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COMMENTARY



Why does the European Court of Auditors not deliver?

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We feel it's fair to say that the field of international relations has grown as fast or wider than *Europe's World*.

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The European Union's system of budgetary control is highly flawed. For decades the European Commission, as the institution formally in charge of executing the EU budget, has been the primary addressee of criticism regarding financial management of EU resources. In recent years major improvements have been made in the internal budgetary control by the Commission. However, as François Colling rightly points out, 80 to 85% of EU spending actually takes place within member states. If financial management of these resources falls short of expectations then member states are to blame and not the Commission. What we need are national declarations by member states that funds are properly controlled but unfortunately so far only Sweden, the UK and the Netherlands have agreed to make such declarations. Other member states only provide a tentative overview of their audit activities. Without EU wide national declarations the financial accountability gap within the EU will simply continue to exist, with each actor passing the buck to the other one.

Although in my view the ball is clearly in the member states' corner, there are certainly ways for the European Court of Auditors to make a difference. So far the Court has not really lived up to its own mission statement which is to contribute to the financial management of the Union.

François Colling mentions some misperceptions by journalists and by the public at large about the actual purport of the European Court of Auditor's assessment of EU financial management. I think the Court must primarily blame itself for the confusion. Its annual reports lack accessibility, even for specialized readers. Central to its reporting is the fuzzy concept of "irregularities" which range from procedural to substantial errors and from minor slip-ups to blatant fraud. Information on the performance of the main actors (Commission, individual member states) in the various policy fields is not presented in a systematic way. Let me recall that the Statement of Assurance (SOA) was introduced in the Maastricht Treaty because the main consumer of the Court's products, European Parliament, did not see the wood for the trees. This situation has not improved over the last ten years. Not because the Court was not able to come up with a clean bill of health, but because the post-mortem is delivered in such an incoherent way that it does little to improve matters.


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Moreover, the ex post external budgetary control that the European Court of Auditors is involved in, has always revolved around the issue of regularity and legality. If one looks at the historical development of supreme auditing institutions these are indeed the issues one would expect beginners to start with, but the European Court of Auditors has hardly moved beyond that stage over the last 30 years. Apart from some of its special reports the Court does not really deal with the link between EU resources on the one hand and EU policy output on the other hand (efficiency) let alone with effectiveness (linking policy output to intended policy outcomes). Put differently: the Court has not been able to develop from financial-regularity audits to performance audits, even though its treaty mandate clearly includes investigating sound financial management and not just legality and regularity. François Colling seems to argue that this is due to the Court having to deliver the SOA year-in year-out. His argument is not really convincing as the Court was not engaged in efficiency and/or effectiveness audits before 1995.

Finally, it is hard to understand why the Reform Treaty has not made any changes to the institutional set-up of the Court. The Court has always been top-heavy and has become even more so with every enlargement. We really do not need a 27 member court to manage the audit of the relatively small amount of € 130 billion, complicated as the spending pattern may be in the EU. A fundamental restructuring of the Court's organization should be part of setting up a multi-layered EU internal and external audit system in which the Commission, member states, national supreme audit institutions and the European Court of Auditors cooperate in the most efficient way.

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