



Press Release

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European Court of Auditors Report 2016 presented to Parliament

“Proof of sustained improvement in EU spending”, said the Maltese member of the European Court of Auditors (ECA) Leo Brincat when he presented the House of Representatives with the Court’s Annual Report covering the financial year 2016 yesterday.

During a joint sitting, Mr Leo Brincat addressed the members of Parliament of the Foreign and European Affairs Committee, the Public Accounts Committee as well as the Economic and Financial Affairs Committee.

Mr Brincat noted that this financial year was the first year in many years in which the ECA issued a qualified opinion and not an adverse opinion, and that reflects a sustained improvement in EU spending.

The EU accounts present a true and fair view and the share of irregular spending was further reduced in 2016 such that the overall level of error for EU spending in 2016 was estimated at 3.1%, compared with 3.8% in 2015 and 4.4% in 2014 whereas the EU Revenue in 2016 was free from material error.

Mr Brincat remarked that the new strategy of the ECA has been adopted and will assist the Court in reaching its strategic objectives by 2020 in addressing the challenges of sound financial management as well as aiming to increase the focus on all performance aspects of EU action.

Mr Brincat said that the ECA is placing more reliance on the performance aspects of EU action because this Performance Auditing helps to ensure that taxpayers are receiving value for money that benefits their respective communities. In this way, the ECA is contributing actively to strengthen the added value at a European level. The Maltese ECA member also gave an account of the references to Malta in the 2016 Annual Report.

Mr Brincat announced that he is serving as a member of *Chamber V*, the chamber responsible for Financing and Administering the Union, with the responsibility of reporting member on the Annual Report on EU Revenue, as well as being appointed reporting member on:

- a Landscape Review on the Commission’s oversight of the application of EU law by member states;
- a Special Report on the Implementation of the Customs 2020 programme; and

- a Special Report on EFSI, as one of the main pillars of the Juncker Plan for mobilising finance for investment: *“Is EFSI addressing the need to support investments in the EU?”*

Leo Brincat concluded that the Court will continue to fulfil its mission in contributing to EU sound financial management in the best interest of all citizens.

Note to editors:

The European Court of Auditors is the independent audit institution of the European Union. Its audit reports and opinions are an essential element of the EU accountability chain and are used to hold to account those responsible for managing the EU budget. This is primarily the responsibility of the European Commission, along with the other EU institutions and bodies. But for around two-thirds of spending – principally natural resources and cohesion – responsibility is shared with the Member States.

EU spending totalled €136.4 billion in 2016, or around €267 for every citizen. This amounts to around 1% of EU gross national income and represents approximately 2% of total public spending in EU Member States. In 2016, most money went to natural resources (€57.9 billion), cohesion (€35.7 billion) and growth and jobs (€15.2 billion).

Each year, the auditors check the EU accounts and provide their opinion on two questions: whether the accounts are accurate and reliable, and to what extent there is evidence of money being received or paid out in error (known as regularity and legality). They test samples of transactions to provide statistically-based estimates of the extent to which revenue and the different spending areas are affected by error. They measure the estimated level of error against a materiality threshold of 2%, above which revenue or spending is considered to be irregular.

A “clean” opinion means the figures present a true and fair view and follow the rules of financial reporting. A “qualified” opinion means that the auditors cannot give a clean opinion, but the problems identified are not pervasive. An “adverse” opinion indicates widespread problems.

The auditors have given a clean opinion of the EU’s accounts since 2007. But until now their opinion on the regularity and legality of spending has been adverse for every year since 1994.

The estimated level of error is not a measure of fraud, inefficiency or waste. It is an estimate of the money that should not have been paid from the EU budget because it was not used in accordance with applicable rules. In 2016, the auditors found 11 instances of suspected fraud out of approximately 1,000 transactions audited (2015: 12). These cases were forwarded to EU anti-fraud office, OLAF.

The annual report on the EU budget, the annual report on the European Development Funds and the summary document “2016 EU audit in brief” can be found at: <http://www.eca.europa.eu/en/Pages/AR2016.aspx>