



Press Release
Luxembourg, 8 October 2018

EU auditors ask to be given a clear and formal audit mandate for the European Monetary Fund

The European Court of Auditors' position as external auditor of the proposed European Monetary Fund (EMF) should be set out more clearly, according to an Opinion published today by the Auditors. They also propose that oversight of the Fund by the European Parliament should take into account the auditors' work.

The European Commission has proposed setting up the EMF to replace the existing European Stability Mechanism, which provides financial assistance to euro-area countries in severe financial difficulties. Because it is capitalised through an agreement between member countries, the European Stability Mechanism falls outside the scope of the EU budget.

In the Opinion, the Auditors welcome the Commission's proposal, but stress that it should entail a robust accountability framework, with parliamentary oversight of the new Fund based on an external audit opinion of the ECA. To reinforce accountability and public scrutiny, the Auditors call for a clear and formal procedure to consider audit reports in the discharge procedure. At present, the Commission proposes that the ECA, private auditors, and the Fund's own Board of Auditors should audit financial regularity, compliance, performance and risk management in respect of the EMF.

"We welcome the aim of the Commission proposal to bring the ESM within the EU legal framework", said Alex Brenninkmeijer, the Member of the European Court of Auditors responsible for the Opinion. "Multiple audit mandates should generally be avoided in order to reduce the risk of conflicting opinions, duplications or overlaps."

To avoid expensive duplication, say the Auditors, their position as independent external auditor of the EMF should be clearly stated in any legislation, making clear that the role of private audit firms and any other audit input would be complementary to theirs. Failure to provide such clarity may lead to the conclusion that such appointments are a preclusion of the ECA's external audit mandate.

The Auditors also identify a number of key challenges for the audit and accountability framework of the existing European Stability Mechanism. The terms of office of the members of its Board of Auditors are too short, they

The purpose of this press release is to convey the main messages of the Opinion adopted by the European Court of Auditors. The full Opinion is on www.eca.europa.eu

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say, and reporting by the Board on its audit findings is very limited. In addition, performance audit and evaluation activities in respect of the European Stability Mechanism exist only to a limited degree.

Notes to Editors

EU leaders have provided political direction for the proposed reform to proceed in two steps. By the end of 2018, the key features of a reinforced European Stability Mechanism (ESM), including possible further steps to reinforce its role and governance, will be prepared. This step will address the proposal set out by the Commission while retaining the ESM's inter-governmental nature. Over the longer term, the ESM member countries and the EU may consider integrating the ESM fully into the EU legal framework.

The European Court of Auditors contributes to improving EU financial governance by publishing opinions on proposals for new or revised legislation with a financial impact. The opinions are used by the legislative authorities — the European Parliament and the Council — in their work.

ECA Opinion No 2/2018 on accountability and audit arrangements for the proposed European Monetary Fund (EMF) is currently available in English on the ECA website eca.europa.eu — other languages will be added in due course.