

THE EUROPEAN COURT OF AUDITORS



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EUROSAI WGEA: Sustainable Fisheries and Forest Management Seminar

Presentation of the ECA audit « The EU Rural Development Support for the improvement of the economic value of forests »

by Joël Costantzer, Head of Cabinet AT

ECA: On-going forest management audit

16 May 2012

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European Agriculture Fund for Rural Development (EAFRD):

- One of the two instruments financing the Common Agricultural Policy (CAP)
- Finances actions in the field of rural development in the European Union Member States, in line with the rural development plans submitted by each country
- The budget for the 2007 – 2013 budget period is 96 billion EUR





EAFRD comprises four axes:

- **Axis 1: COMPETITIVENESS**
- **Axis 2: ENVIRONMENT & LAND MANAGEMENT**
- **Axis 3: ECONOMIC DIVERSIFICATION & QUALITY OF LIFE**
- **Axis 4: LEADER**



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FORESTRY IN EU RURAL DEVELOPMENT:

- Rural development policy: the main instrument for implementing forestry measures in the EU
- Estimated spending on forest-related measures during the 2007-2013 period from the EARDF: 9 to 10 billion EUR
- Strategy:
 - Emphasises the contribution that forests have on the promotion of employment, well-being and the environment,
 - Stresses the added value that the Community's actions can provide through the forestry measures inside rural development measures.



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Examples of specific Rural development measures dedicated to forests for the 2007 – 2013 EU Programming Period:

- Axis 1 – Improving the competitiveness of the agricultural and forestry sector
 - **Measure 122: Improvement of the economic value of forests**
 - Measure 123: Adding value to agricultural and forestry products
 - Measure 124: Cooperation for development of new products, processes and technologies in the agriculture and food sector and in the forestry sector
 - Measure 125: Infrastructure related to the development and adaptation of agriculture and forestry
- Axis 2 – Improving the environment and the countryside
 - Measure 221: First afforestation of agricultural land
 - Measure 222: First establishment of agro-forestry systems on agricultural land
 - Measure 223: First afforestation of non-agricultural land
 - Measure 225: Forest-environment payments
 - Measure 226: Restoring forestry potential and introducing prevention actions



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The European Court of Auditors on-going audit: Audit questions

- Performance audit of the Rural development support for the improvement of the economic value of forest (Measure 122)

- Main audit question: « Is the RD measure for the improvement of the economic value of forest efficiently and effectively managed? »

- Sub-questions:
 - (a) Is EAFRD support under the measure 122 designed and managed effectively?
 - (i) Have specific needs been identified to which the measure should be targeted?
 - (ii) Is the implementation process appropriate to achieve the objectives of the measure?
 - (iii) Is the monitoring and evaluation framework adequate?



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The European Court of Auditors on-going audit: Audit questions (cont.)

- Sub-questions (continued):
 - (b) Is support under measure 122 managed efficiently?
 - (i) Have appropriate criteria been applied to evaluate the reasonableness of the costs proposed?
 - (ii) Have verification procedures been applied to ensure that the actual execution costs correspond to those for which support was claimed and paid?



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The European Court of Auditors on-going audit: Audit methodology

- Audit approach and methodology: classical audit approach for a performance audit at the ECA
 - Meetings and document checks at the Commission to review the design of the measure and its monitoring,
 - Audits on-the-spot in five Member States (MS) to review the managing systems and a sample of selected operations,
 - In each of these MSs, audit on-the-spot of selected final beneficiaries who have received the aid and meetings with representatives of forest owner organisations,
 - Questionnaires sent to the MSs that have not opted for the measure or that have a very low implementation.



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The European Court of Auditors on-going audit: Audit criteria

- Environmental aspects not the primary focus but:
 - taken into account directly through a specific audit sub-question linked to the existence of sustainable forest management planning,
 - or according to the observations made on-the-spot on possible environmental issues

- Audit criteria:
 - They are mainly derived from the regulatory requirements and objectives set out in the relevant European Union legislation.
 - The relevant indicators of the so-called EU Common Monitoring and Evaluation Framework are also considered.



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The European Court of Auditors on-going audit : Current status

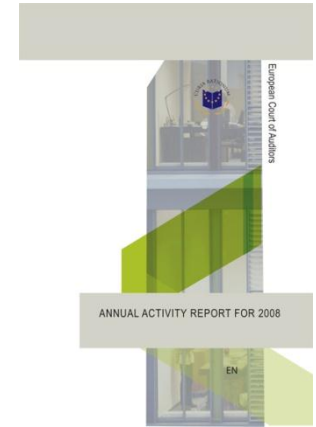
- All audit visits carried-out: EU Commission, Slovenia, Hungary, Italy, Austria & Spain
- All Statements of Preliminary Findings (SPFs) sent out; replies received
- Drafting of the Preliminary observations started
- As the audit work is still on-going and the contradictory procedure with the main auditee – the EU Commission – has not taken place yet, no findings can be given at this stage of the audit



Various ECA Publications



- **Annual Report:** Statement of Assurance, observations on the implementation of the EU budget
- **Annual Report on the European Development Funds**
- **Specific Annual Reports:** on EU bodies, offices and agencies
- **Special Reports:** on specific budgetary areas or management topics
- **Opinions:** on certain draft legislation at the request of another institution; an opinion is mandatory for financial and anti-fraud legislation





ECONOMIC VALUE OF FORESTS MEASURE AUDIT PUBLICATION

- The results of the audit of « Rural development support for the improvement of the economic value of forest » (Measure 122) will be published as a Special Report.
- For those interested, it can later on during the year be consulted and printed from the ECA's webpage.



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The European Court of Auditors experience

Challenges/solutions	<ul style="list-style-type: none">• Numerous EU EAFRD measures at least partly dedicated to forestry• Measures in EU Programming Period 2014 – 2020 not defined yet• Limited EU regulatory requirements for measure 122
Methodology/Data	<ul style="list-style-type: none">• Classical ECA approach used: audit at the level of the Commission, Member States and final beneficiaries• Questionnaires sent to Member States that did not implement measure 122
Findings/Recommendations/Impact	<ul style="list-style-type: none">• Audit still on-going
Audit Scope & Questions	<ul style="list-style-type: none">• Classical for a performance audit: questions linked to the planning, implementation, monitoring, management...





Mission, Vision, Values & Strategic Objectives - Microsoft Internet Explorer provided by European Court of Auditors

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Mission, Vision, Values & Strategic Objectives

Mission

The European Court of Auditors is the EU Institution established by the Treaty to carry out the audit of EU finances. As the **EU's external auditor** it contributes to **improving EU financial management** and acts as the **independent guardian of the financial interests of the citizens of the Union**.

The Court renders audit services through which it assesses the collection and spending of EU funds. It examines whether financial operations have been properly recorded and disclosed, legally and regularly executed and managed so as to ensure economy, efficiency and effectiveness. The Court communicates the results of its audits in clear, relevant and objective reports. It also provides its opinion on financial management issues.

The Court promotes accountability and transparency and assists the European Parliament and Council in overseeing the implementation of the EU budget, particularly during the discharge procedure. The Court is committed to being an efficient organisation at the forefront of developments in public audit and administration.

Vision
Values
Strategic objectives

- Annual reports
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