

EN

Our activities in 2019

Annual Activity Report
of the European Court of Auditors



EUROPEAN
COURT
OF AUDITORS

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The Members of the European Court of Auditors (January 2020).

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European Court of Auditors

Who we are

- the European Union's external auditor;
- established by the 1975 Treaty of Brussels, started work in October 1977; a fully-fledged European Institution since the 1993 Maastricht Treaty;
- headquarters in Luxembourg;
- one Member from each EU Member State, appointed by the Council after consulting the European Parliament;
- around 900 staff of all EU nationalities.

What we do

- we make sure that the EU keeps good accounts, correctly applies its financial rules, and that its policies and programmes achieve their intended objectives and deliver value for money;
- we contribute to improving the EU's financial management, and promote accountability and transparency;
- we warn of risks, provide assurance, indicate shortcomings and successes, and offer guidance to EU policymakers and legislators;
- we present our observations and recommendations to the European Parliament, the Council, national governments and parliaments, and to the general public.

President's foreword



Dear reader,

2019 was a year of many changes for the Union: there were elections to the European Parliament and a new European Commission took office. Strategic priorities were redefined and important policy strategy packages, such as the “European Green Deal” or the Digital Future of Europe (early 2020), were initiated. Towards the end of the year, it also became clear that we are now a Union of 27 Member States.

At the same time, the EU also stands at an important crossroads as regards its finances. We are in the home straight of negotiations on the next Multiannual Financial Framework, the outcome of which will determine the EU's financing capacity for the next seven years. All EU institutions must now build on past efforts to improve the Union's financial management further and make sure that the EU delivers.

As external auditors, we provide an impartial assessment of EU policies and programmes, and of the quality of the financial management of EU funds throughout the Union and beyond. We check whether the EU's spending complies with the rules, and whether its policies and programmes provide value for money.

This report gives an overview of our work in 2019, a year in which we published a number of highly topical special reports, reviews and opinions. It also provides information on our staff, management and finances. We hope you find the information useful.

We are issuing this Annual Activity Report in a moment of unprecedented challenge to public health in the EU and its Member States due to the COVID-19 pandemic. Our institution has reacted swiftly to this situation in accordance with the health and safety instructions of the Luxembourg government.

I would like to thank all colleagues for their good work and their readiness to adapt flexibly to the current situation. We now need to stand together and do everything we can to continue to fulfil our role as the EU's external auditor in these challenging times.

A handwritten signature in black ink, appearing to read 'K-H Lehne'.

Klaus-Heiner Lehne
President

2019 AT A GLANCE

111

appearances at the
European Parliament



63

at the Council



90

(record number) in 21
national parliaments



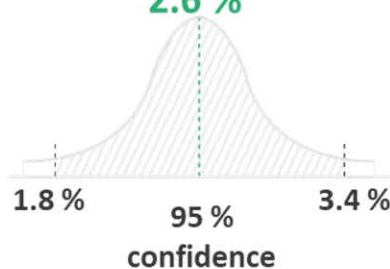
About
97.4 %
of audited
expenditure
free from error



Clean opinion
on accounts and revenue

Estimated error rate:

2.6 %



3 160

days auditing in the
Member States



2 504

at EU Institutions



445

in non-EU countries



Good progress in
implementing our
three-year strategy
for 2018-2020



Launch of ECAcademy



Strategy and
Foresight Advisory
Panel established



36

special reports and
reviews published



63 %

out of the total staff of 853
work in audit



Greater focus
on performance



223 000

pages translated



Target exceeded:
7.5 training days
for auditors



IT reinforced:
Cloud-based services;
Network technology
and Innovation for
Audit; TINA; ECA Lab



visits to ECA website



Audit compendium
on public health



The EU's Public Audit
online portal

Our activities

Strategy



*Good progress
in implementing our strategy*

In order to remain at the forefront of developments in public-sector auditing, we use **multi-annual strategies** to provide long-term orientations for our audit work and push organisational change initiatives for continuous improvement.

By the end of 2019, we had completed the second year of our **current strategy for 2018-2020**. During this three-year period, our strategic goals are to: improve the added value of the Statement of Assurance; focus more on the performance aspects of EU action; and make sure that we get clear messages across to our audiences. To put our strategy into practice, we have agreed on an action plan to cover these goals.

In the last two years, we have made **good progress** on implementing our strategic goals. We have launched a series of initiatives and projects in all targeted areas, in some of them even going beyond what was set out in the action plan, notably:

- a useful pilot of the attestation approach for delivering the Statement of Assurance;
- a significant increase in the number of performance audits and review products, as well as a more diverse range of topics encompassing both spending and regulatory action by the EU;
- better outreach to the European Parliament and greater visibility in traditional and social media.

During the year, a group of four supreme audit institutions (Estonia, the Netherlands, Denmark and the United States) carried out a **peer review** of our strategy. The report by our peers was published in March 2020, just in time to provide valuable input for our next strategy from 2021 onwards.

Auditing the performance and regularity of EU actions



*Performance, financial
and compliance audits*

Our **performance audits** address the effectiveness, efficiency and economy of EU policies and programmes. They focus on topics reflecting the issues the EU is facing, such as the sustainable and environmentally-friendly use of natural resources, growth and inclusion, the challenges of migration and global development, the single market and the banking union, and ensuring that the European Union is accountable and efficient. These audits aim to help the EU to meet its policy objectives better.

Our **financial and compliance audits** include our Statement of Assurance on the reliability of the annual accounts and the legality and regularity of the transactions underlying them. We may also undertake selected compliance audits to examine the state of the EU's budgetary accounting and financial management, or to assess whether the management and control systems for collecting and spending EU funds comply with the applicable EU and national rules.

We carry out all our audits in line with **internationally accepted public-sector auditing standards**.

Work programme



Strategic foresight

In 2019, we continued embedding **strategic foresight** into our audit work in order better to address key future challenges for the EU through a forward-oriented approach.

For this purpose, we set up a **Strategy and Foresight Advisory Panel**. One of the current tasks of this panel of five Members is to oversee the preparation of the post-2020 strategy.



Audit priorities to address key issues for the future of the EU

Our Work Programme, which was published in October 2019, sets out **our audit priorities** for the coming years and gives details of the 41 reports and reviews we intend to publish in 2020.

The audits we have planned for **2020 and beyond** will continue to provide EU citizens and policymakers with independent reports on key issues for the future of the EU.

We prepare our audit work programme **independently**, but not in isolation. It is therefore of the utmost importance for us to work with our institutional stakeholders, in particular the European Parliament. As usual, in early 2019, we invited all parliamentary committees to suggest potential audit topics for our Work Programme.

Audit fieldwork

We do most of our audit work on our premises in Luxembourg. Our auditors also make a large number of visits to the **European Commission** – our main auditee – and other EU institutions, as well as to agencies and bodies, national, regional and local authorities in the Member States, EU delegations in third countries, and international organisations that handle EU funds.

We also check recipients of EU funds on the spot, both **within the EU** and **beyond its borders**. Through these checks, we follow the audit trail and obtain direct audit evidence from those involved in managing EU policies and programmes and collecting or paying out EU funds, as well as from the beneficiaries who receive them.

We strive to complete our selected audits **within 13 months**, in line with the target set out in the EU's Financial Regulation.





*3 605 days of on-the-spot
auditing in the EU and beyond*

Our **audit teams** generally comprise two or three auditors, while our audit visits range in length from a few days to a couple of weeks. Our **on-the-spot checks** within the EU are generally coordinated in liaison with the supreme audit institutions of the Member States concerned.



The frequency and intensity of our audit work in individual Member States and beneficiary countries depends on the type of audits we carry out. In 2019, our auditors spent **3 605 days** (2018: 3 671 days) auditing on the spot – both **in Member States and outside the EU**.

In addition, our auditors spent **2 504 days** (2018: 2 723 days) at the **EU institutions** in Brussels and Luxembourg, as well as at decentralised agencies and bodies across the EU, international organisations such as the United Nations or the OECD, and private audit firms.

We increasingly make use of **videoconferencing** and other information technology, such as secure data and document-sharing, to interact with our auditees.

MISSION DAYS:

3 160

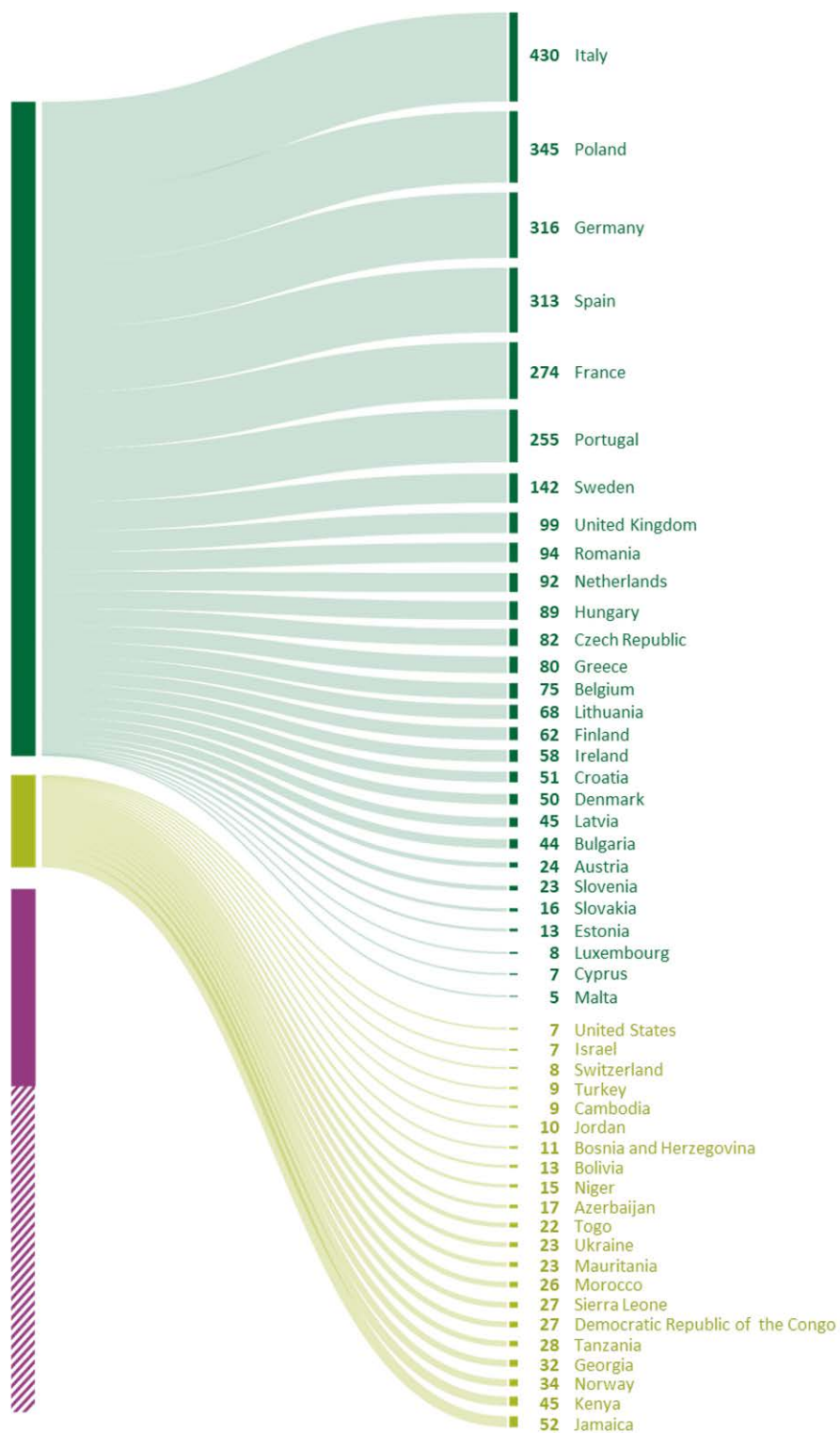
EU Member States

445

Non-EU countries

2 504

EU Institutions
and international
organisations
(of which in
Brussels and
Luxembourg:
1 575)



Audit reports, reviews and opinions

Our audit reports, reviews and opinions are an essential element of the **EU's accountability chain**. They help the European Parliament and the Council to monitor and scrutinise the achievement of the EU's policy objectives and to hold to account – particularly in the context of the annual discharge procedure – those responsible for managing the EU budget.

Special reports and review products

In recent years, as set out in our 2018-2020 strategy, we have been increasing our focus on **assessing performance in EU action**.

In 2019, we published **36 special reports and reviews** addressing many of the challenges the EU is facing across the different areas of EU spending, such as food safety policy, renewable energy, e-commerce, border controls, fiscal governance and ethical frameworks in selected EU institutions, to name but a few.



In our **special reports**, we examine whether the objectives of selected EU policies and programmes have been met, whether results have been achieved effectively and efficiently, and whether the EU action has **added value** – i.e. whether it has delivered more than could be achieved with actions at national level alone. We also make recommendations, identifying ways to save money, work better, avoid waste or achieve expected policy objectives more effectively.

Our **reviews** aim to provide scene-setting description and analysis, often from a cross-cutting perspective and based on previous audit work or other publicly available information. We may also use them to present our analysis of areas or issues we have not yet audited, or to establish facts on specific topics or problems. In contrast to audits, they do not address evaluative questions or provide assurance

The following pages provide insights into our work and **examples of reports from 2019** covering different policy areas.

Sustainable use of natural resources

Review 01/2019: The EU's response to the "dieselgate" scandal

In 2015, discrepancies were identified between vehicle emissions in the laboratory and on the road for diesel-powered combustion engines. Studies revealed the use of so-called "defeat devices" that produced lower emissions during official tests than during normal driving. Type-approval authorities in certain Member States reacted to the emissions scandal by retesting diesel passenger vehicles. These tests showed that the exhaust emissions on the road of almost all Euro 5 and Euro 6 light-duty diesel vehicles significantly exceeded applicable NOx limits, sometimes by a factor of more than 10.



We looked at the actions taken by both the EU and Member States in response to the "dieselgate" scandal. We also covered the changes made to the system for measuring vehicle emissions after September 2015.

We identified an acceleration of many legislative changes to the EU system of vehicle type-approval and emissions checks. The Commission is now empowered to review the work of national type-approval authorities, and may test vehicles and withdraw or suspend their type-approvals. Also, interested third parties may now conduct emissions tests. Furthermore, the European Commission opened infringement procedures against some Member States. We also identified an increased willingness in several Member States to introduce restrictions on car traffic in order to improve air quality, and several European cities have created low-emission zones where car traffic is restricted or banned.

This work was presented as a review since the legislative changes made will not have a measurable impact in the near future. Our reviews do not make recommendations.

Investment for cohesion, growth and inclusion

Special report 08/2019: Wind and solar power for electricity generation: significant action needed if EU targets to be met



Electricity can be generated either from non-renewable sources, such as fossil fuels, non-renewable waste and nuclear materials in conventional reactors, or from renewable sources, such as hydropower, wind, solar, biomass, etc. Renewables are also used to produce energy which is used for heating and cooling, and fuel for transport.

Currently, 79 % of the EU's total greenhouse gas emissions come from the use of fossil fuels to generate energy. A higher share of renewable electricity will help the EU to achieve its objective of reducing greenhouse gas emissions. Member States decide how best to exploit their energy resources and how to structure their energy supplies. The EU can support Member State actions by providing additional financing for investments in renewable energy projects.

We assessed the progress made by the EU and Member States towards the share of renewables objectives with a view to meeting the global EU 20 % target by 2020 and 32 % by 2030. We went to Germany, Greece, Spain and Poland to examine whether financial support for electricity generation from wind and solar power had been effective.

We found that there was significant progress in the share of renewables in the energy mix from 2005 onwards, but that this trend slowed down after 2014. The share of renewables in the generation of electricity in the EU has doubled from around 15 % (in 2005) to almost 31 % (in 2017). The technologies responsible for this growth were mainly wind and solar power. However, meeting the targets will be a significant challenge for around half of the Member States.

We recommended that the Commission should urge Member States to support further deployment by organising auctions to allocate additional renewables capacity, promoting citizen participation, simplifying administrative procedures, and resolving grid insufficiencies. In addition, we recommended that the Commission should review the legal requirements for Member States to improve the timeliness of statistical data.

External action, security and justice

Special report 24/2019: Asylum, relocation and return of migrants: Time to step up action to address disparities between objectives and results

In 2015, the EU saw unprecedented levels of migration and a subsequent increase in asylum applications. In recent years, migration levels have returned to pre-crisis levels. We interviewed staff at the European Commission, the European



Asylum Support Office (EASO) and the European Border and Coast Guard Agency (commonly referred to as “Frontex”). We visited national authorities, international and non-governmental organisations implementing EU-funded projects, and examined 20 EU support actions in Greece and Italy. Both Member States are particularly affected by these migration flows.

We assessed whether the EU-funded support had achieved its objectives and whether asylum and return procedures were effective and swift. We also assessed whether the temporary emergency relocation schemes had achieved their targets and objectives.

We found that registration and fingerprinting rates at hotspots had improved significantly. Nevertheless, a high share of migrants continue to move on to and apply for asylum in other EU Member States, without having their fingerprints stored in the EURODAC database. Also, in both Member States, asylum procedures continue to be affected by long processing times and bottlenecks. A high share of candidates who applied were actually relocated (80 % in Greece and 89 % in Italy). Nevertheless, the Commission has not monitored the relocation process in the countries receiving migrants since February 2018. As in the rest of the EU, returns from Greece and Italy are low.

We recommended that the next Commission should take appropriate measures to improve the management of emergency support. Moreover, the Commission should draw on past experiences when preparing future voluntary relocation mechanisms. Lastly, EASO support for asylum procedures should be enhanced and “Frontex” return support should be adjusted.

Regulation of markets and a competitive economy

Special report 10/2019: EU-wide stress tests for banks: unparalleled amount of information on banks provided, but greater coordination and focus on risks needed



The EU-wide stress test is an evaluation of the potential impacts of a common shock on the financial position and viability of large European banks. The European Banking Authority (EBA) is tasked with initiating and coordinating EU-wide stress tests, in cooperation with the European Systemic Risk Board (ESRB). Stress tests in the EU have been carried out since 2011, and all of them have been conducted according to the bottom-up approach, where banks produced the results yielded by the shock scenario based on the methodology approved by the EBA.

We assessed the implementation of the Union-wide bank stress test conducted under the mandate given to the EBA.

We found that the EBA specified neither the risks nor the level of severity it deemed relevant for the stress-testing procedure at the start of the process. In turn, the ESRB, which developed the stress scenario, obtained substantial input from the ECB and national central banks and authorities. As a result, the EBA lacked control over important stages of the process. In the United States, supervisory authorities rely on a top-down approach, which gives them a much larger degree of control over the results produced by banks. Conversely, in the EU, the EBA's role is limited to initiating, providing methodology for, and broadly coordinating stress-test activities. The EBA stress test assessed the vulnerability of the system and of banks to an economic downturn, rather than to a severe financial shock on the system. While the EBA had the objective of achieving broad coverage, certain risky banks were excluded from the stress test. The EBA's bottom-up approach resulted in limited reliability and comparability of results produced by the banks.

We recommended that the EBA should enhance its control over the stress-test process and develop a top-down approach to complement the current bottom-up approach. Moreover, to fulfil their purpose of assessing resilience against adverse market developments, future stress test should take due account of risks emanating from within the EU financial system, ensure a minimum level of stress, and make clear assertions about the banks' resilience. Lastly, the selection of banks for the stress test should be based not only on size but also on risk.

Financing and administering the Union

Special report 14/2019: “Have your say!” Commission’s public consultations engage citizens, but fall short of outreach activities



“Better Regulation” is a way of working to ensure that political decisions are prepared in an open and transparent manner, informed by the best available evidence, and backed by the comprehensive involvement of citizens and other stakeholders, such as civil society organisations and representative associations. The Commission has a duty to consult citizens and representative associations in all areas of Union action. Better Regulation guidelines define stakeholder consultation, including citizens as “stakeholders”. Stakeholder consultations – in particular public consultations – collect information and views from citizens and other stakeholders when the Commission is preparing a policy initiative or evaluating existing interventions. On average, the Commission carries out more than 100 public consultations per year.

We assessed whether the Commission’s public consultations were effective at reaching out to citizens and stakeholders and making use of their contributions. We examined the design of the Commission’s framework, the way the Commission prepared and conducted a selection of public consultations, and how it provided information about and made use of the consultation work. We reviewed a sample of 26 Commission public consultations conducted between 2016 and 2018 by five Directorates-General, and we carried out a perception survey to establish how satisfied the participants in public consultations actually were.

We found that the Commission’s framework for public consultations is of a high standard. Moreover, both the performance of our sample of the Commission’s public consultations and the participants’ perception thereof were satisfactory overall. Weaknesses were found in outreach and feedback activities, e.g. a variety of communication channels were not always used, no clear criteria were available to explain why a survey was not available in all EU official languages, and some surveys were long and complex.

We recommended that consultation activities should be more widely publicised and better targeted in order to achieve greater visibility and enable more people to participate. We also recommended that the Commission should improve its reporting on the follow-up to public consultation. Lastly, there is scope for improving citizen engagement in initiating legislative proposals via the European Citizens Initiative.

Audit Previews

Our Audit Previews provide information on ongoing (performance) audit tasks. They are based on preparatory work undertaken before the start of an audit, and are intended as a source of information for those interested in the policy and/or programme being audited. In 2019, we issued 18 audit previews (2018: 12).

Annual and specific annual reports

Annual reports mainly present the results of our **Statement of Assurance** on the European Union budget and the budget of the European Development Funds (EDFs).

Specific annual reports present our annual financial audit work on the EU's agencies, decentralised bodies and Joint Undertakings, and the European Schools.

We also publish a report on contingent liabilities arising from the activities undertaken by the Single Resolution Board (SRB).



Annual report on the 2018 EU budget

Every year, we audit **EU revenue and expenditure** to examine whether the annual accounts are reliable and whether the income and expenditure transactions underlying the accounts comply with the financial rules at EU and Member State level.

In addition, we specifically assess **each major area of the EU budget**, based on the (sub-) headings of the 2014-2020 Multiannual Financial Framework (MFF). We also analyse why and where errors have occurred, make recommendations for improvement, and examine whether and how our previous recommendations have been put into practice. Lastly, we provide information on budgetary and financial management and on performance aspects.

This extensive work forms the basis for our **Statement of Assurance**, which we are required to provide to the European Parliament and the Council in accordance with our mandate under the Treaty on the Functioning of the European Union (TFEU).

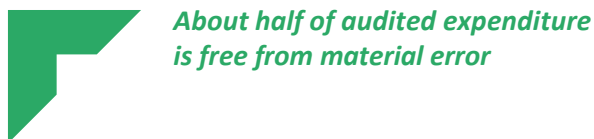


*EU general budget:
clean opinion on accounts and revenue;
qualified opinion on expenditure*

In 2018, **EU spending** was € **156.7 billion**, accounting for 2.2 % of EU Member States' total government spending and 1 % of EU gross national income.

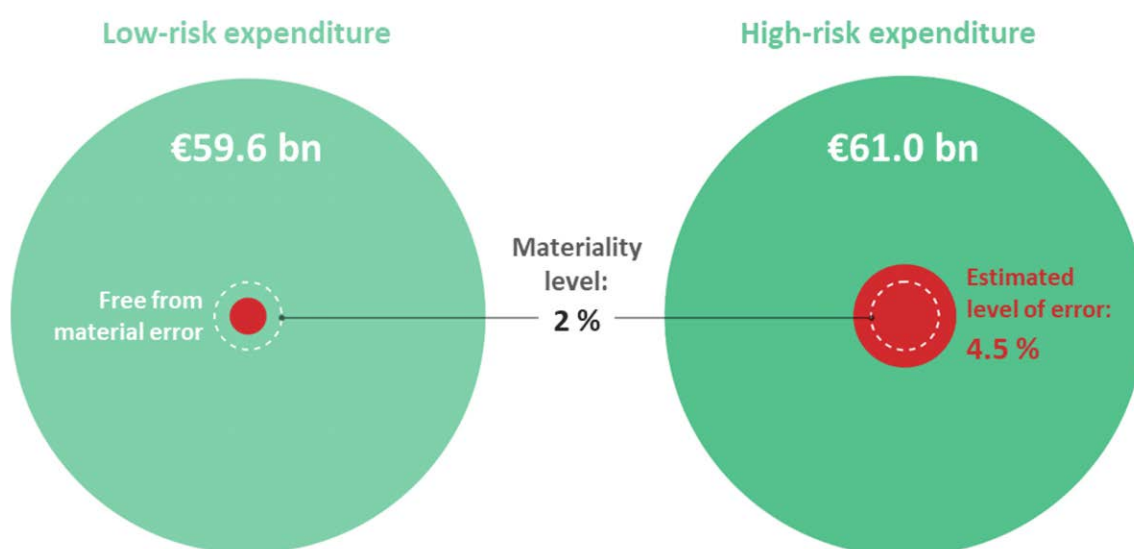
Our auditors tested a **sample of 728 payments** to beneficiaries across all spending areas, out of a total audit population worth around €120 billion. This means we assessed different cases where EU money had been used to provide support for key infrastructure projects, SMEs, research organisations, farmers, students in EU Member States, and beneficiaries in non-EU countries.

For the 2018 financial year, we provided a **“clean opinion”** on the accounts and on the EU's revenue. Also, for the third year in a row, we were able to issue a **“qualified opinion”** on the EU's expenditure.



About half of audited expenditure is free from material error

As in previous years, we found that **errors were not pervasive in EU spending** and payments were legal and regular, with the exception of high-risk expenditure payments (mainly cost-reimbursement spending, which is subject to complex rules).



Overall, with an **error rate of 2.6 %**, the Commission and Member States sustained the progress noted in the previous two years (financial year 2017: 2.4 %; financial year 2016: 3.1 %). We see this as an encouraging sign.

Error - what does it mean?

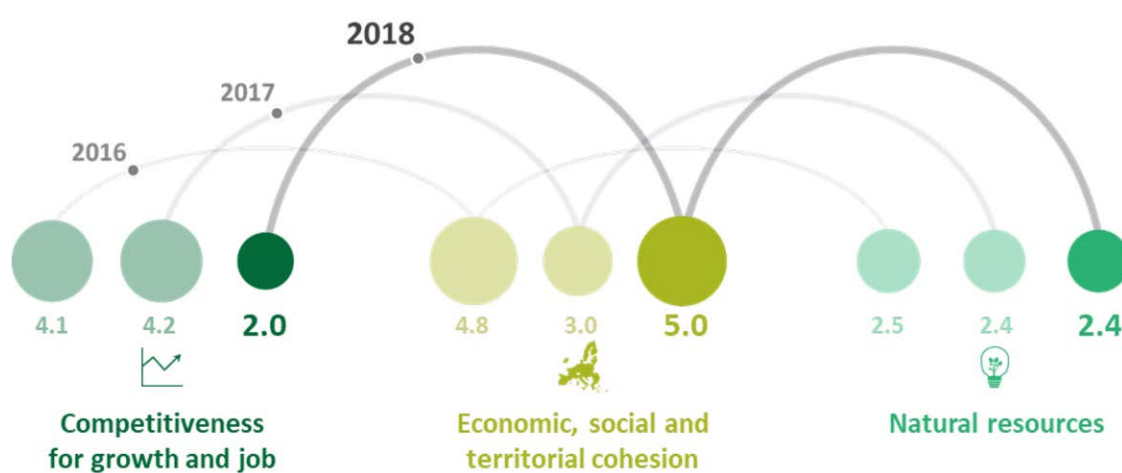
An error, or an irregular payment, is the amount of money that should not have been paid out from the EU budget because it was not used in accordance with EU and/or national rules and thus does not comply either with what the Council and Parliament intended with the EU legislation concerned, or with specific national rules in the Member States.

We estimate the level of error statistically, based on quantifiable errors (i.e. those measurable in monetary terms) that we have identified by testing a sample of transactions within the entire audited population of expenditure.



*Most error-prone MFF heading:
Economic, social and territorial cohesion*

For the 2018 financial year, “**Economic, social and territorial cohesion**” was the **most error-prone** MFF (sub-) heading, followed by “**Natural resources**” and “**Competitiveness for growth and jobs**”.



Annual report on the European Development Funds



EDFs:
*clean opinion on accounts and revenue;
qualified opinion on expenditure*



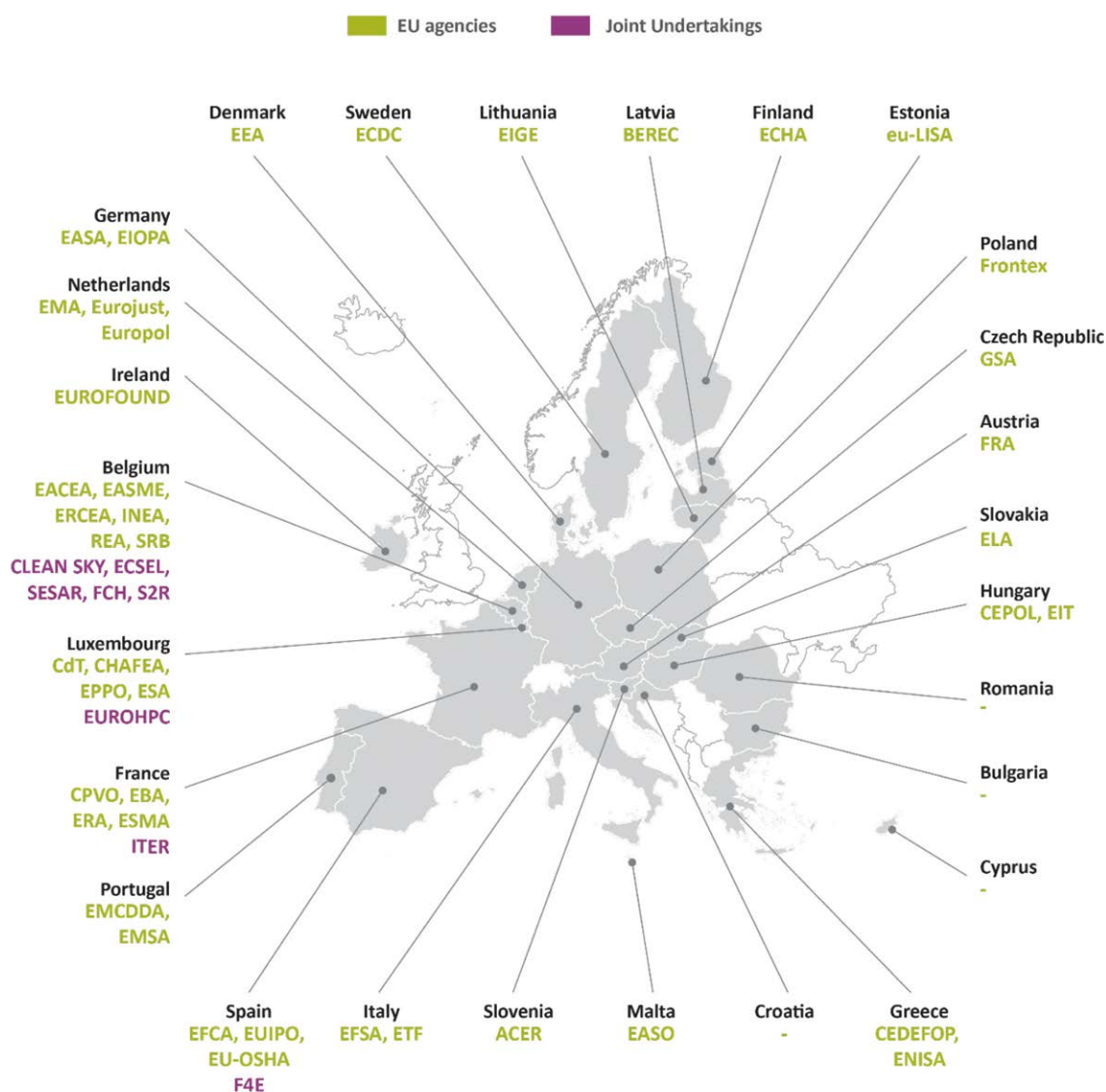
The European Development Funds (EDFs) are the main instruments by means of which the EU provides **development cooperation aid**. They aim to overcome poverty and promote sustainable development and the integration of African, Caribbean and Pacific countries and overseas countries and territories into the world economy. They are funded by the EU Member States and managed **outside the EU budget** by the European Commission and the European Investment Bank (EIB).

As in previous years, for the 2018 financial year we issued a “**clean opinion**” on the EDF accounts and on revenue and a “**qualified opinion**” on EDF expenditure.

Specific annual reports on EU agencies and Joint Undertakings

The **EU agencies** are distinct legal entities set up to carry out specific technical, scientific or managerial tasks that help the EU institutions to design and implement policies. In total, there are **43 agencies**.

Joint Undertakings (JUs) are the EU's public-private partnerships with industry, research groups and Member States, and play an important role in implementing specific aspects of EU research policy. The European Commission is the public member of the JUs, and represents the EU. In total, there are **eight JUs**.



Note: The United Kingdom withdrew from the European Union on 31 January 2020.



*Clean opinion on all but one Agency;
clean opinion on all Joint Undertakings*

In the financial year 2018, the **total budget of all agencies** (excluding the SRB) was **€4.2 billion** (an increase of 20 % compared with a budget of €3.5 billion in 2017), which is equivalent to 2.9 % of the 2018 EU general budget (2017: 2.7 %).

Overall, for the financial year 2018, our financial audit of the agencies confirmed the positive results reported in previous years. We issued “**clean opinions**” on the agencies’ accounts, on revenue and on the payments underlying the agencies’ accounts, except for the EASO (for which a qualified opinion was issued on the payments).

We also issued “clean opinions” on the accounts, revenue and payments for all JUs.



*Marking the start of the Parliament’s
discharge procedure*

The publication of our annual reports also marks the start of the **discharge procedure**, during which the European Parliament decides – upon a recommendation from the Council – whether the Commission and other bodies have satisfactorily managed the EU budget. If they have, it grants them a “discharge”.



In October 2019, we presented our annual reports on the EU’s general budget and the EDFs to the Budgetary Control Committee, and subsequently also to the Parliament’s plenary session, the Council (Economic and Financial Affairs) and 21 Member States’ parliaments and national authorities.



*Other annual reporting:
on contingent liabilities
and the European Schools*

We have the obligation to report annually on the **contingent liabilities of the Single Resolution Board, the Council and the Commission** arising from the performance of their bank resolution tasks. In our 2018 report, we concluded that the SRB's accounting presentation had improved, but that the contingent liabilities from national level should be reported better.

We also issue a yearly report on the annual accounts of the **European Schools**. Our review of the financial statements for 2018 revealed a material level of errors for one of the 13 European Schools.



*The journey
towards digital audit*

Digitalisation is about using the potential of technology to deliver more and better information for the accountability process. **Digital transformation** is also very important for our audit work and our organisation.

We have set up a **Digital Steering Committee** composed of five Members to steer this transformation process in the coming years.

In 2019, as a first major initiative in audit, we launched a **pilot scheme** to automate the financial audit of the executive agencies. During this pilot, we will use traditional and digital tools at the same time.

Opinions



Opinions: a way to contribute to Better Regulation

One way we contribute to improving the Commission's **Better Regulation** approach is by publishing opinions on the Commission's proposals for new or revised legislation. Where these legislative proposals entail a significant financial impact, our opinions are required by EU law. Other institutions can also ask us to issue opinions on other specific issues. All our opinions are submitted to the European Parliament and the Council.

In 2019, we published **three opinions**: on the proposal concerning the European Intellectual Property Office, on the proposed Financial Regulation of the Single Resolution Board (SRB), and on the proposal for the Financial Regulation of the Community Plant Variety Office.



Our remarks on the new MFF

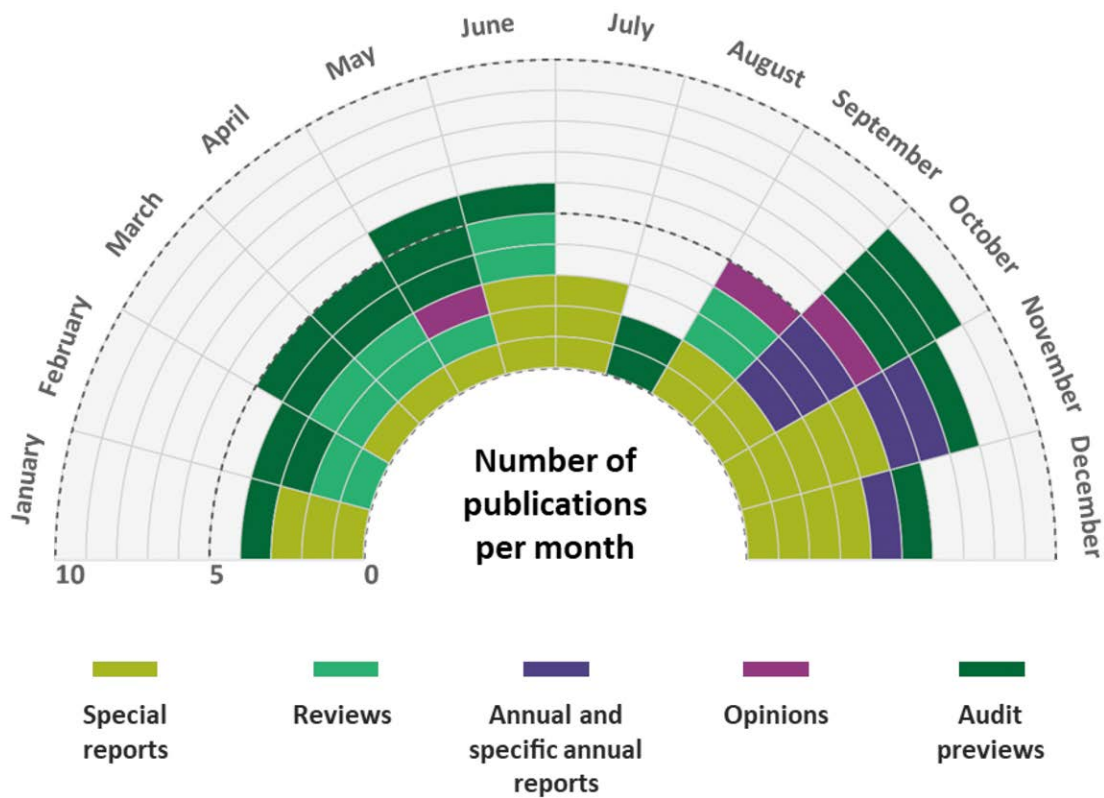
In early 2019, we also published our **ECA remarks in brief** for the **2021-2027 multiannual financial framework (MFF)**. In this report, we focused on the proposed process for setting spending priorities for the EU, the flexibility of the EU budget, performance orientation and administrative simplification, and accountability and audit arrangements.

This review mainly drew on several opinions we had issued on the Commission's proposals in 2018, but also on our recent briefing papers and other reports dealing with EU finances, and on our cumulative experience.



Balanced rate of publications throughout the year

Throughout the year, we achieved a fairly **balanced rate of publication**, with a peak in October when we issue our annual reports.



Cross-cutting issues

Fighting fraud against the EU's financial interests



Administrative arrangement signed with OLAF

The **European Anti-Fraud Office (OLAF)** is the primary player in fighting fraud against the EU's financial interests.



Ville Itälä, OLAF Director-General,
Klaus-Heiner Lehne, ECA President,
Eduardo Ruiz García,
ECA Secretary-General.

We have adopted **detailed guidelines** for our auditors on how to deal with the risk of fraud. We forward to OLAF any **suspicions of fraud** or other illegal activity affecting the EU's financial interests that we detect in our audit work or is reported to us. These cases are then **handled by OLAF**, which decides on any resulting investigation and cooperates with Member State authorities where necessary.

In 2019, we also signed an **administrative arrangement** setting out the operational provisions governing our cooperation with OLAF, including coordinating training events, workshops and staff exchanges.



10 cases of suspected fraud reported to OLAF

We are the EU's external auditor. Our audits are not specifically designed to detect fraud. Nevertheless, our auditors regularly identify a number of cases where we suspect that fraudulent activity may have taken place.

In 2019, we reported to OLAF **10 cases of suspected fraud** (2018: nine cases): eight that we had identified in the course of our audit work and two denunciations made by third parties. Our **annual report** on the EU budget provides additional information on the nature of these suspected fraud cases and on the subsequent financial recoveries recommended by OLAF.

In 2019, we also published **two special reports** closely linked to the fight against fraud in EU spending: Special report 01/2019 "Fighting fraud in EU spending: action needed" and Special report 06/2019 "Tackling fraud in EU cohesion spending: managing authorities need to strengthen detection, response and coordination".

Lastly, we dedicated a **special issue of the ECA Journal** to the subject of fighting fraud and corruption, and the protection of the EU's financial interests.

Focus on sustainability



*The UN's Sustainable Development Goals
at the heart of our audit work*

Sustainability concerns have been prominent audit subjects in recent years, when we have dealt mainly with environmental and climate issues.

In 2019, the **review on sustainability reporting** added to our work on sustainability. This review provided an overview of how EU institutions are publishing sustainability information and of their contribution to the UN's Sustainable Development Goals (SDGs).

We also hosted a conference – the **ECA Sustainability Reporting Forum** – to raise awareness of the topic and bring major stakeholders together.

In July we participated at the SAI Leaders and Stakeholder Meeting on “**SAIs making a difference: Auditing the implementation of the SDGs**” at the UN High-level political forum on the Agenda 2030.

Lastly, we published a **special issue of the ECA Journal on SDGs**.



Audit team: Review about reporting on sustainability: taking stock of EU institutions and Agencies.

Institutional relations



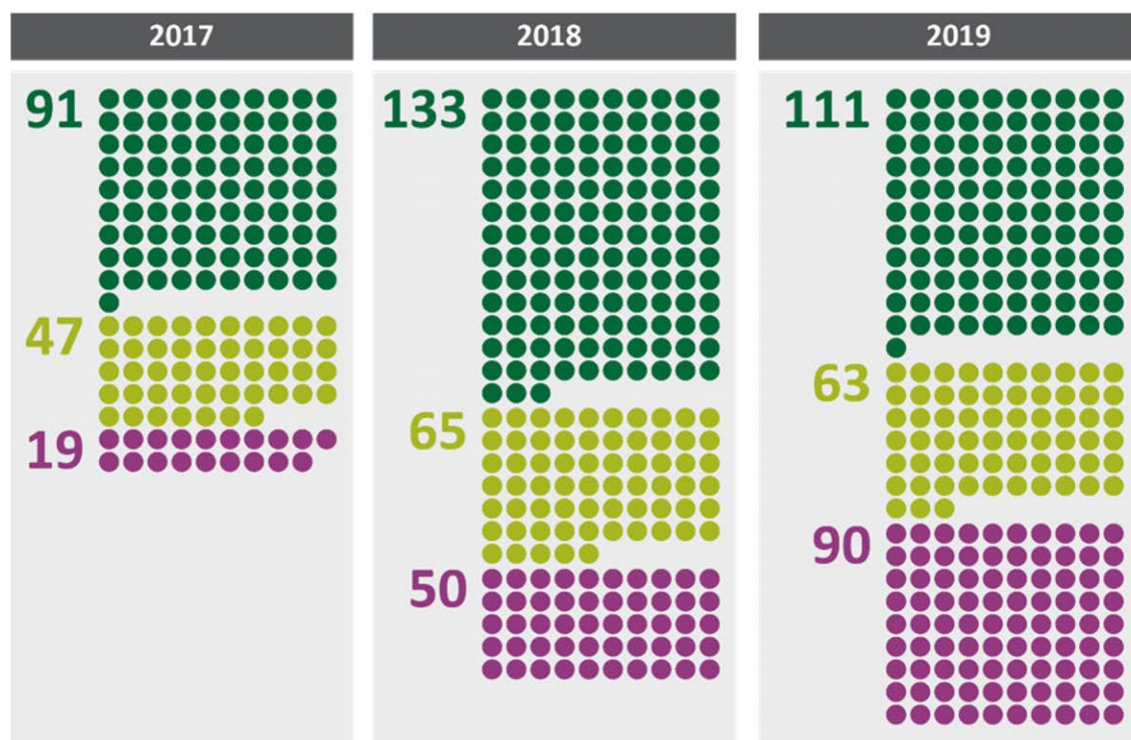
*Continued increase in presentations
to the European Parliament, the Council
and national parliaments*

We work closely with the **European Parliament**, the **Council** and **national parliaments** in the Member States, as the impact of our work depends largely on the use they make of our audit results and recommendations.

Our audit reports are presented to the relevant parliamentary committees and Council working groups. In addition, we present our annual reports, but also our special reports and reviews, to national parliaments.

In 2019, the increase in presentations of our reports to these institutional stakeholders continued, mainly thanks to a **marked rise in presentations to national parliaments**. Meanwhile, there were fewer presentations to the EP, also due to the parliamentary recess between mid-April and September 2019.

- European Parliament
- Council of the European Union
- National parliaments





Meeting the newly elected Presidents of the EU institutions

2019 was a year of **change at the helm of many EU institutions**: following their election, our President met with the Presidents of the European Parliament, the European Commission and the European Council.

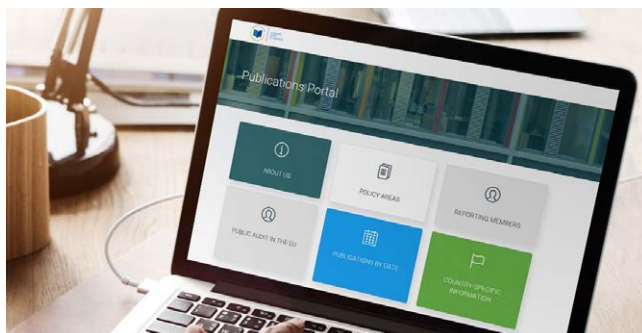


ECA President Lehne and EP President David Sassoli, Commission President Ursula von der Leyen and European Council President Charles Michel.

European Parliament

Our Members and audit teams are regularly invited to the **EP's committees and bodies**, and in particular to the Budgetary Control Committee.

2019 was a special year due to the European elections in May 2019, meaning that parliamentary committee meetings stopped in mid-April and resumed again in September. We presented **31 special reports and 10 reviews to 14 committees** (2018: 39 reports to 14 committees).



Following the elections, we carried out an **awareness campaign** to inform MEPs about our work as the EU's external auditor. We also organised a series of workshops for EP staff.

Lastly, in October 2019, we launched a **Publications Portal**, which offers more user-friendly access to our reports not only for MEPs, but also for the general public.

Council of the European Union

In 2019, our audit teams presented **26 special reports to 22 Council working parties** and two committees (2018: 40 reports to 27 working parties).

In addition, we presented **two reviews**: one to the Budget Committee during an **informal Council meeting** in Romania, and another to the working party on Agenda 2030.

We also took part in an exchange of views with the Financial Services Committee on the Memorandum of Understanding (MoU) with the European Central Bank, and with the Budget Committee on our draft budget for 2020, and presented our 2020 Work Programme in December 2019.

In October 2019, the **President of the Eurogroup** visited us and discussed the current state of and future reforms in the Economic and Monetary Union, and our potential contribution in the area of financial and economic governance in the EU. In addition, in May 2019 the President of the Eurogroup Working Group came to meet our Members.

Member State governments and national parliaments



More appearances in national parliaments

Our Members regularly visit national parliaments and governments. In 2019, we made **90 presentations in 21 Member States** (2018: 50 presentations in 14 Member States). This is the highest number to date.

European Commission



*Exchanging views with our auditees
at the highest level*

For years, it has been a well-established practice that our Members hold an **annual meeting** with their counterparts at the Commission. These meetings provide an opportunity to take stock, and to reflect on how to improve our cooperation further.



ECA Members and the College of Commissioners, June 2019.

In June 2019, this tradition continued when President Jean-Claude Juncker invited our Members for an exchange of views with the College of Commissioners in Brussels.

European Central Bank



Andrea Enria, Chair of the Supervisory Board, European Central Bank, Alex Brenninkmeijer, ECA Member, Klaus-Heiner Lehne, ECA President, October 2019.

In October 2019, we signed a **Memorandum of Understanding** with the European Central Bank setting out the practical arrangements for sharing information for our auditors about the European Central Bank's supervisory activities.

Cooperation with supreme audit institutions (SAIs)

Contact Committee of EU SAIs



2019 annual meeting in Poland

Our cooperation with EU SAIs mainly takes place within the framework of the **Contact Committee of the heads of EU SAIs**. This network of EU SAIs enables us to promote the work of independent external audit in the EU and its Member States.

In June 2019, we participated in the **annual meeting** that was hosted and chaired by the SAI of Poland. The main discussions focused on the challenges and opportunities of Digital Europe for EU SAIs.

At this meeting we took over the chair of the Contact Committee, as we do every third year.



Contact Committee meeting; Warsaw, June 2019.

The EU's Public Audit online portal

In January 2019, we launched an **online portal** on **Public Audit in the European Union**. This portal provides information on the mandates, status, organisation, work and output of the supreme audit institutions of the EU and its Member States.



Audit compendium on Public Health in the EU

In December 2019, we published, on behalf of the Contact Committee, a second edition of the **Audit Compendium** on how auditors across the European Union scrutinise **public health**.

The Compendium provides background information on public health, its legal bases and main objectives, and the related responsibilities at Member State and EU levels, as well as illustrating the main challenges the EU and its Member States are facing in this field. It draws on recent findings of the audits carried out by the ECA and the SAIs of **23 EU Member States**.

In 2019, we started to prepare a third edition of the Audit Compendium, to be published in 2020, on the topic of Cybersecurity.



INTOSAI

In 2019, we continued our active involvement in the work of the **International Organisation of Supreme Audit Institutions (INTOSAI)**, most notably as Vice-Chair of the Professional Standards Committee (PSC) since December 2016 and as a member of its subcommittees on financial audit and accounting, compliance audit and performance audit.

We also participated in the activities and projects of other **INTOSAI working bodies**, notably on environmental auditing, Big Data, financial modernisation and regulatory reform, and the evaluation of public policies and programmes. We also participate in the task force on INTOSAI Auditor Professionalisation (TFIAP), the INTOSAI Development Initiative (IDI) and the ISSAI 200 revision project of the Financial Audit and Accounting Subcommittee (FAAS).

We also attended the **XXIII INTOSAI Congress (INCOSAI)** in September 2019 in Moscow. Two main themes were extensively discussed during the conference: information technology for the development of public administration, and SAls contributing to national priorities and goals.

EUROSAI

We were also actively involved in the work of the **European Organisation of Supreme Audit Institutions (EUROSAI)**, the European Regional Group of INTOSAI, in particular its working groups on environmental auditing, information technologies, the audit of funds allocated to disasters and catastrophes, and its task force on audit & ethics.

We also participated in several workshops and seminars, and contributed to the publication of a **joint report on air quality**, together with 14 other European SAls.

In October 2019, we organised the 17th annual meeting of the **EUROSAI Working Group on Environmental Auditing**, and a Joint Conference on Biodiversity.

Lastly, we attended the third EUROSAI-ASOSAI joint conference on “Emerging Issues and Emergency Situations” in March 2019 in Israel, and the first Joint EUROSAI-AFROSAI seminar in November 2019 in Lisbon, hosted by the Portuguese SAI.



EUROSAI WGEA annual meeting, October 2019.

SAIs of EU candidate countries and potential candidates

We also support the SAIs of EU candidate countries and potential candidates (Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia, Serbia and Turkey), mainly through a network similar to the Contact Committee and through our support for activities coordinated by the OECD.

In 2019, 10 auditors from the network's SAIs took part in our **internship programme**.

We also contributed actively to the network's meetings and activities, dealing with topics such as reporting practices that increase impact and digital audit.

Peer reviews of other EU SAIs

A peer review is an external and independent review of one or more elements of the organisation and/or operation of a SAI by a team of professional peers from one or more SAIs. It is not an audit but an assessment and advice provided voluntarily by peers.



Peer review meeting, Vilnius, June 2019.

In 2019, a peer review team led by our Secretary-General carried out a **peer review of the SAI of Lithuania**, together with the SAIs of Poland and the United Kingdom. The main objective was to assess whether the audit practice of Lithuania's SAI complied with international audit standards. In December 2019, the final report was presented to the Lithuanian Parliament (the *Seimas*).

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

Our management

The Members

The ECA operates as a **collegiate body** of Members, one from each Member State. After consulting the European Parliament, the Council appoints each Member once they have been nominated by their respective national governments. We have no role in the process of nominating or appointing our Members.

Our Members serve a **renewable term of six years**. They perform their duties in **complete independence** and in the general interest of the EU. Upon taking office, they give a solemn undertaking to that effect before the European Court of Justice.



Meeting of the College of ECA Members, 18 July 2019, Luxembourg.

In 2019, the Council appointed **four new Members**: Viorel Ștefan (from Romania) as from 1 July 2019 and Ivana Maletić (from Croatia) as from 15 July 2019, and Joëlle Elvinger (from Luxembourg) and François-Roger Cazala (from France) as from 1 January 2020. The Council also renewed the terms of office of three incumbent Members: Alex Brenninkmeijer (from the Netherlands), Nikolaos Milionis (from Greece) and Klaus-Heiner Lehne (from Germany).

Phil Wynn Owen (from the UK) was a Member until 31 January 2020.

As of March 2020, and following the appointment of Janusz Wojciechowski as a European Commissioner in December 2019, a Member from Poland is yet to be nominated and appointed.

In 2019, the College of ECA Members met 21 times (2018: 18 times).

President

The President is in charge of the institution's corporate strategy, planning and performance management, communication and media relations, institutional liaison, legal matters and internal audit. He or she also represents the institution in its external relations.

The Members elect one of their number as **President** for a renewable period of three years. He or she then assumes the role of first among equals (*primus inter pares*).

Klaus-Heiner Lehne was elected President in September 2016 and re-elected in September 2019.

President and Members



President
Klaus-Heiner
LEHNE

Chamber I

Sustainable use
of natural
resources



(Dean)
Nikolaos
MILIONIS

Chamber II

Investment for
cohesion, growth
and inclusion



(Dean)
Iliana
IVANOVA

Chamber III

External action,
security and justice



(Dean)
Bettina
JAKOBSEN

Chamber IV

Regulation of
markets and
competitive
economy



(Dean)
Alex
BRENNINKMEIJER

Chamber V

Financing and
administering
the Union



(Dean)
Tony
MURPHY

Member for

**Audit
Quality
Control**



Jan
GREGOR



Samo
JEREB



Lazaros S.
LAZAROU



Baudilio TOMÉ
MUGURUZA



Mihails
KOZLOVS



Eva
LINDSTRÖM



João
FIGUEIREDO



Ladislav
BALKO



Leo
BRINCAT



Rimantas
ŠADŽIUS



Annemie
TURTELBOOM



Joëlle
ELVINGER



Pietro
RUSSO



Juhan
PARTS



Ildikó
GÁLL-PELCZ



François-Roger
CAZALA



Viorel
ȘTEFAN



Oskar
HERICS



Hannu
TAKKULA



Ivana
MALETIĆ



Jan
GREGOR

Note: as of March 2020.

Audit chambers and committees

Members are assigned to one of our **five audit chambers**, where most of our audit reports, reviews and opinions are prepared and adopted.

Chambers are headed by a **Dean**, who is elected from and by the Members of that chamber. As of December 2019, the Deans of our five audit chambers were **Nikolaos Milionis**, **Iliana Ivanova**, **Bettina Jakobsen**, **Alex Brenninkmeijer** and **Lazaros S. Lazarou**. Danièle Lamarque was the Member responsible for Audit Quality Control (until December 2019, when her term expired). She chaired the Audit Quality Control Committee.

Chambers allocate their tasks among their Members. Each Member is accountable to the chamber, and to the Court, for their own audit tasks. Members are assisted by a cabinet. The audit work is carried out by professional auditors working for the audit chamber directorates.

In addition to their role in the audit chambers, some Members have also assumed additional roles: Oscar Herics headed the **Ethics Committee**, Samo Jereb the **Audit Committee**, Eva Lindström the **Digital Steering Committee** and João Figueiredo the **Strategy and Foresight Advisory Panel**. Rimantas Šadžius was the Member for **Institutional Relations**.

Decisions on broader strategic and administrative issues are taken by the **Administrative Committee** and, where appropriate, by the College of Members, both of which are chaired by the President.

Our senior management is composed of the **Secretary-General** and **Directors**. In total, there are 10 directorates: five are attached to audit chambers, one to the Audit Quality Control Committee, one to the President and three to the Secretary-General.

Our senior management

Secretary-General and Directors



**Peter
WELCH**
Director
CHAMBER 1



**Gerhard
ROSS**
Director
CHAMBER 2



**Martin
WEBER**
Director
PRESIDENCY



**José
ORTIZ PINTOR**
Director ad interim
Translation, Language Services
and Publication



**Philippe
FROIDURE**
Director
CHAMBER 3



**Zacharias
KOLIAS**
Director
Human Resources, Finance
and General Services



**Eduardo
RUIZ GARCÍA**
Secretary-General



**Ioanna
METAXOPOULOU**
Director
CHAMBER 4



**Geoffrey
SIMPSON**
Director
Audit Quality
Control Committee



**Magdalena
CORDERO VALDAIDA**
Director
Information, Workplace
and Innovation



**Mariusz
POMIŃSKI**
Director
CHAMBER 5

Note: as of March 2020.

Measuring performance

We apply a set of **key performance indicators** (KPIs) to inform our management about progress made towards achieving our strategic goals, to support decision-making, and to provide our institutional stakeholders with information on our performance. The KPIs provide a broad overview of how we are performing as an organisation as regards the dissemination, impact and perception of our work.

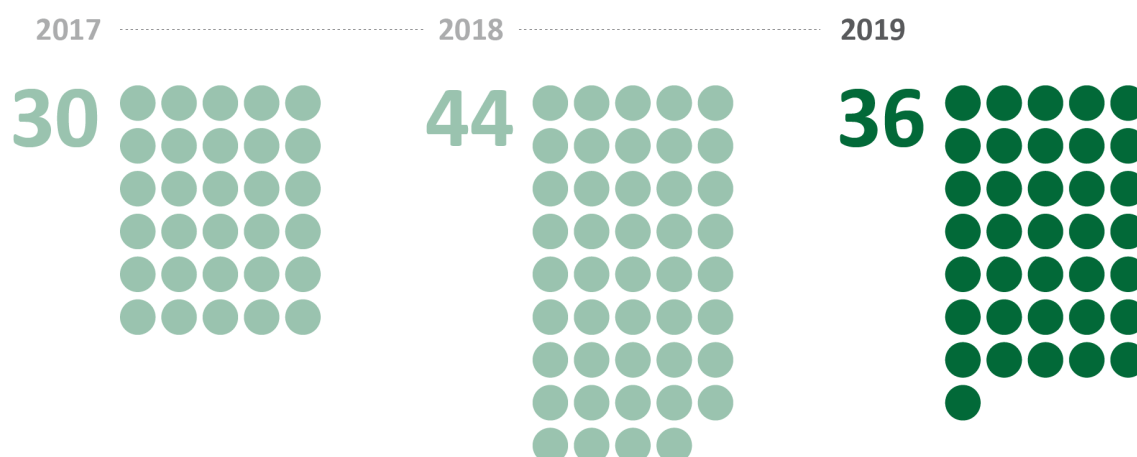


*36 reports published in 2019,
as planned*

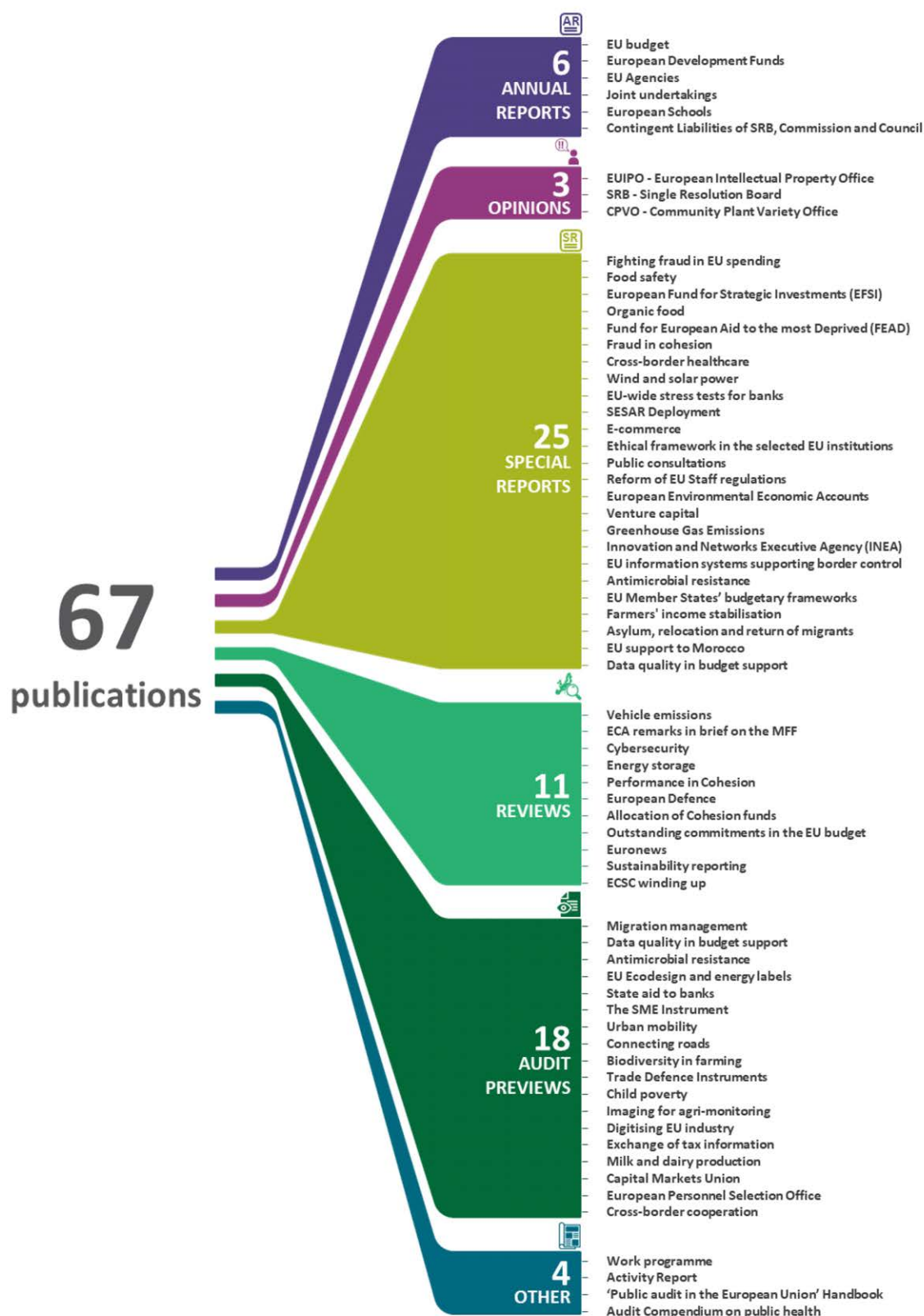
We monitor the **number and timing of reports** published throughout the year. This gives an indication of the accuracy of our planning.

In 2019, we published **36 reports**: 25 special reports and 11 reviews. This corresponds to the number of publications planned in the work programme.

Number of special reports and reviews published



In addition, we issued six annual reports, three opinions, 18 audit previews and four other publications. Altogether, we produced **67 publications** during the year.



Media presence



Continued increase in social media coverage

We monitor **media coverage** of our work and institution, which can vary significantly depending on the subject and complexity of a report. At the same time, external factors may strongly influence media interest in our publications. This may occur when the publication date of a report coincides with an important event or policy development, which can greatly increase public interest in the topic.

In total, more than **50 000 free online articles and social media posts** were recorded in 2019.



In 2019, we noted a considerable increase in our social media posts also thanks to a more active use of these communication channels during the year.



Increased contact with the press

In 2019, we increased our contact with the press and media. We did so by:

- issuing **61 press releases** in 23 EU languages (2018: 76), as well as a number of information notes and media advisories in certain languages;
- holding **25 press briefings** (2018: 20), including sector and country press briefings for the annual report. These press briefings generally take place in Brussels.

We also hosted **field visits for journalists** based in Brussels and in the Member States, and provided several briefings on selected reports for industry stakeholders, NGOs and think-tanks.



Press field visit by journalists from the Member States, November 2019, Luxembourg.



One million visits to our website

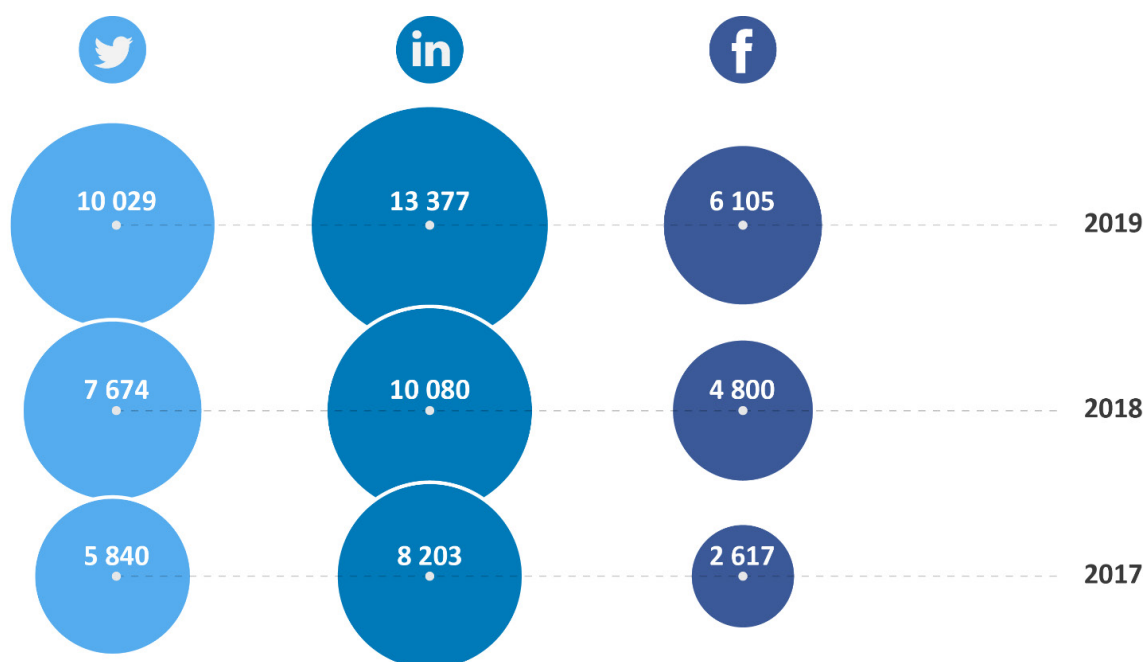
In 2019, the number of visits to our website exceeded **one million** for the first time. Overall, we had around **511 000 individual** visitors.



More followers on social media

Throughout the year, we noted an increase in our exposure and engagement on **social media** (especially on Facebook, Twitter and LinkedIn), which have become an indispensable part of our communication work and allow us to interact directly with citizens.

By the end of 2019, our three social media accounts had attracted around **29 500 followers** (2018: around 22 500).



Impact and perception of our work

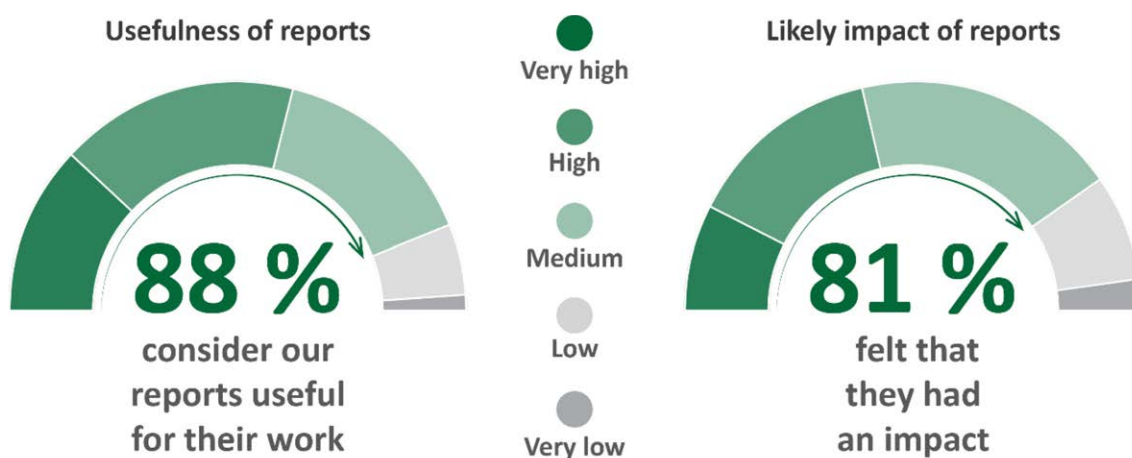


*88 % of stakeholders surveyed
find our audit reports useful*

We assess the **likely impact and usefulness of our work**, as perceived by our stakeholders from the European Parliament, Council and Commission, EU agencies, Member States' permanent representations, Member States' agencies and SAIs, NGOs, academia, media and other parties.

Since 2018, we have asked stakeholders to provide **feedback on a selected number of special reports and reviews**, as well as the annual report, in anonymised electronic surveys. The surveys also let stakeholders give **qualitative feedback on reports**, and make general suggestions for the ECA's work.

In 2019, **88 % of respondents** considered our reports useful for their work, and 81 % felt that they had an impact. This is similar to last year's result.



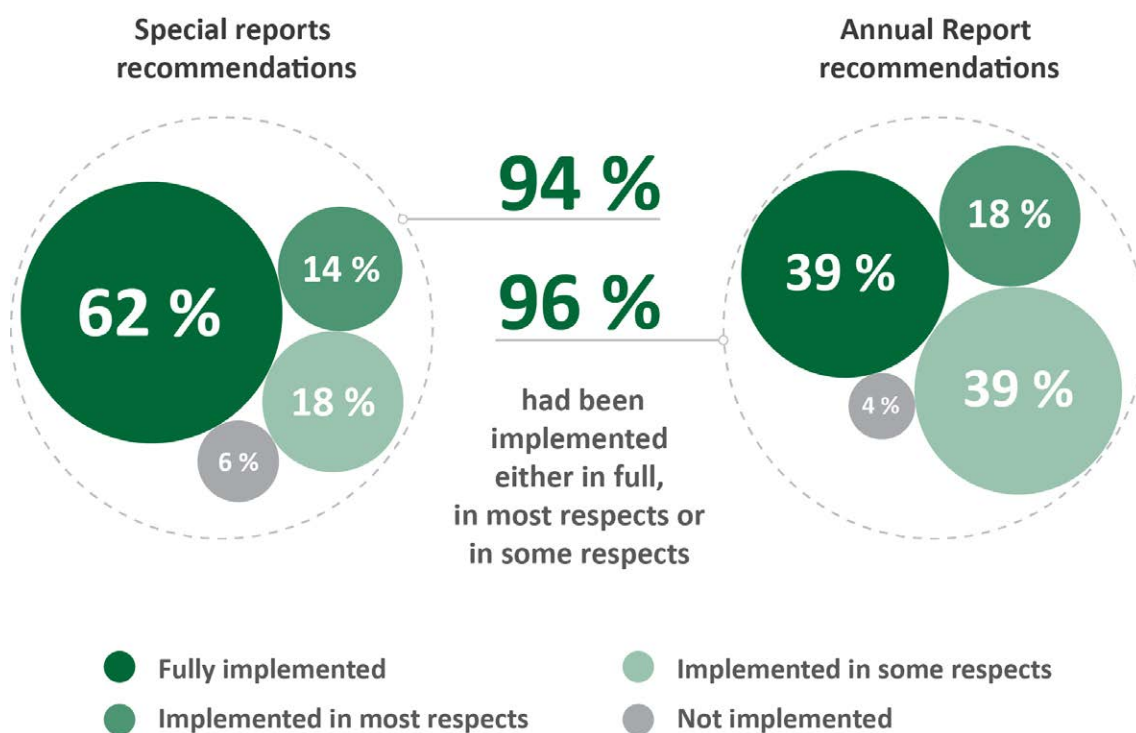
Follow-up to our recommendations



Nearly all our recommendations implemented

We measure the implementation of our recommendations on the basis of the follow-up carried out by our auditors. For 2019, we analysed the recommendations made in our 2015 annual report and special reports.

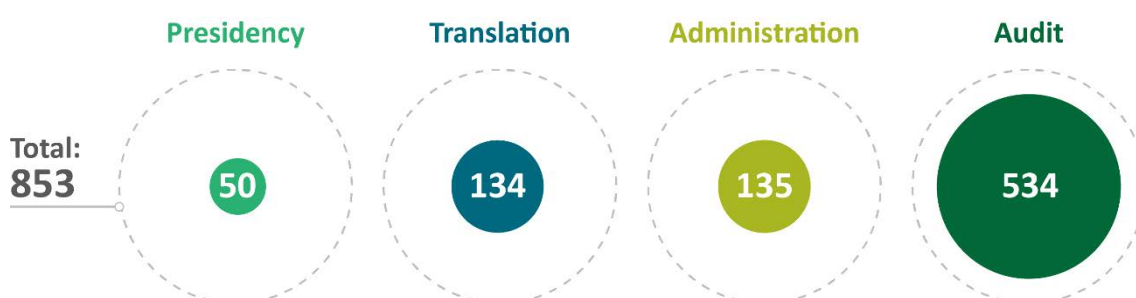
The analysis showed that **96 % of the recommendations** we made in our **2015 annual report** and **94 % of the recommendations** in our **2015 special reports** had been implemented either in full, in most or (at least) in some respects.



Our staff

Staff allocation

At the end of 2019, there were **853 permanent and temporary** posts in our institution (2018: 853 posts), of which 534 were in audit chambers, including 118 posts in Members' cabinets.



In addition, we had **75 contract** staff and **16 seconded national experts** working for us at year-end. (2018: 76 and 15 respectively).

Recruitment

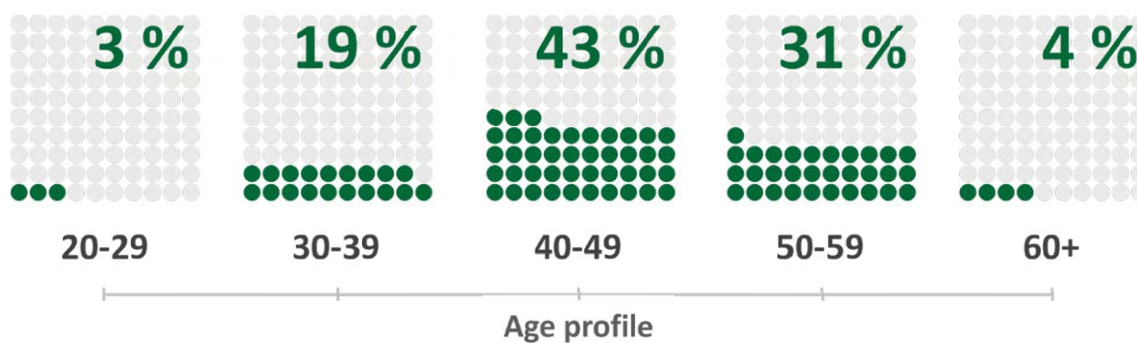
Our recruitment policy follows the general principles and employment conditions of the EU institutions, and our staff have a broad range of academic and professional backgrounds.

In 2019, we recruited **77 employees** (2018: 79 employees): 17 officials, 33 temporary staff, 21 contract staff and six seconded national experts.

We also provided **55 internships** (2018: 60) for university graduates for periods of three to five months.

Age profile

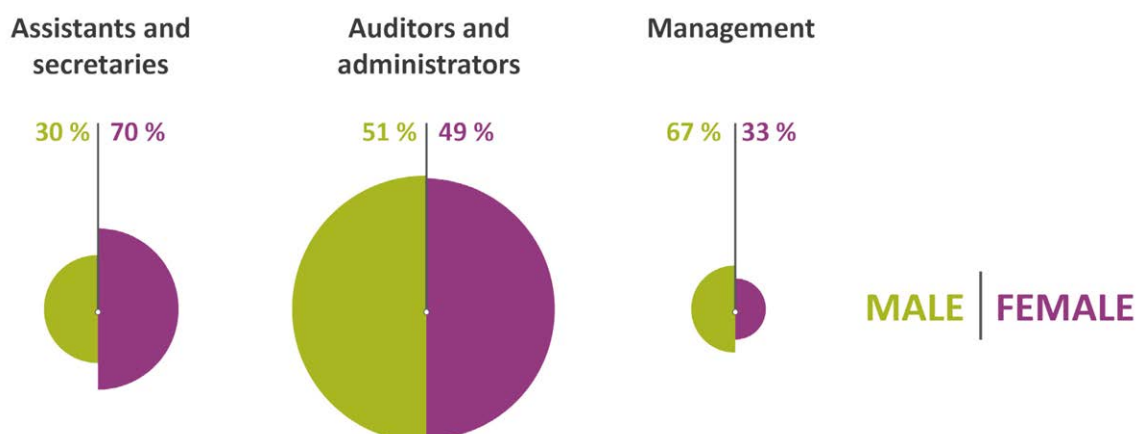
Almost three quarters (74 %) of our staff in active service at the end of 2019 are aged 40 to 59.



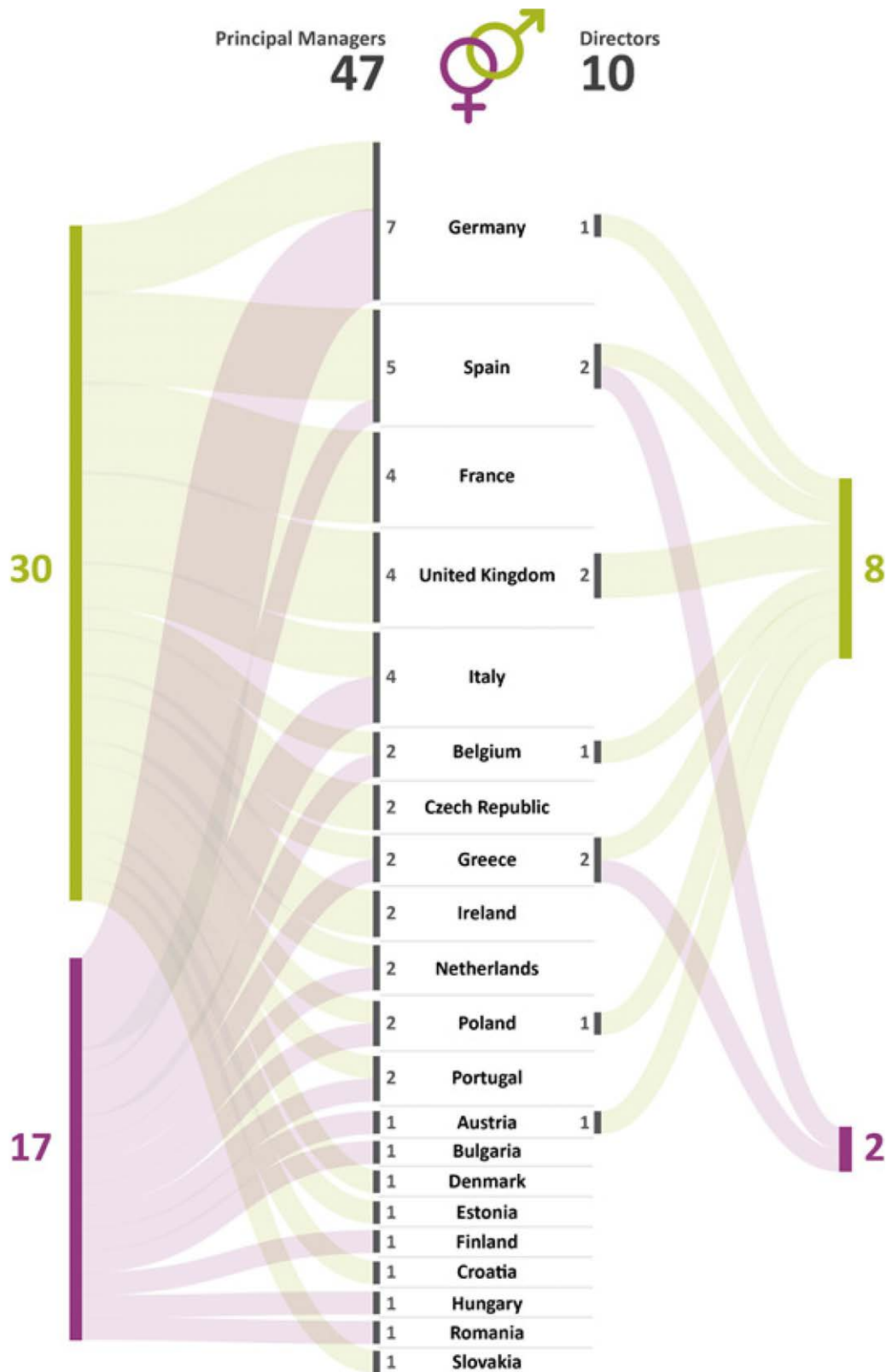
More than half of our **directors and principal managers** are aged **50 or over**. This will lead to a renewal of management over the next five to 10 years as they retire.

Equal opportunities

We provide **equal career opportunities** for our staff at all levels of the organisation. Our equal opportunities policy for the 2018-2020 period also addresses the issues of **age and disability**. Overall, we employ **equal proportions of women and men in our workforce**.



We also remain committed to **improving gender balance in our management**. In 2019, around a third of our directors and principal managers are female.



Audit support

Professional training



Record number of learning opportunities

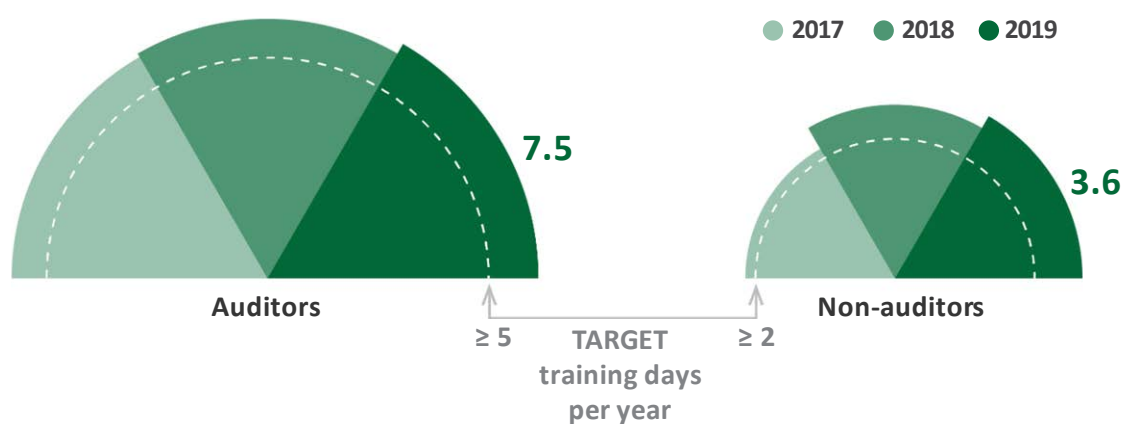
In 2019, we continued to diversify and **expand the range of learning opportunities** we offer to our staff. We organised a record number of training courses, conferences, presentations and workshops on a variety of topics.

We also continued to provide financial support for staff attending external training and programmes to acquire or maintain professional qualifications and diplomas. We also launched a **Leadership Development Programme**, consisting of training, coaching and mentoring for staff willing to enhance their leadership skills. We supported HR processes by training newly created pools of career counsellors, mentors and internal facilitators.



Target training days exceeded

Once again, we exceeded the **professional training target** (5 days of non-language training per year), set in accordance with the International Federation of Accountants' recommendations. Our auditors attended an average of **7.5 training days**; our non-auditors, an average of **3.6 training days**.



Training cooperation

In July 2019, the second **Summer School in public auditing and accountability** took place at the University of Pisa on “Digital Transformation of Audit”.

We also continued our cooperation with the University of Lorraine: we organised the fifth edition of the **postgraduate** university diploma in “**Audit of public organisations and policies**” leading to a master’s degree in “**Management of public organisations**”. In addition, we launched a new postgraduate programme on “**Fundamentals of statistics applied to audit**”. We also opened these programmes to staff from the European Commission.

Lastly, we intensified our cooperation with the International Board of Auditors for NATO (IBAN) in the field of training activities. A **Workshop on Auditing Security and Defence Policies of the Union** took place at the Court in May 2019, bringing together auditors dealing with security and defence policies from the Commission, NATO, the European Defence Agency, the Organisation for Joint Armament Cooperation (OCCAR), the Athena Mechanism, and a number of EU supreme audit institutions.



Sabine Chaupain-Guillot, Pro-Vice-Chancellor for Education at the University of Lorraine, Lazaros S. Lazarou, ECA Member (February 2019).

Launch of ECAcademy

We also created **ECAcademy**, a tool which enables us to share learning material, publish recordings of conferences, and organise webinars with everyone interested in public audit in the EU and its Member States.

This **e-learning platform** is freely accessible the general public at <https://ecademy.eca.europa.eu>.

Translation

In 2019, we translated and revised over **223 000 pages**, a figure that includes outsourced work (2018: 251 000). We translate our publications in all official EU languages. We also translate our correspondence with Member State authorities in their national language as required by the law.

Our translators also frequently participated in our audit activities, providing **linguistic support** during audit visits and **drafting support**.

Information technology, workplace and innovation



Move to cloud-based services

A major milestone was achieved with the **move to cloud-based services**, which made an easy-to-use system generally available for various end-user requests (IT, HR, facilities, security, etc.).

A **new IT Security Action Plan** achieved many of its objectives, such as more effective and regular resolution of software vulnerabilities, preventing unauthorised access to cloud services, reviewing information security governance, and improving our security monitoring capabilities.

Lastly, an ambitious **technological programme** was implemented in 2019 to provide devices and systems that enable all staff to enjoy a more flexible way of working, e.g. teleworking, teleconferencing and mobile work.



New open data policy

In 2019, we also adopted a **new open data policy**. The reuse of documents and the process of delivering our data is being set up in cooperation with the Publications Office.



The **ECALab**, our inter-disciplinary **innovation laboratory team**, continued to explore technologies such as text mining, artificial intelligence and process mining.

In 2019, ECALab also started to support a number of audit tasks.



In November 2019, we also launched the network of EU SAIs on **Network on Technology and Innovation for Audit (TINA)** at the “Big and open data” conference held at our premises in Luxembourg.



“Big and open data” conference, November 2019, Luxembourg.

Another network of EU SAIs on **Blockchain for Audit** was set up to accompany the development of the European Blockchain Services Infrastructure by the European Commission and Member States, building on our “proof of concept”.

Buildings

We currently own **three buildings** (“K1”, “K2” and “K3”), which operate as a single, integrated technical entity. We also rent office space for our disaster recovery centre in Luxembourg.

K1

The K1 building, which opened in 1988, contains offices for up to **310 staff** and meeting rooms. The basement levels contain the car park, technical facilities, storage areas, the library and the main archive room, while the top floor is used entirely for technical facilities.

K1 was modernised in 2008 to bring it into compliance with national health, safety and environmental requirements. Wherever possible, the technology in K1 was adapted to make it compatible with that used in K2 and K3.

K2

The K2 building opened in 2003. The basement levels contain the car park, technical facilities and storage, as well as the fitness centre. The top floor is used entirely for technical facilities. The remaining floors are used for offices for up to **241 staff**, meeting rooms, a conference room with interpreting booths, videoconferencing rooms, a cafeteria and basic kitchen areas.

We are modernising the K2 building, optimising its workspaces and upgrading some technical installations. A detailed study for this project was carried out in 2019, and work started at the end of the year. As the European Parliament and the Council agreed in March 2014, we will cover the cost of this upgrade from the remainder of the budget from the K3 construction project, which was completed a few years ago.

K3

The K3 building opened in 2012. The basement levels contain the car park, technical facilities and storage, unloading bays, waste-storage facilities, the print shop, kitchens and archives. The ground floor comprises the canteen, cafeteria and training rooms. There are also offices for **503 staff**, meeting rooms and an IT room. The sixth floor comprises reception rooms, a kitchen and technical facilities. The K3 building has a rating of “very good” according to BREEAM, the world’s leading method for evaluating and certifying the sustainability of buildings.



Further strengthening our security measures

In 2019, we took a number of measures to **strengthen security** at our premises in Luxembourg. This included setting up an armed security team. A convention was signed with the Luxembourg Police, allowing us to use their national training centres.



Eduardo Ruiz García, ECA Secretary-General, and Helga Schmid, EEAS Secretary-General.

We also agreed with the **European External Action Service** to provide our auditors with support during their visits to high-risk countries.

Environmental management

As an EU institution, we have a duty to apply the principle of **sound environmental management** in all our activities. We aim to keep cutting our CO₂ emissions systematically, and we regularly analyse the greenhouse gas emissions generated by our activities. Our total **greenhouse gas output** in 2018 was 10 178 tonnes of carbon dioxide equivalent (tCO₂e), down 3 % on 2017 figures.

We are proud of our **Eco-Management and Audit Scheme (EMAS) certification**: we successfully operate an EMAS-compliant environmental management system and we fully comply with ISO 14001:2015 certification requirements.

An external EMAS audit was carried out in the last quarter of 2019 and, as a result, our EMAS certification has been renewed for the 2020-2022 period. New initiatives are progressing according to plan, like the “**Plastic-free ECA**” initiative.



In 2019, we also installed **four beehives** in our gardens in cooperation with Luxembourg's Ministry of Agriculture. The bees are looked after by volunteer staff. We expect this to have a positive impact on the sustainability of pollinators in our surroundings.

Our accountability

Financial information

Our institution is financed by the general budget of the European Union under the heading of **administrative expenditure**.

In 2019, our budget was almost **€147 million**, 98 % of which was used during the year.

Our budget represents less than 0.1 % of total EU spending, or around **1.5 % of the EU's total administrative spending**.

Implementation of the 2019 budget

2019 FINANCIAL YEAR	Final appropriations	Commitments	% use	Payments
Title 1: People working with the institution	(thousand euros)			
10 - Members of the institution	11 324	11 004	97 %	10 963
12 - Officials and temporary staff	107 367	106 434	99 %	106 434
14 - Other staff and external services	6 683	6 407	96 %	6 272
162 - Travel	3 200	2 700	84 %	2 457
161 + 163 + 165 - Other expenditure relating to persons working for the institution	3 089	3 008	97 %	2 201
Subtotal Title 1	131 663	129 553	98 %	128 327
Title 2: Buildings, movable property, equipment and miscellaneous operating expenditure				
20 - Immovable property	3 526	3 523	99 %	1 965
210 - IT&T	8 085	8 085	100 %	5 138
212 + 214 + 216 - Movable property and associated costs	976	880	90 %	769
23 - Current administrative expenditure	424	339	80 %	272
25 - Meetings, conferences	620	487	78 %	302
27 - Information and publishing	1 596	1 448	90 %	1 027
Subtotal Title 2	15 227	14 762	97 %	9 473
Total Court of Auditors	146 890	144 315	98 %	137 800

Budget for 2020

The 2020 budget represents an **increase of 4.3 %** over the 2019 budget.

BUDGET	2020	2019
Title 1: People working with the institution	(thousand euros)	
10 - Members of the institution	11 751	11 474
12 - Officials and temporary staff	111 860	107 666
14 - Other staff and external services	7 403	6 381
162 - Travel	3 370	3 450
161 + 163 + 165 - Other expenditure relating to persons working for the institution	2 945	3 098
Subtotal Title 1	137 329	132 069
Title 2: Buildings, movable property, equipment and miscellaneous operating expenditure		
20 - Immovable property	3 255	2 984
210 - IT&T	7 718	7 605
212 + 214 + 216 - Movable property and associated costs	963	998
23 - Current administrative expenditure	563	548
25 - Meetings, conferences	696	700
27 - Information and publishing	2 613	1 986
Subtotal Title 2	15 808	14 821
Total Court of Auditors	153 137	146 890

Internal and external audit

Internal audit

Our Internal Audit Service (IAS) advises the institution on how to manage risks. It provides independent, objective assurance and consulting services designed to add value to and improve our institution's operations. The IAS reports to the **Internal Audit Committee**, which is composed of three Members and an external expert. The Committee regularly monitors the progress of the various tasks set out in the IAS's annual work programme, and ensures its independence.

In 2019, the IAS completed **three selected tasks**: "Audit Quality Control Committee's risks and challenges", "Travel expenses of Members and high-grade officials, representation expenses of Members and use of the Court's car fleet" and the "Court's professional training activities".

The IAS also reviewed our **risk management policy** and three **annual declarations** provided by authorising officers by sub-delegation. In addition, it monitored the implementation of its previous recommendations, ensuring that the agreed action plans had been implemented, and provided advice on the Court's new internal control framework.

Our internal auditor did not reveal any shortcomings which, by their nature or magnitude, would seriously call into question the overall reliability of the internal control systems put in place by the authorising officer by delegation to ensure the legality and regularity of our financial operations in 2019.

External audit

Our annual accounts are audited by an **independent external auditor**. This is important, as it shows we apply the same principles of transparency and accountability to ourselves as we do to our auditees.

Our external auditor – *PricewaterhouseCoopers Sàrl* – published its report on our accounts for the 2018 financial year on 4 April 2019.

Our external auditor's opinions — 2018 financial year

Regarding our financial statements:

"In our opinion, the financial statements give a true and fair view of the financial position of the European Court of Auditors- ECA as at 31 December 2018, and of the result of its operations, its cash flows and the changes in net assets for the year then ended in accordance with the Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) and its subsequent amendments hereinafter referred to as 'the Financial Regulation'; and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 (OJ L 362, 31.12.2012, p. 1) laying down detailed rules of application of this Financial Regulation and its subsequent amendments."

Regarding our use of resources and control procedures:

"Based on our work described in this report, nothing has come to our attention that causes us to believe that in all material respects and based on the criteria described above:

- o The resources assigned to the Court have not been used for their intended purposes;*
- o The control procedures in place do not provide the necessary guarantees to ensure the compliance of financial operations with the applicable rules and regulations."*



Discharge for the 2017 financial year

Like all other EU institutions, we are subject to the discharge process.

In March 2019, the European Parliament granted our Secretary-General **discharge** in respect of the implementation of our budget for the 2017 financial year. This means that **our accounts for 2017 were cleared** (i.e. closed and approved).

As we do every year, we carefully analysed all issues raised during the discharge process regarding our audit and management responsibilities, took appropriate action, and provided the European Parliament with detailed reporting on our **follow-up actions**.



Peer review on our ethical framework

Lastly, in 2019 our **ethical framework** was subject to an external assessment by the SAIs of Poland and Croatia. Their report was finalised in January 2020.

Declaration by the authorising officer by delegation

In accordance with Article 74(9) of the Financial Regulation – Declaration by the Authorising officer by delegation

I, the undersigned, Secretary-General of the European Court of Auditors, in my capacity as authorising officer by delegation, hereby:

- declare that the information contained in this report as well as the additional internal information on the performance on my duties containing financial and management information, including the results of controls is true and accurate; and
- state that I have reasonable assurance that:
 - the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management;
 - the control procedures in place provide the necessary guarantees concerning the legality and regularity of the transactions underlying the accounts and ensure an adequate treatment of allegations of fraud, or suspected fraud; and
 - the costs and benefits of controls are proportionate.

This assurance is based on my judgment and on the information at my disposal, such as the reports and declarations of the authorising officers by sub-delegation, the reports of the internal auditor and the reports of the external auditor for previous financial years.

I confirm that I am not aware of anything not reported here which could be detrimental to the interests of the institution.

Done at Luxembourg, 26 March 2020



Eduardo Ruiz García
Secretary-General

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