



EUROPEAN
COURT
OF AUDITORS

EN

Speech

Strasbourg, 18 April 2018

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

Address to the European Parliament

on discharge in respect of the implementation of the general budget

of the European Union for the financial year 2016

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 eca.europa.eu

M: (+352) 691 55 30 63

M: (+352) 621 55 22 24

President, Honourable Members, [Minister], Commissioner,

I would like to start today, also on behalf of Mr Lazaros Lazarou, our Member responsible for the Annual Report who is with me today, by congratulating the Committee on Budgetary Control, its chair Ms Gräßle and the different rapporteurs, in particular Mr Zeller, for their dedication in carrying this year's discharge exercise to a successful conclusion.

On the overall annual report

The Court adopted a clean opinion on the reliability of the accounts and revenue for 2016. And, for the first time, the Court of Auditors issued a qualified audit opinion on the legality and regularity of the transactions underlying the accounts for the year 2016 – payments made on an entitlement basis are free from a material error (1,3%); the payments made on a reimbursement basis are still affected by material error (4,8%).

This qualified opinion creates a different dynamic that has helped the completion of this year's discharge procedure.

I should add that the estimated level of error would have been even lower had the Commission or other bodies, in particular those managing EU funds in the Member States, made proper use of existing information to prevent, or to detect and correct the error before accepting the expenditure. This alone shows that there is clearly potential for further improvement.

On agencies

As you know, the Court, in addition to its general annual report, publishes specific annual reports on all EU agencies. I will only mention one agency, namely the Asylum Support Office, for which the Court of Auditors was not able to give a positive opinion concerning the legality and regularity of payments, in particular due to a lack of rigour in the Office's procurement procedures. I understand from your draft resolution that Parliament is set to postpone the discharge pending the results of further investigations, and keep the matter under review.

On the multiannual financial framework

In the discharge procedure, you are tasked with looking back, but in many cases your observations as a parliament have a bearing on the future, and in particular on the future Multiannual Financial Framework.

On this, the Court will provide the decision-makers with a wide range of contributions based on our audit work to draw from as the talks progress. In the last two months we adopted a first series of briefing papers on the future of EU finances, the future of the Common Agricultural Policy and on research funding beyond 2020. We are also working on a briefing paper on simplification of the European structural and investment funds in cohesion policy. We will follow this up by formal opinions on the Commission's legislative proposals on the next MFF and on the main

spending programmes. It is in our view essential that we are able to draw lessons from the previous generation of programmes before you are faced with decisions on the upcoming generation of programmes.

At this stage, I would only make the following remark: outstanding commitments are projected to reach 262 billion euro by 2020. It is important to address this issue in the next MFF.

On future annual reports

Ladies and gentlemen,

I take this opportunity to highlight that already our next annual report will benefit from an approach that we are currently piloting in our audit of cohesion spending. For the financial year 2017, we have started to assess the reliability of information reported by the Commission on the legality and regularity of cohesion spending. We do this through a review of audit files and the re-performance of audits carried out by the Commission and the Member States' authorities on the ground. The result of our work will also feed into our overall opinion on the legality and regularity of EU spending.

This is something very important for us at the Court of Auditors, because we believe that it has the potential to provide you in the future with even better quality information as a basis for your political judgment.

On ECA itself

I will finish with a quick word on the institution which I have the honour to preside, since we are naturally also covered by the discharge procedure.

The Court welcomes the support of the Parliament in its resolution concerning, in particular its overall prudent and sound financial management, the organisational reform of 2016, the good cooperation with CONT and the essential follow-up with EP specialised committees, the new rules on the use of official vehicles, and the Court's environmental policy.

I am also pleased to inform you that we recently strengthened internal controls and revised rules on budgetary matters, missions and representation expenses of the Members, to remedy swiftly shortcomings where they were identified and to increase transparency.

Furthermore, our institution has decided to ask a number of EU and international supreme audit institutions to carry out a so-called "peer review". Starting next year, they will examine how successful the Court has been so far in delivering its strategic objectives and make recommendations on further actions it should take. This will be the third time that we undergo such a "peer review" and open ourselves up to external and independent scrutiny and the advice of our sister organisations.

Finally, we note of the ambition of this House to close the discharge procedure within the year following the accounting year in question. It would have the undeniable advantage of being able to draw lessons from one year to the next. As you know, this timing question involves a multitude of players and deadlines but, for its part, the Court is of course ready to do its utmost to ensure a timely discharge procedure without compromising on the availability of data of the highest possible quality.

Thank you for your attention.