

Reaching out

Bridge Forum Dialogue conference: the ECA as an advocate for the taxpayer

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Klaus-Heiner Lehne, ECA President

On 18 June 2018, ECA President Klaus-Heiner Lehne was the speaker at a conference organized by the Bridge Forum Dialogue in Luxembourg. During his speech, he covered topics ranging from the role of the ECA to the future Multiannual Financial Framework (MFF). Philipp Dette gives the highlights of the conference attended by approximately 200 guests.

Stimulating a dialogue with the ECA

The Bridge Forum Dialogue provides a forum to stimulate dialogue between public institutions and interested citizens about Europe. It aims at linking the European institutions established in Luxembourg with actors and institutions of Luxembourg financial, economic and legal life. Since its creation in 2000 the Bridge Forum Dialogue organizes around three conferences per year on various topics linked to the European Union.

For the June 2018 conference, it was ECA President Klaus-Heiner Lehne taking the floor. To familiarize the external audience of around 200 guests with the ECA, he first presented the tasks and responsibilities of the ECA as the EU's external auditor and self-proclaimed guardian of the financial interest of Union's citizens. He further pointed out key attributes of the ECA which is a full Institution since 1993, for instance that the College is composed of 28 independent members, one from each member state, and the strength of the ECA, having a well-trained and motivated workforce with diverse backgrounds from all member states. Moreover, to ensure the quality of its work, the ECA relies on regular peer reviews.

Recent improvements in EU's financial management

Each year the ECA examines the EU budget when it assesses the reliability of the accounts and the legality and regularity of the transactions underlying these accounts in the context of its statement of Assurance. There has been a considerable improvement in ensuring that EU money is spent by the EU and the Member States in accordance with the applicable rules. Klaus-Heiner Lehne highlighted that an error found by the ECA does not automatically mean that this amount of money was wasted. 'A bridge that was built might still attain the objectives of the investment, even though the tendering for the works was not done correctly.' In 2016, the ECA was for the first time able to issue a 'qualified opinion' (rather than an 'adverse opinion') on the budget. This indicates there is still need for further improvement before the ECA can issue an 'unqualified (or clean) opinion'.

According to Klaus-Heiner Lehne, a more holistic view on EU added value and EU performance needs to be taken by the ECA as the EU's external auditor, since EU action takes effect in many ways. The considerable improvements in the EU's financial management in the past years have also allowed the ECA to shift the focus of its work from checking compliance towards answering the key questions of citizens: 'Does the EU deliver?' and 'Do EU funds provide value for money?'. With this objective in mind, the ECA has taken efforts to shift resources towards performance audits and the new review-based products, which, as Klaus-Heiner Lehne underlined, is fully in line with the 2018-2020 ECA strategy. Currently, however, around half of the staff resources are still dedicated to compliance testing.

Banking supervision

Talking about the roles and responsibilities of external auditors in relation to the EU banking union, Klaus-Heiner Lehne pointed to the paradox that the overall audit rights regarding financial supervision are more limited now than before the 2007/2008 financial crisis. This is the case despite the fact that limited supervision of the banking sector was one of the causes for the crisis.

Next Multi-annual financial framework

When referring to the 2021-2027 Multiannual Financial Framework (MFF) which is currently under discussion, the ECA President underlined the role the ECA intends to play in the discussions by issuing its opinions on the Commission's main legislative proposals in the coming months. Klaus-Heiner Lehne indicated that the MFF is much more than a planning tool since it reflects the political decisions and spending priorities for the next seven years and even beyond.

When talking about the issues already raised by the ECA Klaus-Heiner Lehne highlighted the following aspects:

- the EU budget needs to become more responsive to changing circumstances and unforeseen developments;
- the accountability of all EU institutions should be improved and the management of EU funds simplified. A simpler set of rules does not only ease the administrative burden of beneficiaries and implementing bodies, but it also reduces the likelihood of irregularities. In its legislative proposals, the Commission already took a step in the right direction and reduced the number of sectoral programs from 58 to 37;
- a proper framework for assessing the EU added value needs to be developed;
- Lastly, the agreement of an EU budget for 27 instead of 28 member states should not be seen as a setback, but rather as an opportunity to reflect on the Union's

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spending priorities. In the long run, the EU should however aim at reducing its dependency on Member State contributions, away from a situation where 70 % of the resources come from national budgets.

Furthermore, he underlined the need for clarity and accountability for financial instruments (i.e. loans, guarantees and equity investments) which are increasingly used to spend EU money. He pleaded the end of the so-called 'Budget Galaxies' to ensure better accountability on how European public money is spent. Klaus-Heiner Lehne observed that the ECA can be seen as a 'pilot vessel' helping to steer the budget 'supertanker' during the preparation of the new budget.

Making the ECA 'future proof'

He concluded his speech by stating that also the ECA must be 'future-proof'. In this context, the ECA President referred to the 'Foresight' group the ECA has been established to identify how future trends and challenges may affect the work of public auditors, and in particular the ECA and how the ECA could best react to them.



Klaus-Heiner Lehne responding to questions from the audience, including at the reception that followed. Questions raised related to how the ECA ensures the quality of its work, how it relies on the work carried out by others and which criteria it uses for assessing EU added value. Furthermore, the ECA President replied on issues related to simplification of EU regulations, its intention to do more performance audits, and to what extent the ECA is exposed to political pressure.