

Structure

- What is the European Court of Auditors?
- What is a performance audit?
- What was the audit on seaports all about?
- What were the results?
- What lessons to take?

NB: *The opinions and views expressed in this presentation are those of the author and do not necessarily represent those of the Institution (European Court of Auditors)*



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The European Court of Auditors



- Independent external audit body (since 1975)
- 5th European Institution since Treaty of Maastricht (1992)
- → ***The Court examines whether financial operations have been properly recorded, legally and regularly executed and managed with an eye to economy, efficiency and effectiveness.***

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Sound financial management (or « value for money »)



Three “E’s”:

The objective is to obtain sufficient evidence to show that European Union funds have been used **Economically, Efficiently and Effectively**.

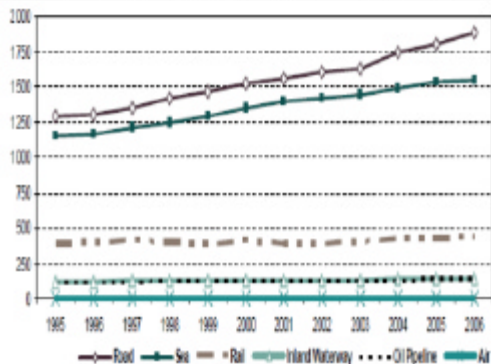
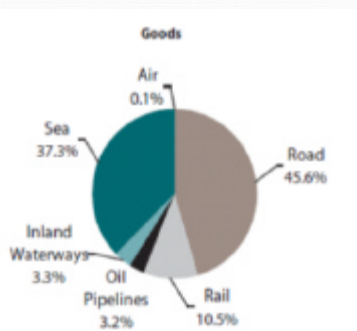
→ Performance audits are NOT financial audits; they give rise to the publication of « **Special Reports** » (around 15/year) → see eca.europa.eu

The screenshot shows the website of the European Court of Auditors. The main heading is "Mission, Vision, Values & Strategic Objectives". Below this, there is a section titled "Mission" which states: "The European Court of Auditors is the institution established by the Treaty to audit the use of the financial resources of the Union and to ensure that the financial interests of the Union are protected and that the Union's budget is managed in a sound and efficient manner. The Court also monitors the results of the Union's activities and reports on them to the Parliament and the Council." The page also includes a navigation menu with links to "About Us", "Publications", "Audit", "Press Room", and "Competition".

Structure

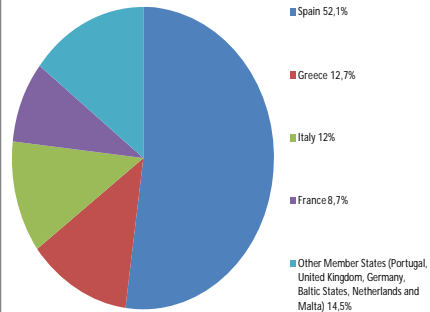
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Transport modes intra-EU freight in tkm (Eurostat Panorama of transport 2009)



Seaports performance audit

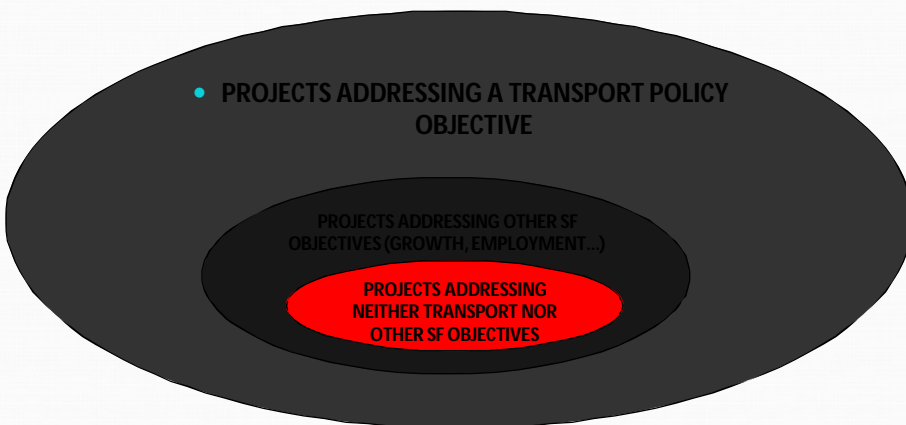
- Main audit question: « **Did transport infrastructure projects in seaports co-financed by the Structural Funds during the 2000-2006 period achieve their objectives?** »
- **Effectiveness** audit, on
 - Objectives and results of transport infrastructure projects in seaports
 - as well as their management and supervision,
 - Co-financed by Structural & Cohesion Funds (no Ten-T),
 - Period 2000-2006 (+ assessment of 2007-2013 rules),
 - 3 projects randomly selected, from the 9 main spending regions, from the main spending MS (ES+EL+IT+FR = +85%)



Seaports audit: content

Sub-question 1:

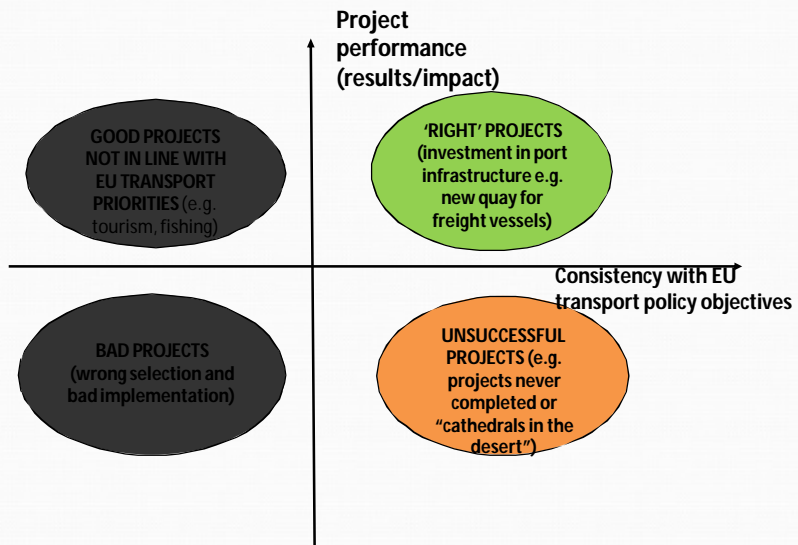
Did the audited projects have appropriate objectives ?



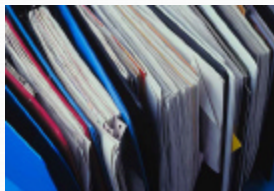
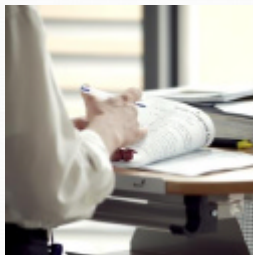
Seaports audit: content

Sub-question 2:

Did the audited projects deliver their expected outcomes?



Seaports audit: content



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Results

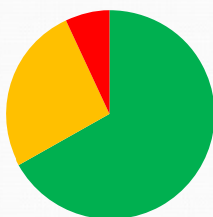


- 1. Were the objectives of the projects selected consistent with the EU-transport or other policy objectives indicated in the OPs?

In 18/27 cases, they were in line with transport policy objectives;

In 7 cases, they were in line with other SF policy objectives: tourism (5), urban development (1), security (1)

In 2 cases, project objectives were not in line with the higher level OP objectives



- transport related project objectives 67% (18 out of 27 projects)
- other EU-policy related project objectives 26% (7 out of 27)
- project objectives contrary to OP objectives 7% (2 out of 27)

Results



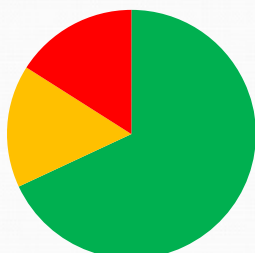
- 2. Was the physical output put into operation and use?

In 19 cases, yes,

In 4 cases, the works were not finished (70% of the spending!)

In 4 cases, the output has not been used

→ 3 empty ports and 1 non effective rail link



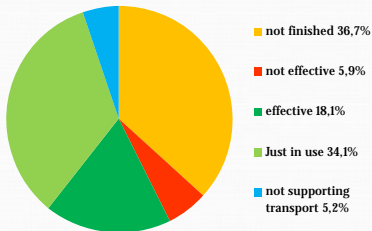
- IN USE 70% (19 out of 27 projects)
- NOT IN USE 15% (4 out of 27)
- IN CONSTRUCTION 15% (4 out of 27)

Results



- **3 Were the projects effective?**

→ **Overview by value of projects:**



- **In 11 cases, yes,**
- **In 16 cases, no**
 - 4 were unfinished
 - 6 projects had improvements but were not linked to transport (e.g. marina's)
 - 6 were not effective out of which 3 were empty ports

Results

- Almost half of the funds invested in will need much more money to invest in **hinterland connections**
- Many projects will need important further investments (a next « **port expansion phase** ») to become effective
- « **Systemic waste** » phenomenon

Why?



1/ Management of programmes by the MA

- **No long term vision/consolidated planning**
- **No focus on sound financial management** → spending is important
- **No appropriate monitoring** → building is their responsibility

2/ Commission's role

- **Little added value** → no remedy to correct weaknesses in MP/CFP
- **No effective supervision** → indicator setting not appropriate

3/ No changes to the 2007-13 framework that would affect positively the findings ...

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Lessons- Recommendations



- To Managing Authorities:
 - Plan well ahead (needs assessed, cost & benefits); involve all stakeholders (locally/regionally and nationally; ports incl. environmental needs)
 - Reduce red tape and delays (permits)!
 - Improve transparency in selection of projects
 - Focus on use and results, not only building
- To Commission:
 - increased added value to decision making;
 - ensure Sound Financial Management (SFM): guidance to be provided; payments to stop/take back in absence of results; make SFM audits on a risk basis.

Thank you for your attention

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