit-based products from 2009 to 2012. This will be achieved in consultation with key external stakeholders to ensure there is a clear understanding of their diverse needs and how the Court can best meet their expectations while fulfilling its Treaty mandate.

For example the Court envisages to develop the following new products in 2009:

- A dedicated **follow-up report** to provide greater focus on the action taken on previous performance audit recommendations.
- **Cross cutting** reports - The Court intends to publish cross cutting performance audit reports between 2009 and 2012 presenting consolidated findings and conclusions for policy areas. Some preliminary work will be carried out on two cross cutting topics during 2009 (environment and measures to assist SMEs).
- **High risk areas** report - As an overall assessment of the current key risks facing the EU budget has never been compiled, the Court will deliver such a report by the end of 2009 in anticipation of the start of the new Commission's mandate.

In addition the Court will consolidate and improve on the presentation of its **annual activity report** which was published for the first time in 2008 in respect of 2007.

iii) 2009 priorities

The Court has identified specific priorities for 2009 which include:

- the multi-annual nature of much of the expenditure;
- innovation and the internal market;
- human capital;
- sustainable energy; and
- Commission's strategy to simplify the regulatory framework for business and citizens.

iv) Statement of assurance

A significant proportion of the Court's available resources is devoted to financial audit in the form of the **statement of assurance** (also known as the 'DAS'). This involves examination and testing of the EC general budget and European Development Fund accounts and transactions for each financial year. The work takes place between September of year n through to June of year n+1, to allow the annual reports to be published in November year n+1 in line with the Financial Regulation. Thus during 2009 will work on the completion and publication of the statement of assurance on the 2008 financial year, and the start of that for 2009.

The work underlying the statement of assurance covers the two aspects on which the EC Treaty requires the Court to provide an annual opinion: **Reliability of the accounts** and **Legality and regularity of underlying transactions**. In addition, where it can the Court takes account of the results of the work of **other auditors**, as well as the representations of management in the form of the **annual activity reports** of the directors general of the Commission. The Court will again pay particular attention to management representations in the form of the annual activity reports of directors-general and accompanying declarations, as well as the way the Commission uses the annual summaries of member states. (Further information on the DAS approach can be obtained on the Court's website: www.eca.europa.eu).

In undertaking its work the Court aims to provide clear conclusions on the state of accounting and financial management for the different areas of the budget, as well as to make practical, cost-effective **recommendations** where improvements can be made.

For its audit of the 2008 financial year the Court will further develop its examination of the **multi-annual** nature of a considerable proportion of Community spending and how it impacts on the Court's findings for the financial year. Particular attention will again be paid to recoveries, repayments and corrections and the extent to which these can be considered as compensating for the weaknesses and error levels found.

The Court's **annual report** on the general budget for 2008 will build on the new structure introduced for the 2007 report, which reflects the change in the way the budget is organised. The findings are presented in chapters covering logical groups of policy areas which are closely, but not completely, aligned with the new financial framework headings. The Court will continue to pay specific attention to improving the clarity and consistency of the presentation of results and conclusions, so aiding comprehension and readability as well as comparison with and between policy groups, and between years.

v) Selected performance and compliance audit tasks in 2009

The planned work and output for 2009 is presented around the financial framework headings with indication given of the policy area concerned. Further information on individual tasks to be concluded by the end of 2009 is provided in the attached annex.

For each heading, information on the special reports planned for publication during 2009 is given on the following boxes¹:

Sustainable Growth – *competitiveness for growth and employment (1a)*

- Instrument of Structural Policies for pre-Accession (ISPA)
- Galileo Programme development and validation phase
- Networks of excellence and integrated projects
- Executive Agencies
- Research infrastructures

¹ At this stage the title and planning is indicative only. The Court has the right to choose if and how it publishes the results of its selected audits in the form of special reports. Publication is decided on a case-by-case basis, taking into account the best use of the Court's financial and human resources.

Sustainable Growth – *cohesion for growth and employment (1b)*

- Structural measure spending on waste water projects
- Vocational training actions for women

Preservation and Management of Natural Resources (2)

- Promotion measures for agricultural products
- Food aid for deprived persons
- LIFE nature projects
- Completion of SPS entitlements

Citizenship, Freedom, Security and Justice (excluding European Union Solidarity Fund) – *Citizenship (3b)*

- The EU's Public health programme 2003 – 2007
- The mobility measure of the Leonardo da Vinci programme for 2000-2006

EU as a global player (4)

- Non-state actors involvement in EC development cooperation
- Banking measures in the Mediterranean area in the context of the MEDA programme – and previous protocols
- CARDS spending on justice and home affairs
- Pre-accession aid to Turkey
- United Nations Organisations

Administration

- Personnel selection activities carried out by the European Selection Office
- Commission treasury management



EUROPEAN COURT OF AUDITORS - SELECTED AUDIT TASKS 2009



Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No.	Description	Title	Description		
EU rail infrastructure interventions	1 a	Sustainable growth: competitiveness for growth and employment	6	Energy and transport	The Trans-European Rail Transport Network (TEN-T rail network) represents some 35% of the overall European Union's rail transport infrastructure network. TEN-T incorporates 30 international priority Axes (PA) with a total overall cost of some €400,6 billion.	To establish whether EU interventions in the areas of rail infrastructure funding and policy measures have been cost-effective in improving the performance of European transport corridors.
Galileo programme development and validation phase	1 a	Sustainable growth: competitiveness for growth and employment	8	Research	GALILEO is the largest industrial project ever organised by the Communities, the first European public-private partnership (PPP) expected to take place and the first public infrastructure to be owned by the European institutions. The planned budget for the system development phase (until 2009) is €1.5 billion.	To establish whether Galileo programme was adequately governed and which factors accounted for the failure of the concession process, for the reported delays and cost overruns of technological development and whether spending on research and development activities has benefited the programme.
Networks of excellence and Integrated projects	1 a	Sustainable growth: competitiveness for growth and employment	8	Research	The objective of Community research is to promote cooperation with and between undertakings in high level research and technological activities. In this context, multiannual research framework programmes establish the scientific and technological objectives to be achieved, the relevant priorities, the broad lines of the research activities of the Community, the maximum overall amount of financing and the rules governing Community financial participation	To establish whether Networks of Excellence and Integrated Projects contributed to research policy objectives set by the Treaty as well as their own objectives and whether the Commission effectively supported the projects' implementation by providing the necessary guidance to beneficiaries, managing the contracts and monitoring the progress achieved.
Research Infrastructures	1 a	Sustainable growth: competitiveness for growth and employment	8	Research	The overall objective of the programme is to promote the development of a fabric of research infrastructures of the highest quality and performance in Europe, and their optimum use on a European scale based on the needs expressed by the research community. Support for research infrastructures in the sub-programme is open to infrastructures throughout the fields of science and technology covered by Art.163 of the Treaty.	To establish whether the Commission has effectively managed the support schemes "Construction of New Infrastructures" and "Design Studies", contributing to the achievement of the objectives of the Research Infrastructures activity.
Instrument of Structural Policies for pre-Accession (ISPA)	1 a	Sustainable growth: cohesion for growth and employment	13	Regional Policy	ISPA provided assistance to contribute to the preparation for accession to the European Union of eight central European applicant countries in the area of economic and social cohesion, concerning environment and transport policies. Total budgetary commitments for ISPA for 2000 to 2006 was €5.1 billion, covering 262 projects.	To establish whether there was a coherent strategy and an adequate preparation supporting ISPA actions, whether projects were implemented according to planning and whether projects were contributing to beneficiary countries compliance with the EU environmental directives
Executive Agencies	1 a	Sustainable growth: competitiveness for growth and employment		Various	Executive Agencies are a new Commission instrument for the implementation of the EU budget; they were introduced in 2002 and their utilisation is growing. They will manage programmes to the tune of around 34 billion euro under the 2007-2013 financial perspective.	To establish whether the establishment of Executive Agencies as programme implementation instruments has been soundly based, and whether the activities are carried out more efficiently and effectively by the agencies than previously by the Commission services.
Structural measure spending on waste water projects	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy; Environment	The ERDF and the CF are the main sources of financing for the European environmental policy. Budgeted environmental expenditure for the 2000-2006 period (Structural Funds and the C) was €25.8 billion, with €10.6 by earmarked for waste water treatment.	To establish whether Structural Measures spending on waste water treatment were effective for the 1994-99 and 2000-06 periods.
Vocational training actions for women	1 b	Sustainable growth: cohesion for growth and employment	13	Regional Policy	Equality of chances was initially one of the four pillars of the programming period 2000-2006, the objective of which is to achieve at least 60% of female participation in the labour market by 2010.	To establish whether the actions had been selected according to labour market needs and whether the monitoring information made it possible to evaluate if actions had achieved their objectives.

Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No.	Description	Title	Description		
Promotion measure for agricultural products	2	Preservation and management of natural resources	5	Agriculture	The EU has implemented and co-financed promotion measures for agricultural products since the beginning of the 1980s. From 1999 on, the various existing arrangements were brought together into a common scheme for all products concerned. These promotion measures are mainly programmes of between one and three years co-financed up to a maximum of 50% by the EU and destined both for the internal market and for third countries.	To establish whether the provision and promotion measures were effective.
Food aid for deprived persons	2	Preservation and management of natural resources	5	Agriculture	The measure exists since 1987 and concerns food aid provided to designated charitable organisations for distribution to most deprived citizens of the Community. Spending in 2008 is planned at € 297 million. The objectives of the scheme are to reduce the stocks of the agricultural products in public intervention and thus to contribute to the stabilisation of the markets and to contribute to the well-being of the most deprived persons.	To establish whether the objectives of the programme remain valid and the approach appropriate, whether the means are commensurate with the objectives sought and whether the procedures are being applied as intended.
Leader	2	Preservation and management of natural resources	5	Agriculture	Leader is the EU's 'bottom-up' programme for implementing rural development. Financial support is given to 'local action groups' to implement local development strategies, usually through grants to local projects.	To establish the extent to which Leader has been implemented in a way that adds value to Rural development.
LIFE nature projects	2	Preservation and management of natural resources	5	Agriculture	LIFE Environment contributes to the development and demonstration of innovative policy approaches, technologies, methods and instruments, including the development and dissemination of best practice techniques, know-how and technologies.	To establish the extent to which the measures taken by the Commission are effective in disseminating the results of the projects funded and in providing support for information, communication actions and campaigns.
Clearance of Accounts Procedure	2	Preservation and management of natural resources	5	Agriculture	Certifying bodies perform an external audit on the accounts of the paying agencies in the Member States. They can be state run authorities or private audit companies. Commission bases much of its assurance as to legality and regularity of the accounts on the basis of these audits.	To establish the extent to which the declarations of assurance given by the Directors of the individual paying agencies are useful in the overall audit of EAGF expenditure.
Restructuring of the sugar procedure	2	Preservation and management of natural resources	5	Agriculture	The aim of the reform of the sugar sector, which came into force on 1 July 2006, is to ensure a long-term sustainable future for sugar production in the EU, to enhance the competitiveness and market-orientation of the sector, to strengthen the EU's position in world trade talks and to render the industry more competitive.	To establish whether the restructuring of the sugar sector has been effective.
Completion of SPS entitlements	2	Preservation and management of natural resources	5	Agriculture	The budget for SPS payments in 2006 was € 14 635 million (ca. 25% of the total for agriculture). The SPS entitlements and payments are automatically calculated using information contained in a database. The IT systems are the backbone of the administration system.	To establish whether the system for calculating entitlements is reliable and effective.
Imported meat safety	2	Preservation and management of natural resources	5	Agriculture	Food safety has become a major political concern. The basic principle underlying the Community system for sanitary checks on meat imports is that products entering the EU must satisfy sanitary requirements.	To establish whether the Commission's management of the system of sanitary checks for meat imports is satisfactory.
The mobility measure of the Leonardo da Vinci programme for 2000-2006	3 b	Citizenship, freedom, security and Justice: citizenship	15	Education and culture	Leonardo da Vinci is the action programme for implementing the European Community's vocational training policy supporting and supplementing action taken by the Member States.	To establish whether the objectives of the programme are achieved and whether the management by the National Agencies is efficient.

Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No.	Description	Title	Description		
The EU's Public health programme 2003-2007	3 b	Citizenship, freedom, security and Justice: citizenship	17	Health and consumer protection	The objectives of the Public Health Programme 2003-2007 are: to improve information and knowledge for the development of public health; enhance the capability to respond to health threats; promote health and prevent disease across all policies and activities.	To establish whether the right conditions were set, when designing and when implementing the programme, for projects to contribute effectively to the capacity of European citizens to improve their health.
Non-state actors involvement in EC development cooperation	4	The European Union as a global partner	19	External relations	The Cotonou agreement with the ACP group of states, and EU legislation, provide for non-state actors to play multiple roles in development cooperation, notably participating in policy dialogue as well as implementing projects. The EU funds directly attributed to NSAs in 2006 were approximately € 800 million, 8% of the total aid to developing countries (general budget and EDF).	To establish whether the Commission adequately ensure that NSAs are involved effectively in the development process, whether the Commission's management systems efficiently ensure that activities implemented by NSAs are relevant and likely to produce the intended results and whether the Commission adequately support the capacity development NSAs.
CARDS spending on justice and home affairs	4	The European Union as a global partner	19	External relations	The Commission's main instrument assisting the Western Balkans has been the Community Assistance for Reconstruction, Development and Stabilisation (CARDS) programme. The Justice and home affairs is one of the most prominent areas of cooperation between EU and Western Balkan countries.	To establish the extent to which the programme has been effective in strengthening the public administrations and improving the judicial system in the beneficiary countries.
Pre-accession aid to Turkey	4	The European Union as a global partner	19	External relations	Preaccession funds spent in Turkey	To establish whether the aid programme is effective.
United Nations organisations	4	The European Union as a global partner	19	External relations	General Budget and EDF aid is channeled through United Nations organisations. The Commission is increasingly implementing aid through United Nations organisations be it for emergency aid, post-conflict situations, traditional development programmes or wider Funds managed by UN organisations.	To establish whether needs are properly assessed and that projects are implemented economically and efficiently
Banking measures in the Mediterranean area in the context of the MEDA programme	4	The European Union as a global partner	19	External relations	Three types of banking measures are financed under the MEDA Regulations or the previous protocols from the EU budget and implemented by the European Investment Bank (EIB): technical assistance through the FEMIP Support Fund, interest rate subsidies for certain EIB loans and risk capital operations.	To determine whether the ongoing projects of the banking measures under the MEDA programme were being adequately monitored by the Commission and the EIB, and whether the projects had achieved their objectives.
9th EDF Regional and Intra-ACP Cooperation	4	The European Union as a global partner	21	Relations with ACP states	Regional Cooperation covers six regional areas: West Africa, Central Africa, East Africa, Southern Africa, Caribbean and Pacific. In addition, Intra-ACP funding is available for "operations that benefit many or all ACP States" (Cotonou Agreement).	To establish whether the management of these programmes is effective and in particular if they are coordinated with national programmes.
Personnel selection activities carried out by the European Selection Office	5	Administration	26	Administration	The European Personnel Selection Office (EPSO) is the inter-institutional office established to organise open competitions to produce lists of candidates eligible for recruitment to the institutions and advisory bodies of the EU.	To determine whether the personnel selection activities managed by EPSO were efficient and effective.
Commission treasury management	5	Administration	26	Administration	Treasury management encompasses the procedures used by the Commission to manage its liquid funds, including cash.	To establish the extent to which the Commission's treasury is managed in a sound manner and in conformity with the applicable rules.
Expenditure in the IT area (all Institutions but the Court of Auditors)	5	Administration	26	Administration	The Commission, Parliament and Council have separate units that deal with IT; their role is to define the respective IT strategies and to provide modern high-performance IT.	To establish the extent to which the EU institutions have at their disposal robust information technology, capable of supporting policy goals while exploiting savings potential.
Follow-up of Special Report	5	Administration	26	Administration	To be determined	To establish whether recommendations included in a recently published Special Report have been followed up by the Institutions.

Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No.	Description	Title	Description		
Simplified procedures and local clearance procedure		Revenue		Revenue	Simplified procedures involve the use of partially-completed forms or commercial documents and local clearance procedures, whereby goods are entered for a customs procedure by means of an entry in the taxpayers' own accounting records.	To establish whether the legal provisions and control procedures developed by the Commission and put in place by the Member States mitigate the risks of simplified procedures so as to guarantee a correct collection of TOR and application of non-fiscal measures of Community trade policy.
Commission's impact assessment system		All		All	Impact assessment system can be defined as "...the process of systematic analysis of the likely impacts of intervention by public authorities". A formal impact assessment is required for all items on the Commission's Legislative and Work Programme, which in general includes all regulatory proposals.	To establish whether the Commission's impact assessment system is effective in leading to "Better Regulation".



EUROPEAN COURT OF AUDITORS - PRELIMINARY STUDIES 2009



Audit Subject	Financial framework heading		Policy area		Area description	Objective of the study
	No.	Description	Title	Description		
Effectiveness and efficiency of the EU financial participations from the budget in Venture Capital operations	1 a	Sustainable growth: competitiveness for growth and employment	1	Economic and financial affairs	This concerns the EU financial in Venture Capital operations, mandated to the banking industry. They are mainly measures mandated to the EIF (in the context of the Growth and Employment initiative and in the context of the Multi-Annual Programme.	To establish whether the Commission's venture capital measures, monitoring of the operations and evaluations are carried out soundly.
The management of State aid policy by DG Competition	1 a	Sustainable growth: competitiveness for growth and employment	3	Competition	State Aid policy is one of the three main instruments of the Commission's competition policy as managed by DG Competition (DG COMP), together with antitrust and cartel policy and merger control, and is based on Article 87 EC Treaty.	The audit will assess the effectiveness of the management of State aid control by DG COMP
Joint technology initiatives	1 a	Sustainable growth: competitiveness for growth and employment	8	Research	Within the area of Transport, Research and Energy, the Community may set up a joint undertaking - JU - or any other structure necessary for the efficient execution of EC RTD and demonstration programmes. Similarly, some actions will be launched on the basis of Article 169 of the EC Treaty, which provide for the contribution from RTD FP to structures created by several member states for the implementation of joint programmes. The public-private partnerships, taking the form of joint undertakings or other structures are being implemented with differing speeds and characteristics.	To establish whether the management of the Commission has been efficient and whether the programme is effective
Nuclear Decommissioning	1 a	Sustainable growth: competitiveness for growth and employment	10 6	Direct research Energy	Decommissioning is the final phase of the life cycle of a nuclear installation and is part of environmental restoration after the end of the industrial activities. In the EU-27, a total of 152 nuclear reactors are in operation in 15 Member States. For its part the EU made a commitment to support this decommissioning and related activities with a significant level of financial assistance (€2.8 billion). The activities are managed by, and the funding is channelled through, the EBRD and implementing agencies in the recipient countries.	To establish whether the decommissioning of selected European power plants have been managed cost-efficiently.
E-government	1 b	Sustainable growth: cohesion for growth and employment	13	Regional Policy	The Feira European Council in 2000 launched the e-Europe Community initiative, so that the Information society (IS) would take an increasingly significant place in the development programmes implemented by means of the Structural Funds. The European strategy for the IS is contained in the e-Europe Action Plans where the principal objectives for the EU are to achieve e.g. modern online public services, e-governement, a secure information infrastructure as well as benchmarking and dissemination of good practices.	To establish whether the Community spending in e-Gov has been effective and efficient.

Audit Subject	Financial framework heading		Policy area		Area description	Objective of the study
	No.	Description	Title	Description		
Tourism and Culture	1 b	Sustainable growth: cohesion for growth and employment	13	Regional Policy	For a number of regions of the EU tourism has a high socio-economic importance, presenting in some regions the most important economic activity. The SF (mainly ERDF) support this sector via productive investments, in particular investments in physical infrastructure (accommodation), services, promotion of tourism sites, natural heritage, conferences and fairs. This with the final aim to increase growth and employment. The tourism sector is closely linked to the situation of other sectors, for instance transport and environment.	To establish whether the development needs in the field of tourism have been appropriately defined and whether the co-financed actions addressed effectively and efficiently the identified needs.
Public Water Supply	1 b	Sustainable growth: cohesion for growth and employment	13	Regional Policy	Clean water is a natural resource necessary for human lives and for most economic activities. The efficient management of natural resources, notably water, is one of the aims of the Sustainable Development Strategy.	To establish whether water supply projects achieved their objectives and whether these objectives have been achieved at best cost.
Effectiveness of measures in favour of aquatic habitats from the point of view of the development of fish resources	2	Preservation and management of natural resources	5	Agriculture	One of the main reasons quoted as causing a reduction in fish resources is the destruction or the pollution of aquatic habitats, particularly areas where fish reproduce or migrate. One of the new measures under the new European Fisheries Fund entitled "Protection and development of aquatic fauna and flora" tackles this situation.	To establish whether the ex ante evaluation and selection of projects under the measure provide reasonable assurance that the projects selected are effective.
POSEI	2	Preservation and management of natural resources	5	Agriculture	Council Regulation No 247/2006 seeks to rationalise the POSEI measures, with a view to improving their effectiveness. The reform implies a change in philosophy underlying the support by introducing decentralised decision-making and simplified management arrangements. The measures governed by the Regulation cover three areas: specific supply arrangements, measures to assist local agricultural products and accompanying measures.	To establish whether the programmes presented by the Member States support the objectives of the scheme, whether the programmes have been implemented in a way to achieve the objectives set and whether the Commission has evaluated if this new approach achieves the objective previewed of making this measure more effective.
IT security	2	Preservation and management of natural resources	5	Agriculture	Adequate IT security is key to ensuring data used for agri payments is kept secure and confidential.	To establish whether reliability/integrity of the underlying data is ensured, whether the security, confidentiality and control of the IT systems is ensured and whether the calculation and administration of entitlements/payments is regular.
Consequences of CAP Reform on small farms	2	Preservation and management of natural resources	5	Agriculture	One of the CAPs strategic objectives is to achieve an agriculture industry that is competitive on world markets and which respects very strict standards on environment, food safety and animal welfare. This implies that farms should be viable and farmers produce to market demand.	To establish whether the CAP reform has allowed small farms to become/remain competitive and to produce in response to market demand.
Agri-environment	2	Preservation and management of natural resources	5	Agriculture	Agri-environment measures were introduced into EU agricultural policy during the late 1980s. Agri-environment includes a wide range of schemes, packages and farming practices. Depending on the scheme and farming practice there may be different effects, e.g. on water quality, bio-diversity, soil preservation, maintenance of landscape elements etc.	To be determined
Farm Advisory System	2	Preservation and management of natural resources	5	Agriculture	As from January 2007, the Member States are obliged to have established a system for advising farmers on land and farm management. These farm advisory systems should cover the statutory requirements and the Good agricultural and environmental conditions as defined under the cross compliance obligations.	To establish whether the FASs are set up in the MS, whether it is used by farmers and whether this use had an impact on their activities.

Audit Subject	Financial framework heading		Policy area		Area description	Objective of the study
	No.	Description	Title	Description		
Recoveries	2	Preservation and management of natural resources	5	Agriculture	Council Regulation N°2988/95 requires administrative checks, measures and penalties which are effective, proportionate and dissuasive and provide adequate protection of the Communities' financial interests.	To establish what arrangements for penalties and sanctions exist under the CAP, the extent to which they meet the objectives of the regulation, the potential for simplification and whether they are correctly applied, recovered and accounted for.
Food quality	2	Preservation and management of natural resources	5	Agriculture	In 1992, the EU introduced a policy for the designation of quality products. The regulatory framework was updated for the last time in 2006 in order to simplify the system. In 2008, the Commission issued a green paper on the quality of agricultural products.	To establish whether the producers have benefited from the European quality product designation system, whether the registered products designations are adequately protected against misuse and imitation and whether the consumers can rely on the European quality labels.
Wine	2	Preservation and management of natural resources	5	Agriculture	In April 2008, a new Council Regulation on the Common Market Organisation for wine was adopted. The main objectives of the reform is to bring balance to the wine market, phase out wasteful and expensive market intervention measures and allow the budget to be used for more positive, proactive measures which will boost the competitiveness of European wines.	To establish whether the reform adequately addressed the deficiencies in the wine sector, whether the national envelopes have been adequately checked by the Commission and whether the Member States have set up proper control systems for their national envelopes.
European Fishery Fund	2	Preservation and management of natural resources	5	Agriculture	The European fisheries Fund is the new financial instrument for supporting fishery sector in the EU. The actions are accomplished within the framework of national operational programmes.	To be determined
Direct aids for specific types of farming and quality production	2	Preservation and management of natural resources	5	Agriculture	In the context of the coupled market measures (partial implementation of the SPS), Member States may retain up to 10% of the component of national ceilings corresponding to each sector which is subject to the SPS. Using these funds, Member States can make, on a yearly basis, an additional payment to farmers in the sectors concerned for specific types of farming which are important for the protection or enhancement of the environment or for improving the quality and marketing of agricultural products under conditions defined by the Commission.	To establish whether the objectives defined individually by the Member States for the sectors concerned contribute to the overall objective of the spending and whether the objectives defined by the Member States for the sectors concerned have been reached.
Food Security / Rapid Reaction Fund	2	Preservation and management of natural resources	5	Agriculture	A rapid reaction fund, financed through unused funding from the EU farm budget, was set up to deal with the food crisis in developing countries to deal with high food prices. The objective of the fund is to finance measure to improve the supply of food by helping access to farm inputs and by providing a security aspect to improve agriculture production. It is intended that international and regional organisations will be involved in the implementation phase.	To be determined
Devolution Phase II	4	The European Union as a global partner	19	External relations	The process of devolving management responsibility from the Headquarters to the Delegations started in 2002 and was completed in 2005, resulting in about 80% of AIDCO funds being managed by the Delegations. In order to meet the new needs of the devolution, AIDCO undertook in March 2005 a major restructuring of its services reducing staff in the geographical directorates and creating a new Directorate E in charge of providing operations quality support, notably to Delegations.	To establish whether devolution had an impact on the speed and quality of aid delivery.
Education	4	The European Union as a global partner and EDF	19	External relations	Assistance from the General Budget and the EDF to developing countries in the education sector. The main focus of funding is primary education, although secondary and post-secondary education, teacher training and education policy and administration development are also financed.	To establish whether the Commission has a coherent strategy for the education sector, whether there is a real partnership between Commission and beneficiary countries, whether sector budget support is more efficient and effective than project support.

Audit Subject	Financial framework heading		Policy area		Area description	Objective of the study
	No.	Description	Title	Description		
Rural Development, Agriculture, Food security	4	The European Union as a global partner	21	Relations with ACP states	The Communication "Fighting Rural Poverty" presents the EC's policy and approach to rural development in developing countries. The main lines are: promote broad-based rural economic growth, ensure human and social development,	To establish whether the overarching concept is articulated so that effective policies can be developed and whether the problems with the project approach can be solved by shifting to a sectoral approach.
Infrastructure expenditure for Delegations and Representations	5	Administration	26	Administration	The Commission, Parliament and Council have 191 external delegations and representations between them, representing an annual expenditure of approximately EUR 250m per annum.	To be determined
Budget support		EDF; European Development Funds		EDF; European Development Funds	The volume of DBS aid has increased substantially in recent years and now accounts for 28% of 9th EDF allocations. In the African countries it supports, the EC represents on average 27% of total DBS disbursements, and the World Bank 50%	To establish whether budget support is provided an appropriate amount, whether it is effective and efficient and whether the Commission has organised its service to manage budget support efficiently
The management of non-Own Resources revenue by the Commission		Revenue		Revenue	In addition to Own Resources and surpluses, the Budget of the EU is made up of miscellaneous taxes and deductions from staff, revenue accruing from the administrative operation of the institutions such as sales, interest on investments, contribution and refunds in connection with Community Agreements and Programmes, interest on late payments and fines and borrowing and lending operations.	To establish whether the Commission's systems for ensuring that all such revenue is identified, recorded and recovered are efficient.