

# The European Court of Auditors

Conducting performance audits linked to  
environmental topics.

**Presentation by Michael BAIN  
to the Eurosai WGEA annual meeting**

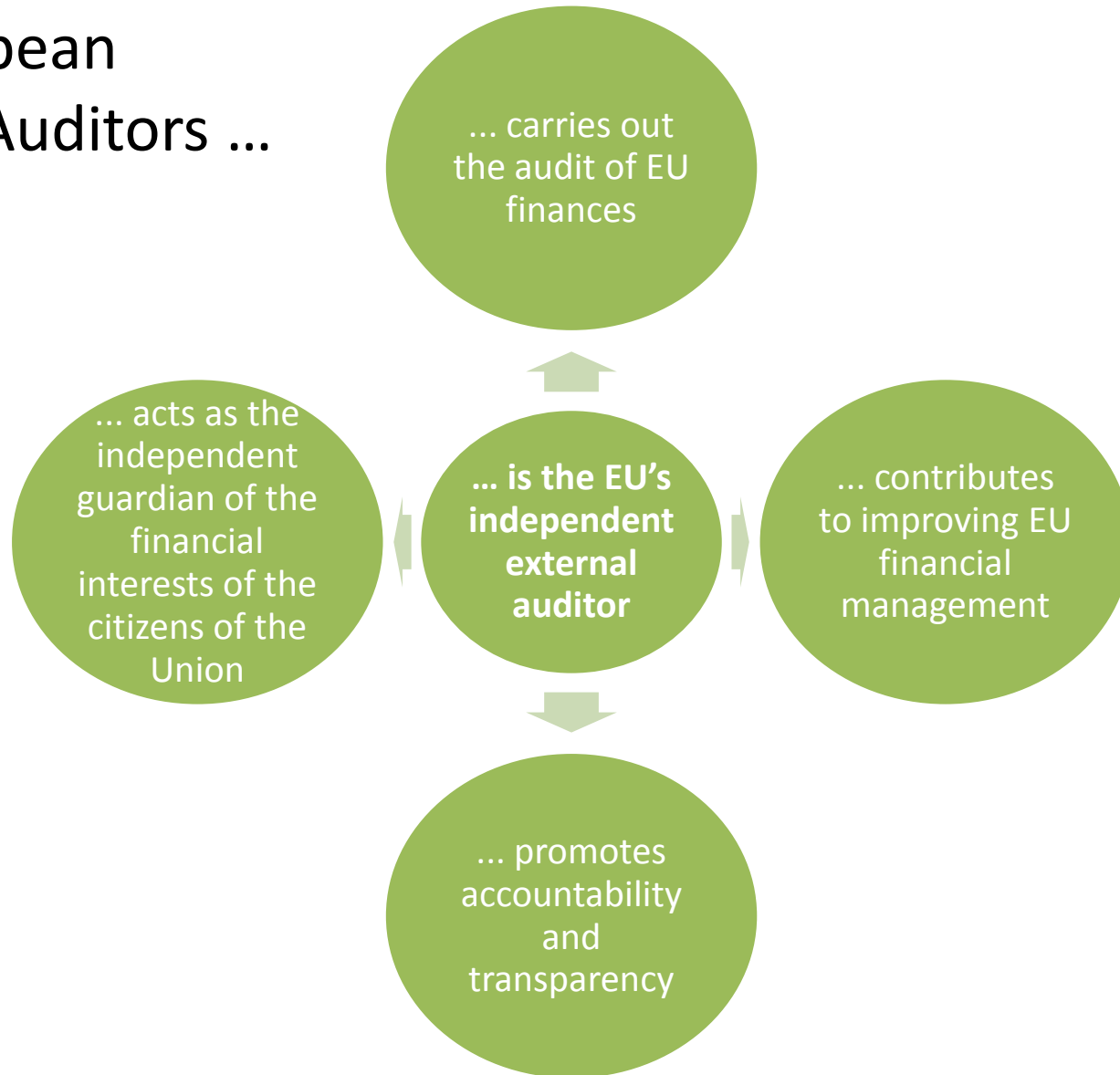
**October 2015**



EUROPEAN  
COURT  
OF AUDITORS

# Mission

The European  
Court of Auditors ...



# The ECA's audit work in practice

Road to Moundou, Tchad, Central Africa

ECA auditors assessing the road condition in an audit on the sustainability of EU financed roads



Organic products , Italy

Preparing a sample of organic products, purchased by the auditors, for testing.



ECA auditors assessing the implementation of a water improvement scheme



Netherlands



Many audit visits take place at the various offices of the EU institutions and bodies, most of which are located in Brussels

European Commission, Brussels, Belgium

# Audits linked to the environment performed by the ECA

Special reports covering the following themes:

- Is Agri-environment support well managed?
- The control system governing organic products
- Integration of EU water policy objectives with the CAP

# Main findings and impacts from those audits

## Agri-environment:

- Message: Lack of tangible benefits, payments not justified
  - Impact: Improved targeting, good practices shared

## Organic products:

- Message: Control system was deficient, lack of assurance
  - Impact: Complete review of the system

## Water policy:

- Message: Only partial success integrating policies
- Impact: Political agreement but only long term action

# Example audit approach; used in the water audit

## Document review



- Commission procedures, guidelines, correspondence with Member States, meeting minutes, Commission audit reports
- Member States internal procedures, national legislation, monitoring data & other documents, audit reports of Supreme Audit Institutions
- Expert panel: Member State representative, EIB, Commission etc.

## Interviews



- Interviews with representatives of Member States, especially from Ministry of Agriculture (cross compliance and RDP) and Ministry of Environment (WFD), Supreme Audit Institutions
- Bilateral meetings with umbrella organisations of stakeholders
- Interviews with officials of the Commission (DG AGRI and DG ENV)

## On-the-spot visits



- Assessment of:
  - type of water-related projects financed in Member States
  - how checks on cross compliance are executed
  - how CAP funds have incited beneficiaries to change their behaviour as regards water

## Surveys



- Consultation of agricultural advisory bodies in the Member States included in the audit through a web-based survey



# Survey of farm advisory bodies

- In the absence of studies at EU level on the impact of cross-compliance and rural development on farmers' awareness and farming practices in relation to water, the Court carried out an online survey of 140 farm advisory bodies in seven Member States (or regions) which were visited during the audit: the Netherlands, Italy (Lombardy), Denmark, France, Slovakia, Spain (Andalusia) and Greece.
- The survey was carried out between the 27 February and 31 May 2013. Sixty-seven out of 140 bodies (48%) replied to the survey. Results are available on the Court's website.



# Survey of farm advisory bodies

- Replies were requested for each legislative requirement and per individual rural development programme measure.
- Farm advisory bodies in the Member States were considered, as:
  - their daily and close contact with farmers gives them good view on the impact of changing agricultural policies on farmers' behaviour;
  - they were relatively easy to identify: the auditors requested managing authorities to provide the full list of farm advisory bodies active in the region/MS concerned;
  - we expected a higher response rate, wider coverage and more objective answers than when surveying individual farmers.
- Survey replies enabled auditors to obtain evidence in respect of:
  - awareness of the water issues and regulation;
  - the change in farmers' behaviour in relation to water as a consequence of the introduction of cross compliance requirements;
  - attractiveness of the rural development environmental measures.



## Practical problems encountered in carrying out audits on environmental subjects

- Preparing a convincing audit proposal, gaining knowledge and expertise can mean extra resources (time, experts etc.)
- Topics should be recognisable and relevant for citizens lives.
- Complexity: topics can be wide-ranging involving many Ministries
- Risk analysis: often impossible to be comprehensive
- It is easy to be drawn to a “sexy” audit topic, but harder to deliver a convincing report – look at risks related to Government action (or inaction)
- Fitting the environmental angle into existing audit procedures
- Data availability and reliability, causality is hard to prove
- Beware topics where there is a lack of scientific agreement
- Long term problems: no quick fixes or easy recommendations

# Examples of how we addressed the difficulties

## Preparing a convincing proposal

- Devote resources to gaining background knowledge, consider using outside help.
- We used expert panels and outside experts, we have also recruited staff with environmental expertise and agronomists to work in these areas
- Becoming easier Environment moving up the priority list (the 4<sup>th</sup> “E”)

## Focusing the audit:

- For many of the topics we considered a “control system” exists which is supposed to assure that the objectives set (for the expenditure/resources employed) are being met.
- Compliance with checks and assessing the design of a system fitted more easily into existing audit methodologies
- Concentrate on a main area of risks - more likely to say something original

## Data availability

- Had to consider different sources than in normal audits e.g. surveying expert advisors rather than farmers – better answers and wider coverage

# Examples of how we addressed the difficulties

## Drawing up recommendations:

- Difficult to find the “right” answer, sharing best practices and demonstrating examples of tangible results if we want to change “environment unfriendly” practices
- Consider how to frame recommendations especially if different auditees will have to implement them (Finance vs Environment)

## Avoiding scientific debate

- Do not choose areas where clear lack of agreement - we cannot arbitrate

## Share experiences

- Co-operation between SAI's: many institutions are developing similar themes (environment is definitely a cross-border topic) there is a willingness to co-operate

# A small example: Environmentally friendly or unfriendly?

Best practice ?



# Thank you for your attention

## Contact Details

**Michael BAIN**

**Head of Unit**

00 352 4398 45438

michael.bain@eca.europa.eu

If you want to find out more you can:

- visit the ECA on the internet ([eca.europa.eu](http://eca.europa.eu))
- follow the ECA on twitter (@EUAuditorsECA)
- email the ECA at [ECA-info@eca.europa.eu](mailto:ECA-info@eca.europa.eu)



EUROPEAN COURT  
OF AUDITORS