European Court of Auditors

Introduction

The European Court of Auditors is an independent institution whose main role is to check that the funds available to the EU are used legally, efficiently and for the intended purposes. The Court audits the accounts of the EU’s income and expenditure, which together form the EU budget. This role is especially important as part of the EU’s income is derived from contributions from the member states and so the Court ensures that the EU’s citizens are getting maximum value for their money.

History

The European Court of Auditors was created by the Treaty of Luxembourg, signed 22 July 1975, and took up its role as the external audit body of the European Community in October 1977. Originally, there were in fact five different budgets and the European Coal and Steel Community, EURATOM and the European Community had different mechanisms for auditing their different budgets. The Treaty of Brussels, signed 8 July 1965, created one set of institutions and one budget for the three communities. The Treaty of Maastricht (1992) elevated the Court to the status of an institution alongside the European Parliament, the Commission, the Council of the European Union, and the European Court of Justice.

How does the European Court of Auditors work?

The Court has the power to audit any person or organization handling EU funds, including: national authorities in the member states, other EU institutions and even other countries that receive money from the EU. It then produces reports on its findings, which highlight for the Commission and the member states any issues it has uncovered. The Court of Auditors also gives its opinion on proposals for EU financial legislation and for EU action to fight fraud. However, the Court itself has no legal powers – if it discovers that EU funds are being misused, it then passes this information to the European Anti-Fraud Office (OLAF).

The Court of Auditors is based in Luxembourg and is made up of one member from each EU member state. Members are appointed by the Council of the European Union for a renewable period of six years. The members then elect a President from among their number, who serves for a renewable period of three years. The members of the Court of Auditors have to be qualified as auditors in their country of origin, or to have worked for an auditing institution. They have to be entirely independent and are chosen for their competence. The members can sit in small groups called chambers, with only a few members making up each chamber, to increase the efficiency of the Court, with the EU now consisting of 27 member states.

The Court of Auditors has approximately 800 staff, of which 250 are auditors. The auditors are divided into audit groups which prepare draft reports on which the Court takes decisions.
How does a General Election actually work?

The UK is a liberal democracy. This means that we democratically elect politicians, who represent our interests. It also involves that individual rights are protected.

The type of liberal democracy we have is a constitutional monarchy, where the powers of the monarch are limited by the terms and conditions put down in the constitution.

Parliamentary system

The UK has a parliamentary system of democratic governance. Unlike presidential and semi-presidential systems, there is an interconnection between the legislative (law-making) and executive (law-enforcing) branches of government in a parliamentary system.

In the UK, this means that the executive (consisting of the Queen and the governments of England, Scotland, Wales and Northern Ireland) is accountable to the legislature or Parliament (House of Commons, House of Lords and devolved Assemblies in Wales and Northern Ireland).

Appointed Prime Minister (or chancellor) as Head of Government and a monarch (or ceremonial president) as Head of State.

First-Past-The-Post

Members of Parliament in the House of Commons are elected using the first-past-the-post electoral system. Each of the 650 voting constituencies in the UK are represented by an MP. During the general and most local elections, the candidate with most of the votes becomes the local representative. Candidates campaign door-to-door, hold debates and publish manifestos (comparable to shopping list of what they are planning to do once they are in power). Eligible voters, about 46m in the UK, receive their polling card once they register online, or they can vote by post.

Party with most of the votes is invited by the Queen to form a government. If there is no clear winner, there is a hung Parliament. In this case, a minority or coalition government can be formed. A minority government does not have an overall majority in Parliament. A coalition government means that two or more political parties agree to share power in government. If that does not work out, new elections may be called.

© CIVITAS Institute for the Study of Civil Society 2015
Author: Gregory Lowe, Civitas 05/2006
Last update: Rachel Maclean, 08/2015

European Court of Auditors

Facts and figures

- For the last 17 years, the Court has refused to sign off the EU accounts.
- In its annual report for 2006, the Court found accounting errors in two-thirds of the EU’s €105 billion budget. Errors were most prevalent in agricultural spending and the disbursement of structural funds.
- The 2010 report (released in 2011) found that 3.7% of the €122.2 billion EU budget was spent in error or against EU rules. Cohesion, energy and transport policy was the most error-prone area, with 49% of payments to projects affected by error.

Arguments

For

- The Court of Auditors helps guarantee that the EU budgetary system works efficiently and openly.
- The Court contributes to improving financial management of the European Union.
- The Court of Auditors is regularly acknowledged for its work in exposing fraud in the EU.

Against

- The Court’s reports are often criticised as being extremely difficult to understand, even for those working inside the EU.
- The Court of Auditors is also seen as being too concerned with confidentiality – its role as the ‘financial conscience’ of the EU is weakened if MEPs or the media are unable to use its findings to hold the executive to account.

“The European Court of Auditors plays a key role in providing an independent, professional and objective overview of financial management and helping promote change for the benefit of the citizens of the Union.”

Hubert Weber, President of the European Court of Auditors, 2005

“The Court itself is a poorly managed, highly politicised institution that finds it difficult to present any clear conclusions or to make constructive suggestions.”

Stephen Grey, Centre for European Reform, 2000

Technical Terms

- Audit: An examination of records or financial accounts to check their accuracy.

Links

http://europa.eu/institutions/inst/auditors/index_en.htm
http://eca.europa.eu/portal/page/portal/aboutus