



EUROPEAN COURT OF AUDITORS

WORK PROGRAMME 2010

The European Court of Auditors (the Court) undertakes:

Financial audits - 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 financial year.

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

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

Performance and compliance audit topics are **selected** at the Court's discretion on the basis of criteria such as 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 audits 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 European Union's agencies and bodies.

Special reports - presenting the results of selected performance and compliance audits. Special reports can be published at any time of 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 standards** to ensure the highest professional quality. This helps the Court achieve the necessary independence and objectivity required of an external auditor.

THE PLANNED WORK OF THE EUROPEAN COURT OF AUDITORS IN 2010

The European Court of Auditors is the external auditor of the European Union. Most of its resources are devoted to auditing the General Budget of the European Union, but the Court also audits the European Development Funds and the EU's agencies and bodies.

This document provides an overview of the Court's planned work and output for 2010. It also includes 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).

Included in the 69 reports, opinions and papers that the Court intends to publish in 2010 are:

- 42 Annual Reports, including the Annual Reports on the General budget, the European Development Funds and European agencies and bodies;
- 20 Special Reports;
- the Annual Activity Report of the Court.

The two tables provided in the appendix set out the main **Selected audit tasks and preliminary studies** on which the Court will be working in 2010.

i) Areas of interest for the period 2009-2012

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 income and expenditure, the level of spending involved, the time elapsed since any previous audit, forthcoming developments in the regulatory or operational frameworks, and political and public interest.

In 2009, the Court identified a number of key developments to focus on for the period 2009-2012:

- Growth and jobs, especially in light of the EU's response to the financial and economic crisis (European Economic Recovery Plan and other measures);
- Climate change and sustainable Europe;
- Europe as a world partner; and
- Better regulation.

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

- the continuing development of an integrated internal control framework, including the concept of tolerable risk;
- 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) **2010 priorities**

The audit of the areas of interest identified above is operationalised in the Annual Work Programme. The Court has identified specific priority topics for the 2010 Annual Work Programme, which include:

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

iii) New products

The Court aims to widen the range of its audit-based products during the period 2009 to 2012. This will be achieved in consultation with key external stakeholders to ensure that 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:

- A dedicated **follow-up report** to provide greater focus on the action taken to address previous performance audit reports.
- Publishing **cross-cutting** performance audit reports, so as to present consolidated findings and conclusions for policy areas. Some preliminary work was carried out on one cross cutting topic during 2009 (environment).
- A paper on “Improving financial management of the European Union Budget: risks and challenges”, based on the recently published Annual and Special Reports. The Court will deliver the paper at the beginning of 2010, in anticipation of the start of the new Commission’s mandate.

In addition, the Court will consolidate and improve on the timeliness and presentation of its **Annual Activity Report**.

iv) Statement of Assurance

A significant proportion of the Court's available resources are devoted to financial audit in the form of the **Statement of Assurance** (also known as the 'DAS'). This involves examining and testing the EU General Budget and European Development Fund accounts and transactions for each financial year, and the financial statements of 40 European agencies and bodies. The audit work takes place between September of year n through to June of year n+1, to allow the annual reports to be published in the November of year n+1 in line with the Financial Regulation. During 2010, the Court will thus work on the completion and publication of the Statement of Assurance for the 2009 financial year, and start working on the 2010 financial year.

The work underlying the Statement of Assurance covers the two aspects on which the Treaty on the Functioning of the European Union (TFEU) requires the Court to provide an annual opinion: **Reliability of the accounts** and **Legality and regularity of underlying transactions**. 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, and also the way in which 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 performing its work the Court aims to provide clear conclusions on the state of accounting and financial management for the different areas of the General Budget, as well as to make practical, cost-effective **recommendations** where improvements can be made.

For its audit of the 2009 financial year the Court will further develop its examination of the **multi-annual** nature of a considerable proportion of Union spending and how it affects 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 to compensate for the weaknesses and error levels found.

The Court's **Annual Report** on the General Budget for 2009 will continue to build on the new structure first 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 particular attention to improving the clarity and consistency of the presentation of its results and conclusions, so as to aid comprehension and readability as well as to facilitate comparison with and between policy groups, and between years.

Selected performance and compliance audit reports expected in 2010

The planned work and output for 2010 is presented under the financial framework headings with an indication of the policy area concerned. Further information on individual tasks to be concluded by the end of 2010 is provided in the appendix.

For each heading, information on the Special Reports planned for publication in 2010 is given in the following boxes¹:

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

- EU Rail Infrastructures (also covers Financial Framework 1b)
- Research Infrastructures
- The mobility measure of the Leonardo da Vinci programme

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

- ERDF co-financed tourism projects
- Vocational training actions for women co-financed by the European Social Fund
- Public Drinking Water Supply

Preservation and Management of Natural Resources (2)

- Restructuring of the Sugar Industry
- Completion of SPS entitlements
- POSEI – specific measures for Outermost Regions
- Agri-environment
- LEADER
- Clearance of accounts procedure
- Audit on recoveries under the CAP

¹ At this stage the title and planned publication date are only indicative. The Court has the right to choose whether 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.

EU as a global player (4)

- Pre-accession assistance to Turkey
- EU assistance implemented through United Nations Organisations
- EDF Regional Economic Integration in East and West Africa
- EU assistance in Southern Caucasus

Administration (5)

- Commission's impact assessment system
- Follow-up of SR 1/2005 concerning the management of the European Anti-Fraud Office

Revenue

- Simplified Customs procedures for imports



EUROPEAN COURT OF AUDITORS - 2010 SELECTED AUDIT TASKS



Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No.	Description	Title	Description		
Financial engineering	1 a	Sustainable growth: competitiveness for growth and employment	1	Economic and financial affairs	Small and medium sized Enterprises are the backbone of the EU economy. Lack of access to finance is the main constraint for SMEs experiencing barriers to innovation. The current financial crisis is likely to have worsened the situation, and improving SME's access to finance is important. For the 2000-2006 period, the total expenditure for "financial engineering" amounts to 1,6 million € in the EU-25.	To establish if the ERDF financial engineering measures add value and improve SMEs' access to finance.
SME Guarantee Facility	1 a	Sustainable growth: competitiveness for growth and employment	1	Economic and financial affairs	This concerns the EU financial support for the SME Guarantee Facility. These are measures mandated to the EIF in the context of the Multi-Annual Programme for Enterprise and Entrepreneurship (MAP) and the Competitiveness and Innovation Framework Programme (CIP).	To establish whether the facility has been managed effectively.
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.	To assess the effectiveness of the management of State aid control by DG COMP.
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.
Research Infrastructures	1 a	Sustainable growth: competitiveness for growth and employment	8	Research	The programme promotes the development of research infrastructures in the fields of science and technology covered by Art.163 of the Treaty.	To establish whether the Commission's management of the support schemes "Construction of New Infrastructures" and "Design Studies" is effective and if it contributes to the achievement of the objectives of the Research Infrastructures activity.
Nuclear Decommissioning	1 a	Sustainable growth: competitiveness for growth and employment	10 6	Direct research Energy and transport	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 the extent to which the objectives for the first 10 years of the EU nuclear decommissioning programmes in Bulgaria, Lithuania and Slovakia have been achieved.
The mobility measure of the Leonardo da Vinci programme	1 a	Sustainable growth: competitiveness for growth and employment	15	Education and culture	Leonardo da Vinci is the action programme for implementing the European Union'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.

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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 play an increasingly significant role 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-government, a secure information infrastructure as well as benchmarking and dissemination of good practices.	To establish whether the EU spending in e-Government has been effective.
Public Water Supply	1 b	Sustainable growth: cohesion for growth and employment	13	Regional Policy	Clean water is a natural resource necessary for human life 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.
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, representing 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 is done with the ultimate aim of increasing growth and employment. The tourism sector is closely linked to the situation of other sectors, for instance transport and the 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.
Corrective capacity (Recoveries)	1 a, b	Sustainable growth: competition & cohesion for growth and employment	ALL		Management of Structural Funds expenditure is shared between the Commission and Member States. Costs incurred by beneficiaries are initially checked and reimbursed by designated National Authorities, who in turn are reimbursed by the Commission. The Commission assesses the reliability of the management and control systems of the Member States in order to establish whether the expenditure is legal and regular, and effective. Where it identifies weaknesses, the Commission can request the Member States to take corrective action, suspend payments, and / or make financial corrections on the expenditure chargeable to the General Budget.	To establish if the Commission takes appropriate corrective action when weaknesses are identified, and if the Member States' management and control systems improve as a result.
Agri-environment	2	Preservation and management of natural resources	5	Agriculture & Rural Development	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 establish if expenditure is effective in contributing to improved environmental conditions.

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Clearance of Accounts Procedure	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Agricultural expenditure was approximately 54 billion € in the 2008 financial year, representing close to half of the EU payments in that year. Management of this expenditure is shared between the Commission and the Member States: aid is paid by designated National Authorities (the 'Paying Agencies'), who in turn are re-imbursed by the Commission. The final recognition of this expenditure is determined through the Clearance of Accounts procedure, whereby the Commission establishes the amount of expenditure chargeable to the Budget.	To establish if the current Clearance of Accounts procedure is effective in allowing recognition of expenditure chargeable to the Budget.
Completion of SPS entitlements	2	Preservation and management of natural resources	5	Agriculture & Rural Development	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 of entitlements is reliable and effective.
European Fishery Fund	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The European Fisheries Fund is the new financial instrument for supporting the fishery sector in the EU. The actions are accomplished within the framework of national operational programmes.	To establish if European Fisheries Fund actions contribute to the reduction of the overcapacity of the EU's fishing fleet.
Farm Investments	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The EAFRD provides support for the modernisation of agricultural holdings to enable them to improve their performance and to respect EU standards, with the overall aim of improving competitiveness of the agricultural and forestry sector.	To establish if EU expenditure is targeted and effective.
Food quality	2	Preservation and management of natural resources	5	Agriculture & Rural Development	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 product designations are adequately protected against misuse and imitation, and whether consumers can rely on the European quality labels.
Imported meat safety	2	Preservation and management of natural resources	5	Agriculture & Rural Development	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.
Leader	2	Preservation and management of natural resources	5	Agriculture & Rural Development	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.
POSEI - specific measures for outermost regions	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Council Regulation No 247/2006 seeks to rationalise the POSEI measures, with a view to improving their effectiveness. The reform implies a change in the 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 such a way as to achieve the objectives set and whether the Commission has evaluated if this new approach achieves the planned objective of making this measure more effective.

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Recoveries	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Council Regulation N° 2988/95 requires administrative checks, measures and penalties which are effective, proportionate and dissuasive and provide adequate protection of the EU's 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.
Restructuring of the sugar industry	2	Preservation and management of natural resources	5	Agriculture & Rural Development	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 make the industry more competitive.	To establish whether the restructuring of the sugar sector has been effective.
Small budget lines - School milk and fruit	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The Commission supports programmes for free distribution of milk in schools since 1999, and fruit since 2009, in order to encourage and change consumption habits of young people.	To establish if the EU expenditure is effective.
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, in March 2005 AIDCO undertook a major restructuring of its services, reducing staff in the geographical directorates and creating a new Directorate E in charge of providing operational quality support, notably to Delegations.	To establish whether devolution had an impact on the speed and quality of aid delivery.
Education (EU development assistance for Education)	4	The European Union as a global partner and EDF	19	External relations	The General Budget and the EDF provides assistance 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 the Commission and beneficiary countries, whether sector budget support is more efficient and effective than project support.
EU assistance channelled through United Nations Organisations in conflict affected countries	4	The European Union as a global partner	19	External relations	General Budget and EDF aid is channelled 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.
EU assistance to Southern Caucasus	4	The European Union as a global partner	19	External relations	After the 2004 Enlargement, the EU launched the European Neighbourhood and Partnership Instrument (ENPI). The ENPI budget of €5,6 billion for the period 2007 - 2010, is to foster economic and political links with the EU's new neighbours, and to ensure stability.	To establish if the New European Neighbourhood and Partnership Instrument (ENPI) is on the right track in the Southern Caucasus.
Budget support (in ACP, Latin American and Asian countries)	4	The European Union as a global partner and EDF	19 21	External relations, Relations with ACP States	The volume of Direct Budget Support aid has increased substantially in recent years and now accounts for 28% of the 9th EDF allocations. In the African countries that it supports, the EU development assistance represents on average 27% of total DBS disbursements, and the World Bank 50%.	To establish whether budget support provided is an appropriate amount, whether it is effective and efficient and whether the Commission has organised its service to manage budget support efficiently.

Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	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 EU'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, support human and social development, ensure sustainable natural resources management, reduce vulnerability to risks and address the social and political exclusion of the rural poor.	To establish whether the overarching concept is formulated in such a way that effective policies can be developed and whether the problems with the project approach can be solved by shifting to a sectoral approach.
EU assistance to Croatia	4	The European Union as a global partner	22	Enlargement	As a candidate country, Croatia receives pre-accession assistance from the Commission. Under the Decentralised Implementation System (DIS), the Commission retains overall responsibility for the management of the pre-accession assistance implemented by Commission accredited Croatian government agencies.	To establish if the pre-accession assistance to Croatia has been managed and spent effectively.
Follow-up of Special Report Commission's impact assessment system	5	Administration	26	Administration	Follow up of Special Report 1/2005 OLAF	To establish whether recommendations included in a recently published Special Report have been followed up by the Institutions.
		All		All	The 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".
Customs Procedures 42: VAT on imports		Revenue		Revenue	Goods imported in one Member State, but intended to be subsequently supplied or transferred to another Member State, are VAT exempt in the importing Member State. VAT is charged in the Member State of destination.	To assess whether the Commission and Member States have set up a sound regulatory and control framework in respect of Customs procedure 42.
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 the application of non-fiscal measures of EU trade policy.
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, contributions and refunds in connection with EU Agreements and Programmes, interest on late payments and fines and borrowing and lending operations.	To establish whether the Commission's systems for managing receivables is effective, and complies with the legal framework and internal rules.

EUROPEAN COURT OF AUDITORS - 2010 PRELIMINARY STUDIES

Audit Subject	Financial framework heading		Policy area		Area description	Objective of the study
	No.	Description	Title	Description		
EU participation in Venture Capital Operations	1 a	Sustainable growth: competitiveness for growth and employment	1	Economic and financial affairs	This concerns the EU financial support in Venture Capital operations mandated to the banking industry. They are mainly measures mandated to the EIF in the context of the Multi-Annual Programme for Enterprise and Entrepreneurship (MAP) and the Competitiveness and Innovation Framework Programme (CIP).	To establish whether the Commission's venture capital measures, monitoring of the operations and evaluations are carried out soundly.
Structural Funds' support for seaports	1 a	Sustainable growth: competitiveness for growth and employment	6	Energy and transport	The Commission's EU 2020 strategy confirms that upgrading and inter-connecting infrastructures, better integration of transport networks and developing alternatives to road transport all contribute to create a competitive and greener economy. The Structural Funds provide the main source of co-financing in ports and their intermodal connections: in the 2000-2006 period, 3.4 billion € was spent on both seaports and inland ports.	To establish if Structural Funds' seaport projects support sustainable transport in the EU.
Direct aid for specific types of farming and quality production	2	Preservation and management of natural resources	5	Agriculture & Rural Development	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.
Direct aid to animal sector	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The 2003 CAP reform decoupled aid from production. Nevertheless, Member States could opt to retain subsidies linked to animal production under given conditions. The premiums concern suckler cows, special beef, sheep and goats.	To establish if maintaining production linked (coupled) aid for animals is an effective and efficient support tool.
Organic Farming	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Organic farming places the highest emphasis on environmental protection and animal welfare. There are around 180 000 organic farmers (1,6% of all producers) and approximately 4% of the EU's agricultural area is used for this purpose. The EAFRD supports more than half of the EU's organic farmers, to compensate them for additional costs and income foregone as a result of their commitment to organic farming. Organic farmers are also supported through other measures such as vocational training, modernisation of agricultural holdings, adding value to agricultural and forestry products, participation in food quality schemes.	Audit questions will be articulated when the results of the preliminary study are known.
Simplification & better regulation	2	Preservation and management of natural resources	5	Agriculture & Rural Development	With the CAP reforms, the Commission also launched simplification projects aimed at simplifying the legal basis for Common Market Organisations and implementation of the schemes, and reducing the administrative burden on both Member States' administrative bodies and farmers.	Audit questions will be articulated when the results of the preliminary study are known.

Audit Subject	Financial framework heading		Policy area		Area description	Objective of the study
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Slaughterhouses in New Member States	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Following the Commission's adoption of the 'white paper on food security' in 2000, the EU introduced a number of initiatives to improve hygiene and veterinary matters for food production. The new Member States have received support under SAPARD to ensure that their abattoirs are in conformity with the norms established.	Audit questions will be articulated when the results of the preliminary study are known.
Solidarity and Migration Fund programmes under the 2007-13 Financial Framework	3 a	Freedom, security and justice	18	Area of freedom, security and justice	The 'Solidarity and Management of Migration Flows' Framework Programme addresses the responsibilities of Member States in integrated management of external borders of the EU and implementation of common asylum and immigration policies. Member States receive support from four funds in proportion to the efforts they undertake for the benefit of the EU as a whole.	Audit questions will be articulated when the results of the preliminary study are known.
Roads in ACP Countries	4	The European Union as a global partner	21	Relations with ACP States	Under the 2006 Joint Africa-EU Strategy, Africa and the EU aim to increase interconnectivity by investing in and improving infrastructure along the Trans-African road transport corridors. Regional transport investment is required to allow a large number of small and land-locked countries to develop through growth and trade. The road sector is the largest sector of intervention under recent EDFs, and represents 25% of the expenditure in ACP countries. Traditionally implemented through road building projects, the Commission is increasingly using a sector policy support approach including budget support.	Audit questions will be articulated when the results of the preliminary study are known.
Water and Sanitation	4	The European Union as a global partner	19 & 21	External relations & Relations with ACP States	One of the three targets of the Millennium Development Goal (MDG) 7 is to 'halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation'. In 2002, the EU launched its Water initiative (EUWI) to contribute to the achievement of MDG 7. EU support is channelled through both the EDF and the General Budget.	Audit questions will be articulated when the results of the preliminary study are known.
Human Capital Management at the Commission	5	Administration	24-27, 29	Administrative and other expenditure	The Commission's human capital is its most valuable asset. An efficacious and modern staff corps is essential for the successful implementation of EU strategic and operational goals. The Staff Regulations offer a framework for ensuring independence and permanence of the Commission's human resources.	Audit questions will be articulated when the results of the preliminary study are known.
Fee Collection in self-financing Agencies		Various		Various	EU Agencies are largely financed from the Commission's General Budget. Six EU Agencies collect fees which are used to self-finance or partially finance their activities. Fee setting and collection therefore has significant implications for these Agencies to carry out their activities.	Audit questions will be articulated when the results of the preliminary study are known.