



EUROPEAN
COURT
OF AUDITORS

EN

Speech

Brussels, 28 September 2017

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

Presentation of the ECA's 2016 annual report
Committee on Budgetary Control of the European Parliament (CONT)

Check against delivery. The spoken version shall take precedence.

ECA Press

Mark Rogerson – Spokesperson T: (+352) 4398 47063

Damijan Fišer – Press Officer T: (+352) 4398 45410

12, rue Alcide De Gasperi - L-1615 Luxembourg

E: press@eca.europa.eu @EUAuditors

Youtube: [EUAuditors](https://www.youtube.com/EUAuditors)

M: (+352) 691 55 30 63

M: (+352) 621 55 22 24

eca.europa.eu

Madam Chair,
Vice-President Oettinger,
Honourable Members of the European Parliament,

This year, we at the European Court of Auditors celebrate our 40th anniversary. Over the last four decades, the European Union's political, financial and economic circumstances have changed dramatically. And the more recent challenges appear to be bigger than ever before: the financial and economic crisis, the unprecedented migration flows, climate change and terrorism. Some even see the EU as a Trojan horse of globalisation instead of a successful route to securing peace and prosperity.

All these concerns have tested our citizens' trust in the European and national institutions, and we who work in those institutions must respond and indeed deliver, each within our respective areas of responsibility. In that respect, I am pleased to say that I have good news to report.

We find that the EU's accounts for 2016 present a true and fair view. We have "signed them off", 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 a material level of error.

As a result, we have issued a **qualified opinion** on 2016 payments, rather than an adverse one. This is the **first** qualified opinion we have issued since we began to provide an annual statement of assurance in 1994, and it reflects **important improvement** in EU spending.

To go into a bit more detail: the overall level of error for EU spending in 2016 was estimated at 3.1%, compared with 3.8% in 2015 and 4.4% in 2014.

"Entitlement payments", made for meeting specific conditions, account for about 49% of EU spending and had levels of error below 2%. They include direct aid for farmers, grants to students and researchers, and staff costs. 'Natural Resources: Market and direct support' had an estimated level of error of 1.7 % and 'Administration', 0.2 %.

However, higher levels of error were found in "Reimbursement payments" made through refunds. For 'Economic, social and territorial cohesion', the estimated level of error was 4.8%; for 'Natural Resources: Rural development, the environment, climate action and fisheries', it was 4.9%.

Action by the Member States and the Commission did reduce the overall estimated level of error, but we found that sufficient information was available to **further** prevent or detect and correct many errors. In our view, this means that there is no need for additional controls, but the existing controls must be enforced properly.

And I do have one word of warning: the total payments the EU is committed to making from future budgets were higher than ever in 2016, at €238.8 billion. **Clearing this backlog** and preventing a new one should be priorities, bearing in mind the planning of EU spending in the period starting in 2020.

I mentioned at the outset that we all have a very important role to play in securing our citizens' trust in the European and national institutions. As part of that, it is important for them to know that public funds are being spent lawfully.

Our citizens can only place their trust in the EU's financial management if they and their elected representatives have assurance that the applicable rules are being complied with. Our Statement of Assurance on the reliability of the EU accounts and the legality and regularity of the underlying transactions has contributed to significant improvements in compliance with EU rules.

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? Has the money been spent wisely? To answer these questions, we are increasingly putting our focus on **performance**. We want to help make sure that taxpayers get value for their money.

This requires a corresponding shift in focus of our audit work. We need to be in a position to publish the right audit work at the right time in order to make best use of the "soft power" vested in us. Audit work and policy work go hand in hand. So, to continue accomplishing our mission and to respond to our citizens' current concerns, from now on we will be making **important changes** to the way in which we audit the EU budget.

In many areas of the EU budget the control systems aimed at preventing, detecting and correcting errors have been significantly improved in recent years. This provides us with the opportunity to take a fresh look at the Statement of Assurance and we expect to be able to **rely more on them** when it comes to the regularity of spending in the future. This approach will make it more transparent where shortcomings remain. It will also help us to promote accountability and further improve the management of EU finances.

At the same time, we will address real performance issues such as the achievement of intended results, their impact and how EU activities affect people's day-to-day lives. We will examine whether action at EU level was the best way to achieve what was desired. And we will report on all this in a balanced way, recognising **achievements** and taking into account **limitations**.

At the European Court of Auditors, we do not just want to improve the way in which the EU works. We want to help improve our citizens' understanding of how it works.

We have already taken important steps in this direction during the past year. We have provided a large number of **audit reports** on topical issues ranging from youth employment to the refugee crisis and the hotspot approach, to energy and climate change.

In addition, we have issued **briefing papers**, for example on the mid-term review of the current Multiannual Financial Framework. We have published **opinions** on legislative proposals affecting EU financial management and delivered observations on broader themes based on our research and experience.

In the decades to come, we will continue to act as the guardians of the EU's finances and of our citizens' interests. We will continue to be an **independent voice**, highlighting things that work well and shining a light on uncomfortable truths where they do not work. And in a world of widespread misinformation and manipulation of data, the European Court of Auditors will continue to provide reliable and unbiased information.

Ladies and gentlemen, in this uncertain and increasingly inward-looking world, let us drive forward a **positive agenda** for the European Union in the years to come.

Let us together, throughout every step of the legislative and budgetary cycle make sure that **the EU can deliver** efficiently on **things that matter** to the citizens.

Thank you for your attention, and I look forward to our exchange of views.