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# The 2021-25 strategy of the European Court of Auditors



EUROPEAN  
COURT  
OF AUDITORS

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# President's Foreword



## Our new strategy until 2025

We at the European Court of Auditors (ECA) have adopted our new strategy for the coming five years.

Our strategy builds on the achievements made so far and will guide our work as the EU's independent external auditor until 2025. We have developed this strategy based on a participative process involving all levels of our organisation.

## Our strategic context

### A Union that asserts itself at the international level and protects its citizens

The European Union is proud of its extraordinary achievements that will forever mark the history of Europe: an unprecedented period of peace, economic, social and cultural development and political integration between the countries and peoples of our continent.

Throughout its history, the process of European integration has faced difficulties and crises. Yet, the EU has always been successful in taking the necessary steps to overcome them. The EU has shown itself to be capable of vigorous and decisive action, launching innovative large-scale initiatives that affirm the resilience and vitality of our Union. The 2021-2027 MFF and the Next Generation EU Initiative, whose execution we will audit, are a concrete example of this vitality.

## Times of rapid change

Our world has become more complex, contested and competitive than before – and it is **changing at an unprecedented pace**. When preparing this strategy we considered newly arising challenges in the following main areas.

- **European competitiveness and cohesion:** A technological and scientific revolution transforming economic models and labour markets, and posing ethical challenges to our European societies. This will be accompanied by trade conflicts, demographic changes, and new public health challenges.
- **European climate and resource challenges:** Climate change; humanity’s growing ecological footprint; and unsustainable resource consumption.
- **European security and values:** Profound global power shifts; mass migration; challenges to the institutions of liberal democracy, the rule of law and multilateralism; defence and security threats such as terrorism.
- **European public finance:** A negative outlook for sustainable public budgets; increasing demands on the public sector; new challenges to the EU’s and Member States’ financial systems and management; the challenges of protecting public money from fraud and corruption and grasping the opportunities of digitalisation. The COVID-19 response measures are adding to the challenges in this area.

## Our strategic goals

We, the EU’s independent external auditors, will fulfil our role mindful of all these challenges to make our contribution to a more resilient, sustainable and fair European Union.

Our 2021-2025 strategy presents how we intend to do that by pursuing **three strategic goals**:

- **Goal 1: Improving accountability, transparency and audit arrangements across all types of EU action;**
- **Goal 2: Targeting our audits on the areas and topics where we can add most value; and**
- **Goal 3: Providing strong audit assurance, in a challenging and changing environment.**

In addition, our 2021-25 strategy also sets out our values, mission and vision as well as an overview of the means that will help us to meet our strategic goals.



Klaus-Heiner LEHNE  
President of the European Court of Auditors

# The 2021-25 strategy of the European Court of Auditors



## Our values, mission and vision

We are the Union's external auditor. The ECA College is composed of one Member from each Member State, supported by around 900 staff of all EU nationalities. We base our work on the following values:

<b>Independence</b>	We carry out our work free from influences that may compromise, or may be seen to compromise our professional judgement.
<b>Integrity</b>	We act honestly, reliably and solely in the EU public interest, and aim to lead by example in our professional work and the way we manage our institution.
<b>Objectivity</b>	We are impartial and unbiased, and base our audit conclusions on sufficient relevant and reliable evidence.
<b>Transparency</b>	We communicate our findings through clear, comprehensive and accessible reports, published in all EU languages, respecting confidentiality and data protection requirements.
<b>Professionalism</b>	In line with the international auditing standards, we acquire, develop and maintain the highest levels of knowledge, expertise and skills related to both the public audit profession, and EU financial and policy management.

### Our mission

Through our independent, professional and impactful audit work, assess the economy, effectiveness, efficiency, legality and regularity of EU action to improve accountability, transparency and financial management, thereby enhance citizens' trust and respond effectively to current and future challenges facing the EU.

### Our vision

We aim to be at the forefront of the public audit profession, and to contribute to a more resilient and sustainable European Union which upholds the values on which it is based.

## Goal 1: Improving accountability, transparency and audit arrangements across all types of EU action

**Accountability** and **transparency** are vital parts of a democratic system and are essential for the citizen's trust in the EU and its finances. The Treaty on the Functioning of the European Union states that "the Court of Auditors shall carry out the Union's audit" and we share a responsibility for improving the accountability for EU action with other EU institutions.

For a number of years, we have identified numerous accountability and audit gaps in the EU's institutional and legal framework, particularly in those areas where the EU acts through an inter-governmental approach. Currently, the external audit of EU institutions, bodies and actions is partially fragmented and therefore potentially incoherent. Audit activities can be overlapping and duplicating due to the existence of several layers of audit and controls in the EU.

During the next five years, we will be using our **mandate as the Union's external auditor** to:

- assess EU governance as well as its accountability and transparency arrangements;
- identify audit and accountability gaps as well as overlapping and duplicating audit activities in the EU's current and future architecture; and
- examine the quality and reliability of the information and data reported by our auditees on the implementation of EU policies and the EU's financial management.

Beyond that, we believe that the **best solution would be for the ECA to be mandated to audit all EU institutions and bodies set up by the Treaties, but also all intergovernmental structures** that are of key relevance to the functioning of the EU. This is in line with our main task to keep accountable the various institutions and bodies managing EU funds and implementing EU policies.

Therefore, we will explicitly support all initiatives that entrust the ECA with a clear and broader audit mandate, and will liaise with all the relevant instances to support the achievement of this goal.

## Goal 2: Targeting our performance audits on the areas and topics where we can add most value

As the Union's external auditor, we target our audits on those issues that matter most. Through our work, we contribute to democratic oversight, public debate and the soundness of financial management. Our relevant and timely audit reports, opinions and other publications provide independent analysis and assessments for our stakeholders.

Based on our analysis of trends, our assessment of risks and of the stated priorities of our institutional stakeholders and auditees, we have identified four strategic areas on which we will focus our performance audits during the period covered by our strategy:

- The Union's economic competitiveness;
- The resilience to threats to the Union's security, and respect for the European values of freedom, democracy and the rule of law;
- The climate change, the environment and natural resources and
- The fiscal policies and public finances in the Union.

Through a multi-annual programming approach, we will also ensure a good coverage of new initiatives such as the management of the 'Next Generation EU' (NGEU) and crosscutting topics, such as sustainability and EU values. We will also pursue and enhance our assessment of high-level performance issues, for example by covering topics at the level of policy/program or thematic topics. We will contribute to combatting fraud against the EU budget. In our selected audits, we will help prevent fraud by examining at all levels whether EU financed programmes are affected by weaknesses making them fraud prone, taking into account our experience from our audits for the statement of assurance. We will also intensify our audit work with the bodies in charge of the fraud detection and regularly assess their activities.

We will continue to develop our methods by seeking to realise additional productivity gains in our performance audit practice, reinforcing our risk-based approach, and giving country specific information when adequate. Moreover, we will further improve the impact of our recommendations to make them more relevant, useful, practical and cost-effective, and strengthen the follow-up we give to them (both at the level of EU institutions and bodies, and the Member States).



### Goal 3: Providing strong audit assurance in a challenging and changing environment

The next **multiannual financial framework (MFF) 2021-2027 and the 'Next Generation EU' (NGEU) initiative** will involve important changes and related challenges for us. This concerns in particular our assurance reports, namely the Statement of Assurance and our Annual Report.

To this end, we will continue to develop our audit approach and use available data and information, which will allow us to continue providing strong assurance, based on our Treaty mandate and in full accordance with international public-sector audit standards.

The changes related to the next MFF and the NGEU initiative will be far-reaching and affect the financing and use of the EU budget, including new forms of own resources and a potential shift from eligibility rules to performance-based aspects for the main policy areas. We will be **proactive** and follow these changes very closely, which will allow us to **adapt and develop our assurance audit approach** to provide relevant and timely reports.

We will endeavour to complement the quantitative information in our annual report with qualitative elements based on the results of **specific systems and compliance work**. In that context, we will also consider the corrective capacity of our auditees.

We will endeavour to **increase the efficiency of resources used for our assurance work**.

We will **review our methodology** and practices during the period to carry out and adapt our assurance audit work. This includes making **enhanced use of data and IT tools and technologies**, for which we see potential in the short term in our financial audits of the reliability of accounts and the regularity audits of revenue and administrative expenditure.

Our audit approach will continue to take into account that the **level of risk** varies across the different EU policy areas. To this end, these risks and all other information available will be assessed in the planning and execution of our substantive testing.

During the 2021-2025 period, we will continue to **use to the extent possible the work carried out by auditees as well as other auditors** in order to use our resources more efficiently and to reduce the administrative burden on beneficiaries.

## Enabling our action

To achieve our strategy we rely on our staff, which are our most important asset. We will manage our human resources (recruitment, training, career development, etc.) to ensure that our audit capacity matches the future challenges.

We will also build on recent improvements in the way we organise and manage our resources, and take key change action in the areas set out below.

## Using technology in audit

We find increasing amounts of digital data in the areas we audit. This gives us the opportunity to take advantage of new IT tools and techniques to enhance our work. To achieve this we will:

- seek to obtain secure and easy access to auditees' data;
- foster a digital audit culture and mind-set in our work;
- invest in the requisite skills and knowledge across our staff; and
- implement new digital audit tools and techniques suitable for our audit area, including automated data collection and analysis and also take advantage of the ECA's existing digital capacity.

At the same time, through our audits we will promote the development and deployment of digital practices in the management and control of EU policies and programmes. To this end, we will seek high-level commitment of the Commission to allow us to facilitate and expand the scope of our audit work through increased use of digital technology.

## The quality of our work and of our reporting

We will continue to assure the **quality of our audit work** through strengthened quality control procedures based on international standards. These procedures include supervision and review, independent quality review and the implementation of a quality assurance plan. This is essential to ensure our stakeholders have confidence in the strength of our findings, and can rely on our conclusions and recommendations.

We **report our audit and other work** clearly and accessibly, in order to achieve the greatest impact. As such, the drafting and preparation of our reports is an essential activity. We strike the right balance between **clarity** and **simplicity** on what are often technical subjects.

We will further enhance our reporting by:

- assuring the linguistic quality of the texts, through consistent use of clear language and taking account of the expected audience;
- applying a common editorial and visual identity to all our publications;
- articulating our publications around key messages; and
- increasing the use of audio-visual material and more active presentation of data.

### **Our interaction with institutional stakeholders**

During the coming five years, we aim to use our role and **leverage the impact of our work** by participating in, and contributing to, discussions on key topics affecting the European Union. We can best achieve this with the **support of our institutional stakeholders**.

This means that in 2021-2025, we must further intensify our outreach activities, especially towards:

- the European Parliament, in particular the Committee on Budgetary Control, the Committee on Budgets and the sectoral committees; and
- the Council: achieving a closer relationship, for instance by intensifying contacts with the structures responsible for preparing Council decisions.

We will also launch new initiatives to strengthen our relationships with:

- Member State governments - approaching representatives from rotating presidency countries and deepening collaboration at ministerial level, with a particular focus on key issues identified by our audits; and
- National parliaments - organising regular exchanges with the committees in charge of EU matters, with a particular focus on key issues identified by our audits.

At the same time, we will continue to strive for a constructive relationship with the Commission, our main auditee, observing the international standards in this respect.

## **Our communications**

While our audit and review reports, and opinions, are particularly relevant for those designing, implementing, supervising or monitoring EU policies and programmes, our communications are addressed to all EU citizens.

We aim to further develop our communication activities.

In 2021-2025, we will enact change by:

- communicating more around key cross-cutting messages, rather than promoting specific publications only;
- making use of more diverse media channels and formats;
- targeting our communication activities on selected key media outlets at the EU, national and regional level in order to ensure a wide range of coverage; and
- applying a more targeted approach in our communication activities to increase our reach.

## **Our cooperation with peers**

Cooperating and exchanging experience with our peer public audit institutions within the EU and around the globe is mutually beneficial, notably in respect of the discussion, development and knowledge sharing of audit methodology and techniques. Our aim is to contribute to these activities when we have particular expertise to share, and to benefit from relevant learning opportunities.

During the 2021-2025 period, we will:

- further intensify our cooperation with all EU supreme audit institutions, both bilaterally and multilaterally;
- explore how to get most value for all participants from the EU Contact Committee of the heads of EU supreme audit institutions, aiming to optimise its relevance and impact;
- intensify our cooperation with public audit bodies beyond the European Union, and our participation in INTOSAI, EUROSAI and other relevant forums for public auditors; and
- further cooperate in the areas of developing professional audit standards, knowledge management, staff development and capacity building.

## **Our own accountability**

Our aim is to achieve the highest standards of **transparency** and **accountability** as regards the implementation of our strategy and the **achievement of productivity gains** in our work.

This will be supported, during the 2021-2025 period, through the following initiatives:

- translating the strategy into action plans containing milestones and measurable outcomes;
- aligning our performance indicators with this strategy; and
- reporting periodically on progress made in implementing the strategy, complemented by a mid-term review in 2023, and a peer review in 2024.

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