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COURT
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Speech

Brussels, 7 November 2017

Speech by Klaus-Heiner Lehne, President of the European Court of Auditors

Presentation of the ECA's 2016 annual report

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Check against delivery.
The spoken version shall take precedence.

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[Mr/Madam] President,

Ministers,

Ladies and Gentlemen,

This year, we at the European Court of Auditors celebrate our 40th anniversary. Last month we were extremely honoured to welcome President Kaljulaid of Estonia, the country currently holding the EU Presidency, the President of the European Commission, the President of the European Parliament, and many representatives of EU Member States to a ceremony formally marking this occasion.

The changes in the European Union's political, financial and economic circumstances over the last four decades have been considerable. In this context, I am pleased to say that I have good news – important news – to report.

The Court finds that the EU's accounts for 2016 present a true and fair view. We have approved them, as has been the case every year since 2007. Revenue in 2016 was free from material error. But over and above all that, there **has been a sustained improvement in the estimated level of error in payments** from the EU budget. **About half of the EU spending we audited in 2016 was below the 2% threshold for what auditors call a material level of error.**

As a result, **we have issued a qualified positive opinion on 2016 payments**, rather than an adverse one. **This is the first time that we have issued a qualified positive opinion** on EU spending since we began to provide an annual statement of assurance in 1994. It reflects important improvements in spending. And, if these prove to be sustainable in the future, this opinion might mark a milestone in the development of EU spending at a crucial time.

Areas such as direct aid for farmers, grants to students and researchers, and staff costs – which together account for nearly half of EU spending – **had levels of error below 2%**; although we did find higher levels of error in payments made through refunds.

Action by the Member States and the Commission was **instrumental in reducing the overall estimated level of error**. We found, however, that enough information was available to further prevent, or detect and correct, many errors. In our view, this means that, while there is no need for additional controls, the existing controls must be enforced properly. **These persistent errors were the reason why the error rate for the entire budget, estimated at 3.1%, remained above the materiality threshold of 2%.**

I do have to add one further word of warning at this point: the total payments the EU is committed to making from future budgets were higher than ever in 2016, at €238.8 billion. **It should be our priority to clear this backlog and prevent a new one from building up**, bearing in mind that planning for a new period of EU spending will start in 2020.

Ladies and Gentlemen,

It is important for our citizens to know that public funds are being spent lawfully. But just as much, or perhaps even more so, people want to know what they got for their money. Did it make sense to build a particular road or airport in a particular place? Were jobs and growth actually delivered? To answer these questions, **we at the European Court of Auditors are increasingly putting our focus on performance.**

In many areas of the EU budget the control systems in place for preventing, detecting and correcting errors have been improved in recent years. This gives us a chance to refine the Statement of Assurance, and we expect to be able to rely more on these systems when it comes to the regularity of spending in the future.

This will enable us, in auditing the EU budget, to provide you with better information on a sounder basis.

To help us do that, **I would like to invite you to provide ideas and suggestions concerning our future work.** In recent months, we have produced audit reports on topical issues ranging from youth employment to the refugee crisis and the hotspot approach, to energy and climate change. In the months ahead, we will be reporting on issues such as the Greek financial crisis, the Single Supervisory Mechanism and the Single Resolution Board, as well as the future of the CAP. But we are always on the look-out for fresh audit topics, and **your contributions – collectively or individually – would be most welcome.**

We will continue to act as the guardians of the EU's finances and of our citizens' financial interests. We will continue to be an independent voice, highlighting things that work well and shining a light on uncomfortable truths when things are not working. And in a world of widespread misinformation and manipulation of data, the European Court of Auditors will continue to provide you and your countries' citizens with reliable and unbiased information.

Thank you for your attention.