

The european court of auditors essay

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The European Court of Auditors Introduction The European Court of Auditors is the fifth institution of the European Union (EU). It was established in 1975 in Luxembourg to audit the accounts of EU institutions.

This report will cover 3 aspects which are history, organization and president. Then it will give some criticism about the declaration of assurance and the size of the court. History The Court of Auditors was created by the 1975 Budgetary Treaty and was formally established on 1977-10-18. At that time the Court was not a formal institution and it did not have a defined legal status until the Treaty of Maastricht when it was made the fifth institution, the first new institution since the founding of the Community. By becoming an institution it gained some new powers, such as the ability to bring actions before the European Court of Justice. However its audit power related only to the European Community pillar of the EU, but under the Treaty of Amsterdam it gained the full power to audit finances of the whole of the EU. Despite its name, the Court has no judicial functions. It is rather a professional external investigatory audit agency.

The primary role of the court is to externally check if the budget of the European Union has been implemented correctly, in that EU funds have been spent legally and with sound management. In doing so, the court checks the paperwork of all persons handling any income or expenditure of the Union and carries out spot checks. The court is bound to report any problems in the Court's reports for the attention of other states and institutions, these reports include its general annual report as well as specific and special reports on certain bodies and issues. The Court's decision is the basis for the European Commission decisions, for example: when the Court found

problems in the management of EU funds in the regions of England, the Commission suspended funds to those regions and prepared to fine those who did not come back up to acceptable standards. In this role the Court has to remain independent yet remain in touch with the other institutions, for example a key role is the presentation of the Court's annual report to the European Parliament.

It is based on this report that the Parliament makes its decision on whether or not to sign off the European Commission's handling of the budget for that year. The Parliament notably refused to do this in 1984 and 1999, the latter case forced the resignation of the Santer Commission. The Court, if satisfied, also sends assurances to the Council and Parliament that the taxpayers money is being properly used and the Court must be consulted before the adoption of any legislation with financial implications but the opinion is never binding Organization The Court is composed of one member from each EU state who is appointed by the Council of the European Union for a renewable term of six years. Members are chosen from people who have served in national audit bodies, who are qualified for the office and whose independence is beyond doubt. As the body is independent they are free to decide their own organization and rules of procedure, however they have to be ratified by the Council of the European Union. The Court is supported by a staff of approximately 800 auditors, translators and administrators. Auditors are divided into auditor groups which inspect and prepare draft reports for the Court to take decisions upon.

Inspections take place not only of EU institutions but any state which receives EU funds given that 90% of income and expenditure is managed by national authorities rather than the EU. Upon finding a fault the Court has no legal powers of its own and instead informs OLAF which is the EU's anti-fraud agency. The court is also assisted by the Secretary-General of the European Court of Auditors, elected by the court, who draws up draft minutes and keeps archives of decisions as well as ensures the publication of reports in the Official Journal of the European Union along with general management and assistance to the President. [President The members then elect one of their members as the President of the Court for a renewable three year term. The election takes place by a secret ballot of those members who applied for the presidency. The duties of the President (which may be delegated) are to convene and chair the meetings of the Court, ensuring that decisions are implemented and the departments (and other activities) are soundly managed.

The president also represents the court and appoints a representative for it in contentious proceedings. Criticism Declaration of Assurance Since 1994 the Court has been required to provide a " Declaration of Assurance", essentially a certificate that an entire annual budget can be accounted for. This has proved to be a problem, as even relatively minor omissions require the Court to refuse a declaration of assurance for the entire budget, even if almost the entire budget is considered reliable. This has led to media reports of the EU accounts being " riddled with fraud", where issues are based on errors in paperwork even though the underlying spending was legal. The auditing system itself has drawn criticism from this perception.

The Commission in particular have stated that the bar is too high, and that only 0.09% of the budget is subject to fraud. Terry Wynn MEP who served on the Parliament's Committee on Budgetary Control backed these calls stating that it is impossible for the Commission to achieve these standards. By comparison, the Auditor General for the United Kingdom stated that there were 500 separate accounts for the UK and "in the last year, I qualified 13 of the 500. If I had to operate the EU system, then, because I qualify 13 accounts, I might have to qualify the whole British central government expenditure". Despite the problems, the Barroso Commission has stated that it aims to bring the budget within the Court's limits by the end of its mandate in 2009. The size of the court has also come under criticism. Based on the one member per state system its members grew from nine to twenty-seven as of 2007. Attempting to get consensus in the body has thus become more difficult leading to the number of its special reports per year shrinking from fifteen to six between 2003 and 2005 despite its staff growing by 200 over the same period.

Some proposals have been for the size to be reduced to five members or just one, possibly with an advisory board with members from each member state. However, neither the European Constitution nor the Lisbon Treaty proposed any changes to this system despite calls to address it. Bibliography European navigator, <http://www.ena.lu/>.

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