

*ALDE background notes:*



## THE EUROPEAN COURT OF AUDITORS [\[FR\]](#)

The European Court of Auditors is an advisory body created in 1975, which has its headquarters in Luxembourg. Under Articles 285, 286 and 287 of the Treaty on the Functioning of the European Union, by which it was created, it consists of one member per Member State, appointed by the Council for a period of six years, and members are replaced one third at a time. The members, who have previously belonged to their national audit bodies, must carry out their duties in complete independence.

### **I. The activities of the European Court of Auditors**

The Court of Auditors examines the European budget and the implementation of that budget by the institutions. In liaison with the competent national authorities it advises Parliament and the Council on matters relating to budgetary implementation.

The Court of Auditors produces a compulsory **Annual Report** on the management and implementation of the budget. This report has to be published, at the latest, one year after the end of the financial year in question, and has to be sent to the competent authorities: the European Parliament (CONT), the Council, the Commission and the national institutions. Similar reports are published annually for all the bodies created by the European institutions, such as agencies, unless there is any express provision to the contrary.

**Special reports** can be published by the Court of Auditors on specific budgetary issues. They contain recommendations to which the institutions involved can reply. In 2009, for example, the Court of Auditors published a special report on 'The European Commission's management of pre-accession assistance to Turkey.

The Court of Auditors issues **opinions**, at the request of the institutions, on current legislative or budgetary issues.

It can also act as an **audit body** and carry out inquiries within the Community institutions. However, its powers in this area are limited, and if a serious irregularity is discovered it is the European Anti-Fraud Office (OLAF) which is authorised to take the appropriate action.

Finally, the Court of Auditors is regularly **consulted** by the Community institutions before the adoption of standards which have budgetary effects.

**For all these activities**, the Court of Auditors works in English and French. However,



all its official documents have to be published in every official **language** of the Union in order to be legally valid. In addition, the activities of the Court of Auditors are the subject of **cooperation** with similar bodies at national and international level:

- national equivalents: Article 287(3) of the Treaty on the functioning of the European Union makes provision for such cooperation with the Supreme Audit Institutions (SAIs). There is a '*Contact Committee*', which enables the Heads of the SAIs to meet once a year.

- equivalents in candidate countries: the basis of cooperation between the Court of Auditors and the SAIs of candidate countries is the SIGMA programme (Support for Improvement in Governance and Management), which provides assistance to candidate countries.

- international equivalents: the Court is a member of INTOSAI, the international organisation of SAIs, which was founded in 1953. As such, it participates in the drafting of international public auditing standards.

Despite being a **control** body, the Court of Auditors is not exempt from outside control. Since 1987 an '*external auditor*', whose reports are published in the OJEU, inspects its administration and management.

## **II. ALDE and the Court of Auditors Annual Report for 2008**

At the presentation of the Court of Auditors Annual report concerning the financial year 2008:

Expressing his confidence in the Court's assessment, **Luigi de Magistris** (Idv, Italy), Chairman of the Committee on Budgetary Control (CONT) said: '*We are satisfied with the good results scored in the areas where the European Union is directly in charge of its budget, but we regret that in the usual areas, such as Cohesion and Rural development, where Member States share the management, no improvements have emerged. As for the previous year, for instance, the Court estimated that at least 11% of the total amount reimbursed for Cohesion projects, approximately EUR 2.7 billion, should not have been paid out. We should blame the Member States that don't respect the rules and praise the virtuous ones*'.

**Jorgo Chatzimarkakis** (FDP, Germany), ALDE coordinator of the CONT Committee, reiterating the European Commission's legal responsibility for the management and supervision of the EU funds, said: '*If a large majority of Member States remains reluctant to produce compulsory national declarations, and continues failing in setting up and conducting proper audit controls, the Commission should start naming and shaming. Member States should be held accountable for the taxpayers money they manage in EU projects*'.

Acknowledging the considerable improvements in accountability, **Gerben-Jan Gerbrandy** (D66, Netherlands), a member of the CONT Committee, reacted: '*It is time for the EU to start focussing more on the effectiveness of its policies, namely assessing if the money spent reached its goals*'.



For more information:

[ALDE press releases on the reports of the Court of Auditors](#)

[Court of Auditors: website](#)

[Court of Auditors: 2008 Report](#)

