

EUROPEAN COURT OF AUDITORS



2011

WORK PROGRAMME

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THE EUROPEAN COURT OF AUDITORS (THE COURT) UNDERTAKES:

- o **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.
- o 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.
- o **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:

- o **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.
- o **Specific Annual Reports** - presenting the results of financial audits on the Union's agencies and bodies.
- o **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 2011

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 2011.

AUDIT TASKS

In 2011 the Court plans to publish:

- 45 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.

ANNUAL REPORT AND STATEMENT OF ASSURANCE

A significant proportion of the Court's resources are devoted to financial audit as a basis for 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 43 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. During 2011, the Court will thus complete and publish the Statement of Assurance for the 2010 financial year, and start working on the 2011 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).

For its audit of the 2010 financial year the Court will further develop its examination of the **multi-annual** nature of a considerable proportion of Community 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.

SPECIAL REPORTS PLANNED FOR PUBLICATION IN 2011 AND OTHER SELECTED AUDIT TASKS

The special reports which the Court expects to publish are grouped below under the relevant headings of the Union's 2007-2013 financial framework.

SUSTAINABLE GROWTH - *competitiveness for growth and employment* (1a)

- o Corrective capacity (recoveries)
- o Financial engineering
- o Nuclear decommissioning
- o SME Guarantee facility
- o State aid

SUSTAINABLE GROWTH - *cohesion for growth and employment* (1b)

- o E-government
- o ERDF co-financed tourism projects

PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES (2)

- o Agri-environment
- o Single Payment Scheme (SPS)
- o Food quality
- o Imported meat safety
- o Recoveries
- o Small budget lines - School milk and Fruit

EU AS A GLOBAL PLAYER (4)

- o Budget support to ACP, Latin American and Asian countries
- o Devolution in delivery of external aid
- o EU development assistance for education
- o EU assistance in Southern Caucasus
- o EU contributions channelled through UN Organizations in conflict affected countries

ADMINISTRATION (5)

- o Follow-up of SR 1/2005 concerning the management of the European Anti-Fraud Office (OLAF)

REVENUE

- o Customs Procedure 42 (VAT on imports)

The Court also plans to work on other selected audit tasks, some of which are only at a preliminary stage. For further details, see Appendices 1 and 2.

OTHER ACTIVITIES

During 2010 the Court has published a paper on “Improving financial management of the European Union Budget: risks and challenges” in anticipation of the new Commission’s mandate; and three opinions on proposals to amend the Financial Regulation. The Court is carrying out a financial audit pilot project with the National Audit Institutions of two Member States; and, together with the National Audit Offices of two Member States, a peer review of the Office of the Auditor General of Norway.

The Court is actively involved in the Supreme Audit Institutions’ organisations, INTOSAI and EUROSAI. It chairs the INTOSAI Working Group on Accountability for and Audit of Disaster-related Aid, and is a participant in the INTOSAI Working Group on Environmental Audit and the Global Financial Crisis Task Force. The Court also contributes to the development of audit methodology and audit standards through its participation in the financial audit sub-committee (FAS), compliance audit sub-committee (CAS) and the performance audit sub-committee (PAS).

In 2011 the Court intends to build on these activities, supporting as appropriate discussions on changes proposed to the new Financial Regulation and discussions in preparation for the next financial framework (2014 onwards). In addition it intends to begin the publication of dedicated follow-up reports to show action taken in response to recommendations in its special reports.

EUROPEAN COURT OF AUDITORS - 2011 SELECTED AUDIT TASKS						
Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
	No	Description	Title	Description		
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. They include a wide range of schemes aiming to improve farming practices having an impact on environmental conditions such as water quality, bio-diversity, soil preservation, maintenance of landscape elements.	To establish if expenditure is effective in contributing to improved environmental conditions.
Single Payment Scheme	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The 2006 budget for SPS payments was € 14,6 billion, approximately 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 if the system of entitlements is reliable and effective.
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.
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 Community's fishing fleet.
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 last updated 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.
Recoveries	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Council Regulation (EC, Euratom) No 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.
Wine	2	Preservation and management of natural resources	5	Agriculture & Rural Development	In April 2008, a new Council Regulation on the Common Market Organisation for wine was adopted. The main objectives of the reform are to restore 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 if the reforms of the wine sector are effective and efficient.
SAPS	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The Single Area Payments Scheme (SAPS) is applicable in new Member States, and is a simplified version of the Single Payments Scheme. The transitional period, set to end in 2009, has been extended to 2013 because of difficulties in implementing the Scheme.	To establish if the EU expenditure is effective.

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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 for slaughterhouses and to ensure that their abattoirs are in conformity with the norms established.	To establish if slaughterhouses in the new Member States implement EU hygiene standards effectively.
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.
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 Community standards, with the overall aim of improving competitiveness of the agricultural and forestry sector.	To establish if EU expenditure is targeted and effective.
Organic Farming	2	Preservation and management of natural resources	5	Agriculture & Rural Development	EU support for organic farming aims to promote sustainable development and the production of high quality products. The market for organic products has developed rapidly in the last two decades, with annual growth rates of over 10%. Specialist organisations provide control and certification of organic production in order to maintain consumer confidence that these products are genuine.	To establish if the control systems for organic products are effective in ensuring that requirements for organic production, processing, distribution and imports are applied.
Transparency of CAP	2	Preservation and management of natural resources	5	Agriculture & Rural Development	There is increasing public interest in the principal beneficiaries of the CAP. As part of the Commission's European Transparency Initiative, Council Regulation 1290/05 provides that a list of the principal beneficiaries is published annually.	To establish if the publication of the principal beneficiaries of the CAP meets the regulatory requirements.
[Adding value to] Agricultural and Forestry Products	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The Commission provides Small and Medium sized Enterprises (SMEs) support to improve their overall performance through the processing and marketing of primary agricultural and forestry products.	To establish if support measures for adding value to agricultural and forestry products are effective, and if the delivery mechanisms are efficient.
Support for young farmers	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Europe has an aging population of farmers, and agricultural activity is not attractive to young people. In the EU-27, over 55% of private farmers are over 55 years of age, and there is only one young farmer under 35 years for every nine farmers aged over 55 years. The EAFRD provides € 2,9 billion to help young farmers to establish themselves.	To establish if support for young farmers is effective.
Rural Development Policy	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The Rural development (RD) policy is implemented through 90 RD Programmes developed by Member States, and approved by the Commission. Common monitoring and evaluation arrangements have been established to measure the progress, efficiency and effectiveness of RD Programmes.	To establish how well the Commission and Member States implement the Rural Development policy.

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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 the Structural Funds. The principal objectives of the e-Europe Action Plans are to achieve modern online public services, e-government, a secure information infrastructure, as well as benchmarking and dissemination of good practices.
Financial engineering	1 a	Sustainable growth: competitiveness for growth and employment	13	Regional Policy	Small and Medium sized Enterprises (SMEs) 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. Support for 'financial engineering' amounts to € 11 billion.
Nuclear Decommissioning	1 a	Sustainable growth: competitiveness for growth and employment	32	Energy	In the EU-27, a total of 152 nuclear reactors are in operation in 15 Member States. 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. The EU provides significant financial assistance (€ 2,8 billion) through the EBRD and implementing agencies in the recipient countries, which manage the decommissioning activities.
Tourism and Culture	1 b	Sustainable growth: cohesion for growth and employment	13	Regional Policy	Tourism has a high socio-economic importance for many regions of the EU, representing the most important economic activity in some areas. The Structural Funds supports tourism via productive investments, particular in physical infrastructure (accommodation), services, promotion of tourism sites, natural heritage, conferences and fairs, with the aim of increasing growth and employment. The tourism sector is closely linked to the situation of other sectors, particularly transport and the environment.
Corrective capacity (Recoveries)	1 a,b	Sustainable growth: competitiveness & cohesion for growth and employment	4 & 13	Employment & social affairs, Regional policy	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 whether the Community spending in e-Government has been effective.
					To establish if the ERDF financial engineering measures add value and improve SMEs' access to finance.
					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.
					To establish if Structural Funds' support for tourism has been effective.
					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.

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Seaports	1 a	Sustainable growth: competitiveness for growth and employment	13	Regional Policy	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.
Regeneration of Industrial and Military Areas	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	Regeneration of brownfield sites is costly, and has important implications for urban development and the environment in regions where industry is in decline. The ERDF has earmarked € 2.3 billion and € 3.5 billion for Brownfield regeneration in 2000-2006 and 2007-2013 respectively, with new Member States being the main beneficiaries in the 2007-2013 period.
Urban and Industrial waste	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	1,3 billion tons of waste is generated in the EU every year, and some 40 million tons of it is hazardous. Solid waste poses significant threats to public health and the environment if it is not stored, collected and disposed of properly. Disposal methods include recycling, composting, land fill and incineration. The EU Structural Funds co-finance municipal solid waste infrastructures in Member States.
Cost of road construction	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	Regional and local roads are pre-requisites for economic development, growth and social cohesion. The majority of the funds for road infrastructure are provided by the Member States concerned. The EU contributes to the creation of road infrastructure through Structural Funds, the Trans-European Transport Network and through EIB loans.
Social Inclusion: ageing workers	1 b	Sustainable growth: cohesion for growth and employment	4	Employment & social affairs	Social inclusion is a process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life, and to enjoy a standard of living and well-being that is considered to be normal in the society in which they live. Employment is a key determinant of people's ability to fully participate in society, and ageing workers (55 to 64 years) face specific barriers to employment.
Closures 2000-06	1 a,b	Sustainable growth: competitiveness & cohesion for growth and employment	4 & 13	Employment & social affairs; Regional policy	The Structural Funds programmes for the period 2000-2006 amount to over € 200 billion, and about 700 programmes have come to an end. For these, the Commission requires closure documents (certified statement of final expenditure, final report and winding-up declaration) before making the final payment.

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Procurement	1 a,b	Sustainable growth: competitiveness & cohesion for growth and employment	4 & 13	Employment & social affairs, Regional policy	Structural Funds and Cohesion Fund financed projects that involve purchase of goods and services by public authorities in Member states are subject to public procurement rules. These public procurement rules have a positive development in market transparency, increase cross border competition, reduce fraud and corruption and promote price savings for public authorities, and consequently tax payers.	To establish the impact of non-compliance with public procurement rules in the implementation of Structural Funds programmes and Cohesion Fund projects.
European Globalisation Adjustment Fund	1 a	Sustainable growth: competitiveness for growth and employment	4	Employment & Social Affairs	The European Globalisation Adjustment Fund, established in 2007, has an annual budget of some € 500 million to support workers made redundant by companies affected by globalisation or the recent financial crisis and global economic slowdown.	To establish if the EGF has facilitated cost-effective re-integration into the work force of those affected by trade-related redundancies.
Energy efficiency	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	Energy efficiency is a consequence of technological evolution yielding better (lower) energy consumption. Improving energy efficiency, together with use of renewable energy resources, can increase potential for sustainable economic growth, make companies more competitive, lower dependency on energy imports and reduce emissions.	To establish if Structural Funds Energy Efficiency projects are cost 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.
Food security in Sub-Saharan Africa	4	The European Union as a global partner	21	Relations with ACP States	One of targets of the Millennium Development Goals (MDG) is to promote food security, and to halve between 1990 and 2015 the proportion of people suffering from hunger. Recent years have seen a reversal of earlier positive trends, and over 1 billion people are estimated to suffer from hunger. Food security issues are most persistent in Sub-Saharan African Countries, with a higher proportion of the population suffering from hunger than elsewhere. Availability of food, access to it and the nutritional value of food are therefore of utmost importance to development.	To establish if Commission support for food security in Sub-Saharan Africa is effective.

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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.
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 7 (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.	To establish if the Commission's support for water and sanitation is effective.
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.	To establish if the Commission's support for roads in ACP countries is effective.
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.
CRIS - Common Relex Information System	4	The European Union as a global partner	19, 21 & 22	External relations, Relations with ACP States & Enlargement	The Common Relex Information System (CRIS) is used by the European Commission's External Relations Directorate Generals and Delegations as a financial and operational management system.	To establish if CRIS is an effective and efficient tool for the operational and financial management of development aid projects.
EU assistance to Kosovo	4	The European Union as a global partner	22	Enlargement	The European Union provides assistance to Kosovo through the Instrument for pre-Accession Assistance (IPA), Community Assistance for Reconstruction Development and Stabilisation (CARDS), the Instrument for Stability (IFS) and other sources of funding. The delivery of EU assistance has been restructured following the closure of the European Agency for Reconstruction in 2008, and its tasks being taken over by the EC Liaison office.	To establish if EU assistance to Kosovo is in line with the EU's overall objectives in the region, and if the Commission's delivery mechanisms are appropriate.

EUROPEAN COURT OF AUDITORS - 2011 SELECTED AUDIT TASKS						
Audit Subject	Financial framework heading		Policy area		Area description	Objective of the task
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EU assistance to the Turkish Cypriot community	4	The European Union as a global partner	22	Enlargement	The EU provides financial support to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community in Cyprus.	To establish if EU assistance to the Turkish Cypriot community is in line with the EU's overall objectives in the region, and if the Commission's delivery mechanisms are managed properly.
Cost benchmarking in EU Agencies	5	Administration	26	Administration	EU agencies are set up to accomplish specific tasks, and are governed by EU public law. 32 Agencies, including five new agencies planned for 2011, employ 6 700 staff and manage a budget of € 1,5 billion.	To assess the economy and efficiency of the EU Agencies' administrative costs.
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.	To establish the effectiveness of the Commission's human capital management.
EUROSTAT	5	Administration	26	Administration	The credibility of European statistics require a high degree of professional independence. The European Statistical Office (EUROSTAT) plays an important role in the European Statistical System, and has a dual function towards the national statistical offices, as both partner and watchdog.	To assess whether the measures taken to strengthen EUROSTAT's role are effective and sufficient.
State Aid	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.
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.	To assess the effectiveness of the management by the Commission and Member States, and the impact of the External Borders Fund.
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 SME Guarantee facility has been managed effectively.
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.

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Gross National Income (GNI) Data		Revenue		Revenue	Gross National Income (GNI) statistics are used to calculate the GNI based own resources for the EU Budget, and ultimately the Member States' contributions. GNI based own resources make up around 70 % of the EU revenue. The GNI data is established by Member States' national statistical institutes, and this data is controlled by the Commission (Eurostat), which also verifies the sources and methods used.	To assess the effectiveness of the Commission's controls on GNI data to assess its reliability, comparability and exhaustiveness.

EUROPEAN COURT OF AUDITORS - 2011 PRELIMINARY STUDIES						
Audit Subject	Financial framework heading		Policy area		Area description	Objective of the study
	No	Description	Title	Description		
Bio-energy	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Following the Kyoto Protocol, the EU committed to reduce its greenhouse gas emissions by at least 20% by 2020. The reductions are to be achieved through binding targets set for Member States to improve energy efficiency, to increase the energy from renewable sources and to use at least 10% of transport fuel from bio fuels, electricity and hydrogen.	To establish if the measures taken by the Commission to reduce the greenhouse gas emissions are effective.
[Adding value to] Agricultural and Forestry Products	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The Commission provides Small and Medium sized Enterprises (SMEs) support to improve their overall performance through the processing and marketing of primary agricultural and forestry products.	To establish if support measures for adding value to agricultural and forestry products are effective, and if the delivery mechanisms are efficient.
EAFRD support for young Farmers & early Retirees	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Europe has an aging population of farmers. In the EU, over 55% of farmers are over 55 years of age, and there is only one young farmer under 35 years for every nine farmers aged over 55 years. The EAFRD provides support to both young farmers to establish themselves and to older farmers to retire early.	To establish if support for young farmers and early retirement is effective.
Rural Development Policy	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The EU's Rural Development (RD) policy is implemented through 90 RD Programmes developed by Member States, and approved by the Commission. Common monitoring and evaluation arrangements have been established to measure the progress, efficiency and effectiveness of RD Programmes.	To establish how well the Commission and Member States implement the Rural Development policy.
Small budget lines - Producer Organisations	2	Preservation and management of natural resources	5	Agriculture & Rural Development	The Commission provides financial support to producers to organise and establish themselves into recognised Producer Groups, in order to encourage the Common Market Organisation for fruit and vegetables. The financial support provided has increased significantly since 2005, especially to new Member States.	To establish if support for Producer Organisations is effective.
Rural Development support for New Challenges and Economic Recovery	2	Preservation and management of natural resources	5	Agriculture & Rural Development	Following the 2009 CAP Health Check and the European Economic Recovery Plan, Rural Development support aimed at modernising agricultural holdings was increased. The support is to meet five new challenges (climate change, renewable energies, water management, bio-diversity and restructuring of the dairy sector), and to establish broadband infrastructure in rural areas.	To establish if support for new challenges and Economic Recovery is effective and efficient.
LIFE-Environment	2	Preservation and management of natural resources	7	Environment	The LIFE+ Environment programme supports the development of innovative policy approaches, technologies, methods and instruments of the Sixth Community Environment Action Programme, especially for objectives related to climate change, the environment and health and quality of life, and natural resources and waste.	To establish the effectiveness of the EU support to disseminate the results of the projects funded, and to assess the contribution to the development of EU environmental policy.

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Audit Subject	Financial framework heading		Policy area		Area description
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Energy Efficiency	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	Energy efficiency is a consequence of technological evolution yielding better (lower) energy consumption. Improving energy efficiency, together with use of renewable energy resources, can increase potential for sustainable economic growth, make companies more competitive, lower dependency on energy imports and reduce emissions.
Procurement	1 a,b	Sustainable growth: competitiveness & cohesion for growth and employment	ALL		Structural Funds and Cohesion Fund financed projects that involve purchase of goods and services by public authorities in Member States are subject to public procurement rules, designed to improve market transparency, increase cross border competition, reduce fraud and corruption and promote price savings for public authorities, and consequently tax payers.
INTERREG	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	The INTERREG community (CI) Initiative III for 2000-2006 period and the 2007-2013 programmes fall under the European territorial cooperation objective. The Court's Special Report 4/2004 on the programming of the INTERREG III recommended simplification and improvement of impact indicators, and to strengthen project selection criteria so as to enhance the added value of projects, i.e. the degree to which projects contribute to the resolution of border-related problems.
Urban Transport	1 b	Sustainable growth: cohesion for growth and employment	13	Regional policy	Cities generate some 80 % of the EU's GDP. The Lisbon strategy renewed the priority of creating a high-quality urban environment, in order to enhance potential for economic growth and job creation. Urban transport contributes significantly to air and noise pollution.
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. Traditionally implemented through road building projects, the Commission is increasingly using a sector policy support approach including budget support.
CRIS - Common Relex Information System	4	The European Union as a global partner	19, 21 & 22	External relations, Relations with ACP States & Enlargement	The Common Relex Information System (CRIS) is used by the European Commission's External Relations Directorate General and Delegations as a financial and operational management system.
					Objective of the study
					To establish if Structural Funds Energy Efficiency projects are cost effective.
					To establish the impact of non-compliance with public procurement rules in the implementation of Structural Funds programmes and Cohesion Fund projects.
					To establish whether recommendations for the European Territorial Co-operation objective programmes in Special Report 4/2004 have been implemented, and to assess the effectiveness of INTERREG.
					To establish if Structural Funds support for urban transport infrastructure improves the well being of EU urban residents.
					To establish if the Commission's support for roads in ACP countries is effective.
					To establish if CRIS is an effective and efficient tool for the operational and financial management of development aid projects.

EUROPEAN COURT OF AUDITORS - 2011 PRELIMINARY STUDIES						
Audit Subject	Financial framework heading		Policy area		Area description	Objective of the study
	No	Description	Title	Description		
[External assistance to] Fragile States	4	The European Union as a global partner	19 & 21	External relations & Relations with ACP States	The European Development Consensus (2005) made 'addressing state fragility' a common principle of EU Development Policy. States are fragile when state structures lack political will and/or the capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations. The Commission has a comparative advantage in dealing with fragile states because of the widespread presence of its delegations in such countries.	To establish if the Commission's support for fragile states is effective.
EU assistance to Kosovo	4	The European Union as a global partner	22	Enlargement	The European Union provides assistance to Kosovo through various instruments. The delivery of EU assistance has been restructured following the closure of the European Agency for Reconstruction in 2008, and its tasks being taken over by the EC Liaison office.	To establish if EU assistance to Kosovo is in line with the EU's overall objectives in the region, and if the Commission's delivery mechanisms are appropriate.
EUROSTAT	5	Administration	26	Administrative expenditure	The credibility of European statistics require a high degree of professional independence. The European Statistical Office (EUROSTAT) plays an important role in the European Statistical System, and has a dual function towards the national statistical offices, as both partner and watchdog.	To assess whether the measures taken to strengthen EUROSTAT's role are effective and sufficient.
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.	To assess the effectiveness of the management by the Commission and Member States, and the impact of the External Borders Fund.
The Commission's management of the financial crisis	1 a	Sustainable growth: competitiveness for growth and employment	3	Competition	In response to the financial crisis, the Commission proposed to establish a European System of National Supervisors (ESFS) for the supervision of individual financial institutions, and a European Systemic Risk Board (ESRB) to assess the stability of the entire financial system. The Commission is also developing a crisis management framework for the banking sector.	To establish the efficiency and effectiveness of the commission's reforms of the financial system.
The 7th Framework Programme for Research, Technological development and Demonstration activities (RTD) 2007-2013	1 a	Sustainable growth: competitiveness for growth and employment	8	Research	The Seventh framework Programme covers all research related EU initiatives with the aim of creating growth, competitiveness and employment.	To assess whether the management and implementation of the 7th Framework Programme by the Commission and Executive Agencies concerned is efficient and effective.

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Audit Subject	Financial framework heading		Policy area		Area description	Objective of the study
	No	Description	Title	Description		
Gross National Income (GNI) Data		Revenue		Revenue	Around 70 % of Member States' contributions to the EU budget are based on Gross National Income (GNI). The GNI data is established by Member States' national statistical institutes, and this data is assessed by the Commission (Eurostat), which also verifies the sources and methods used.	To assess the effectiveness of the Commission's controls on GNI data to assess its reliability, comparability and exhaustiveness.
Preferential Trade Agreements		Revenue		Revenue	The EU has more than 30 preferential trade agreements with Third Countries. These allow goods to be imported into the EU at a preferential tariff rate (zero or reduced import duty).	To assess if preferential trade agreements are properly applied.
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. 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.