



ESF Audits by the Netherlands Court of Audit

Strategy, approach and results





1) Your presenter

2) My Goal

**ESF audits
by NCA**

3) ESF in NL

**4) Reasons for
strategy
formulating**

**5) Strategy and
approach**

**6) ESF audits
in NL**

Your Presenter

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Auditor NCA since 2006

EU Trendreport 2008
team member



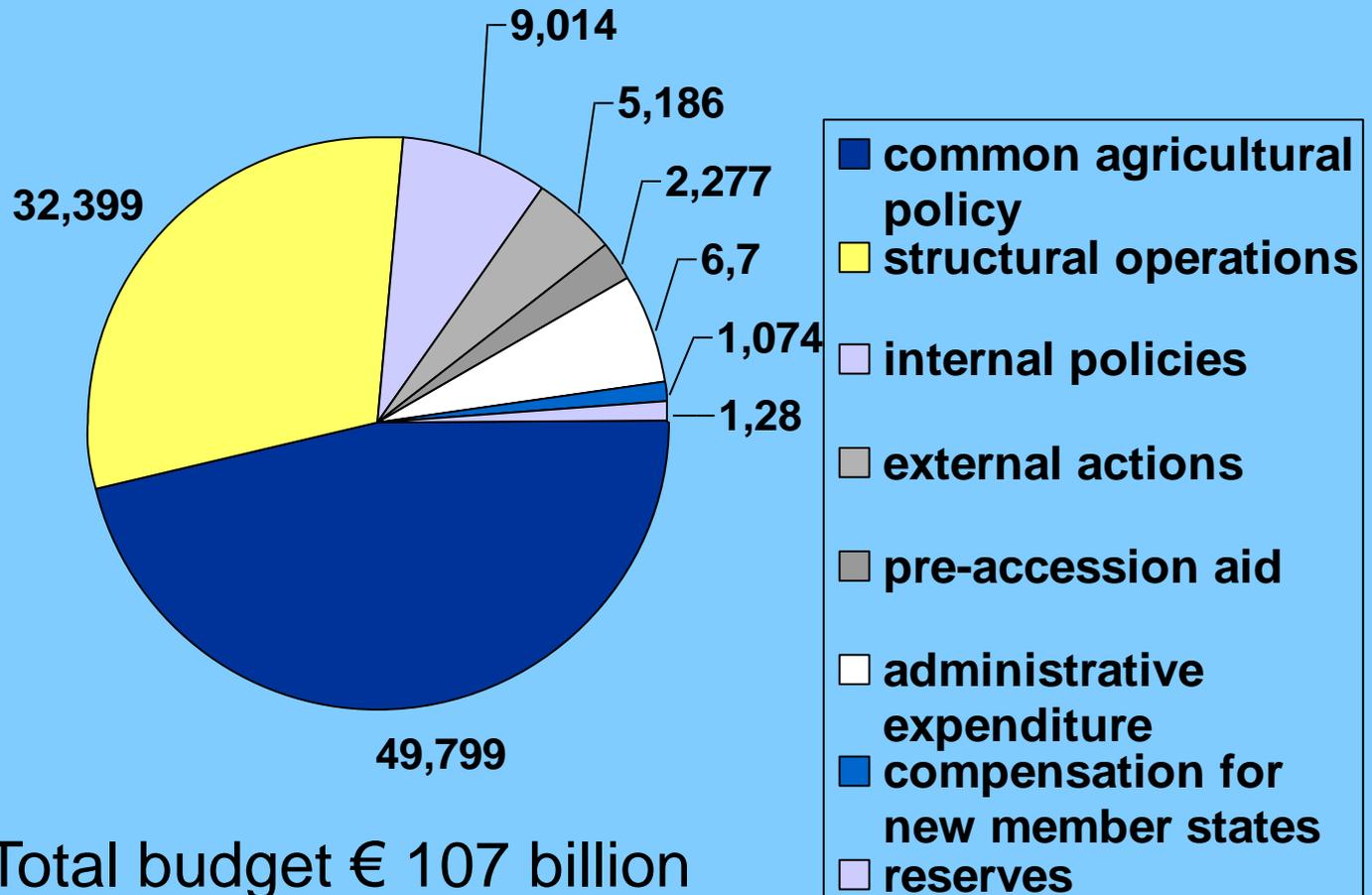


My goal

- 1) Helping you develop your own approach on EU auditing (especially ESF)
- 2) Give input for a fruitful discussion



Some figures (1) *EU budget 2006*



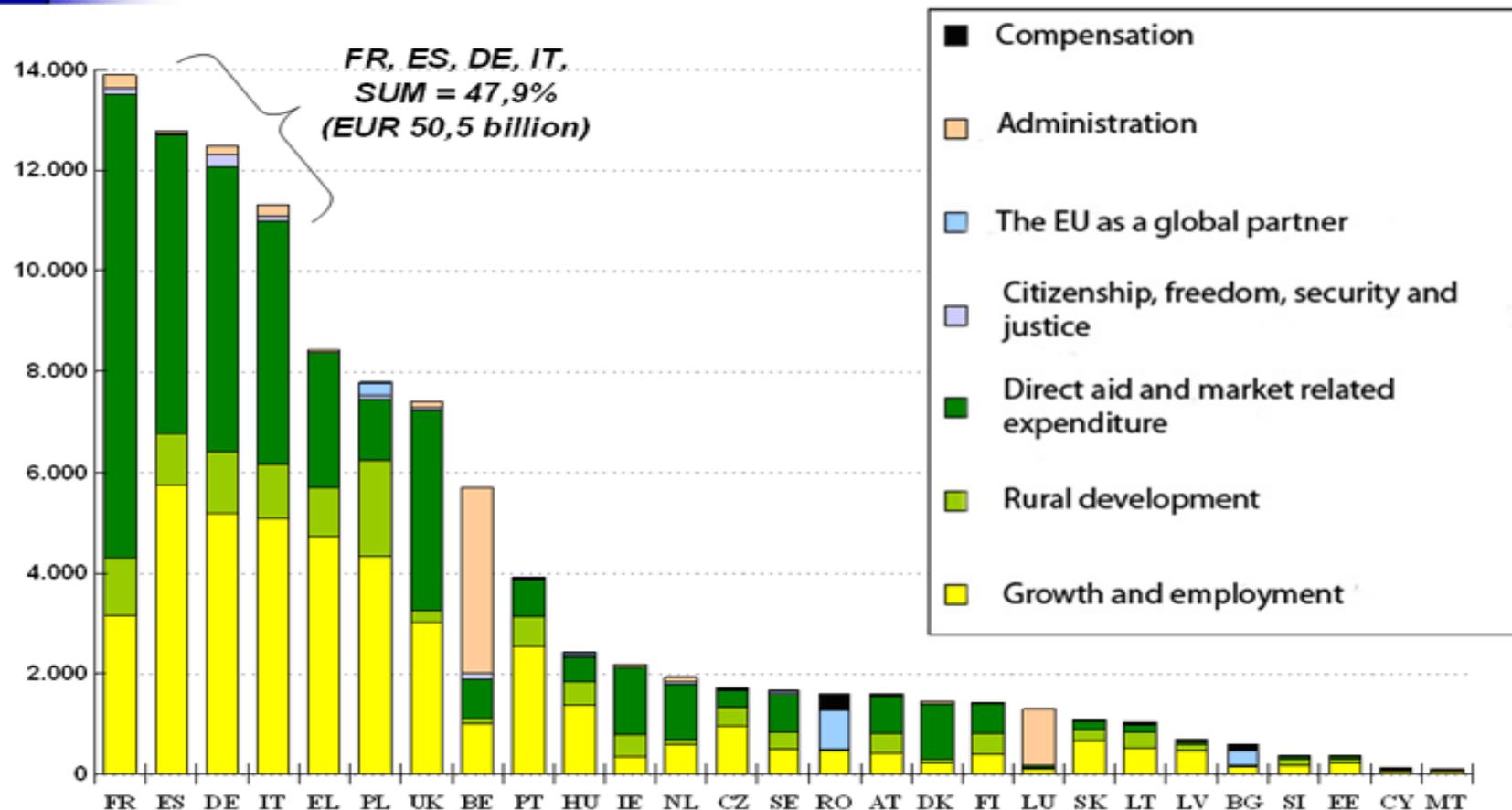
Total budget € 107 billion

(Source EU-trend report 2008)

Some figures (2)

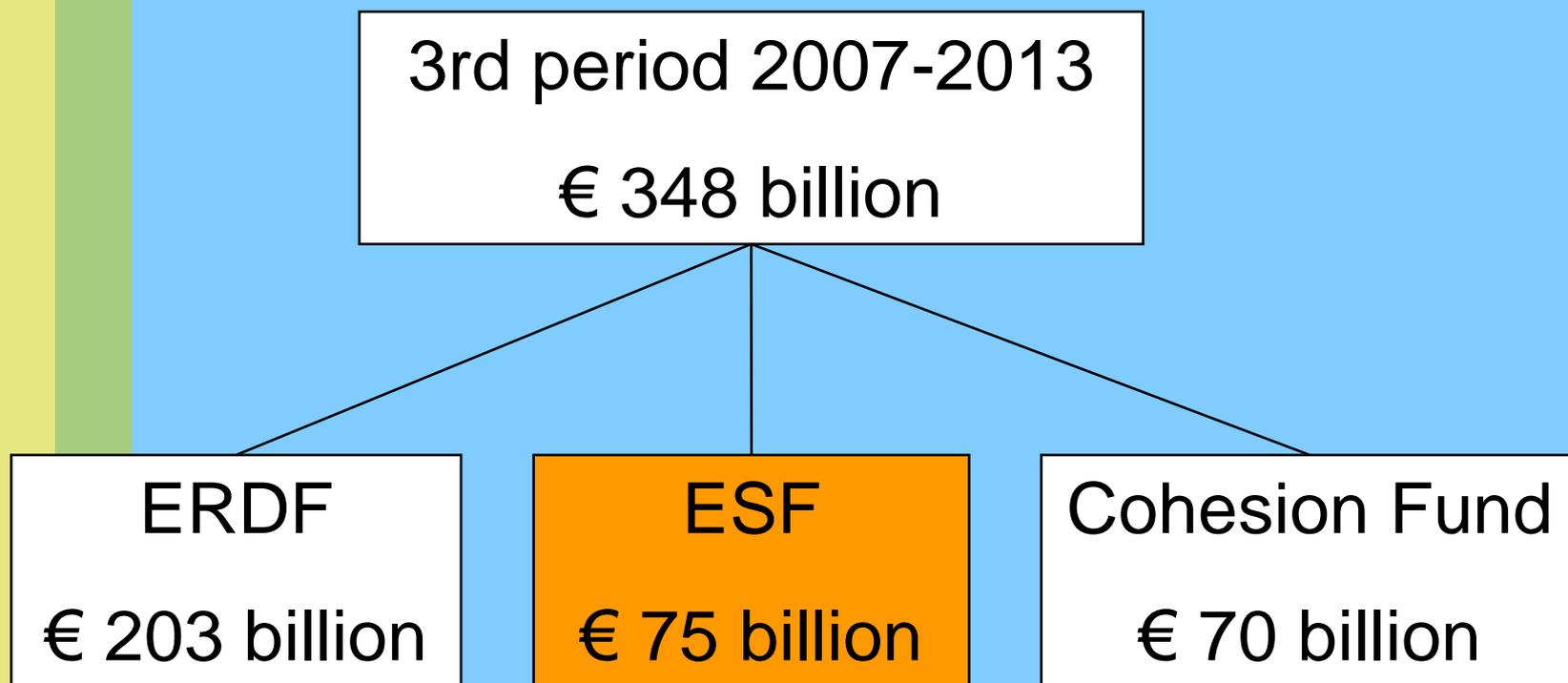
Who got what in 2007? (*EUR million*)

Largest recipients remain the same



Note: the UK correction amounted to EUR 5,2 billion in 2007.

Some figures (3) *Structural operations*



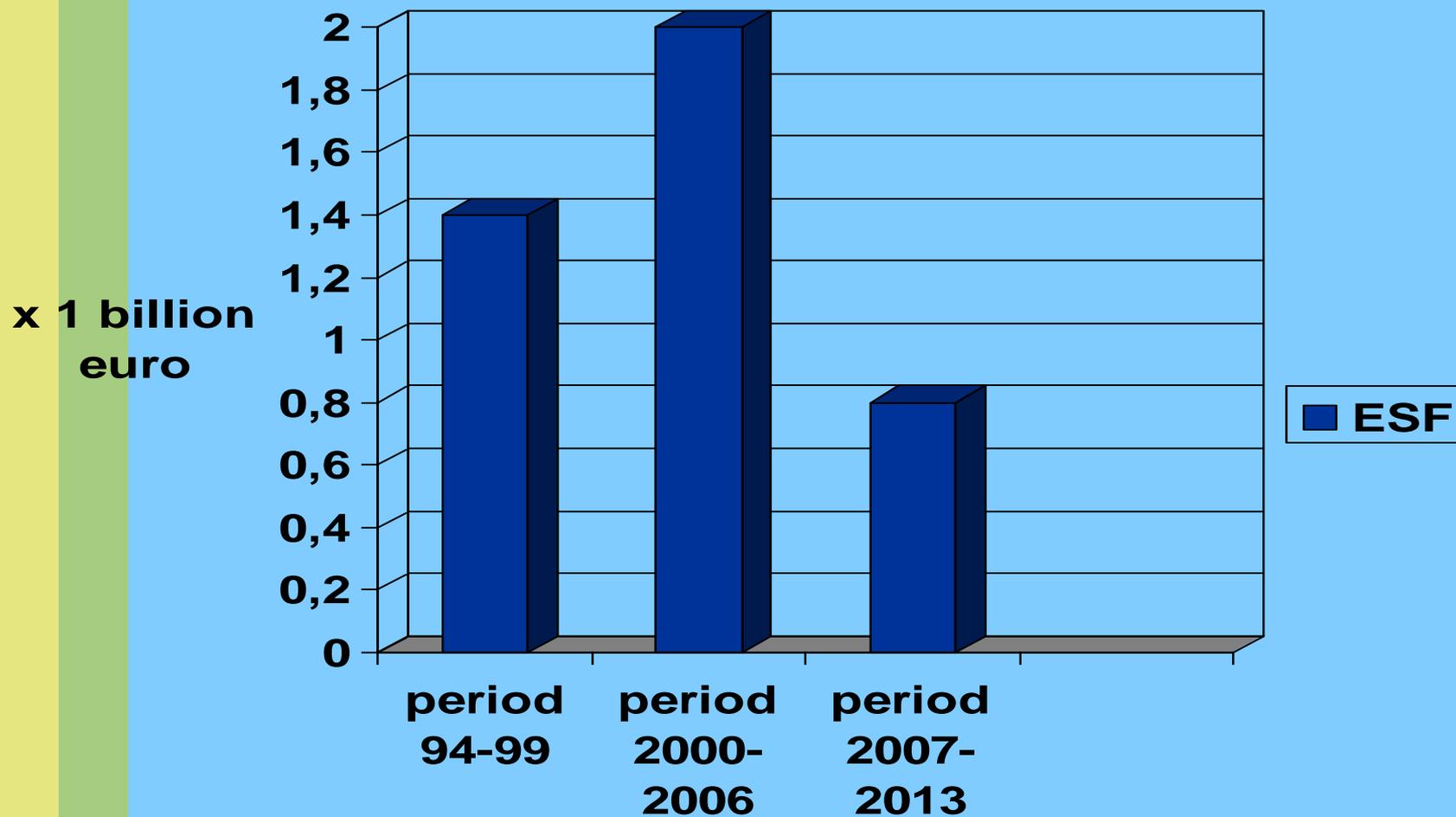


European Social Fund

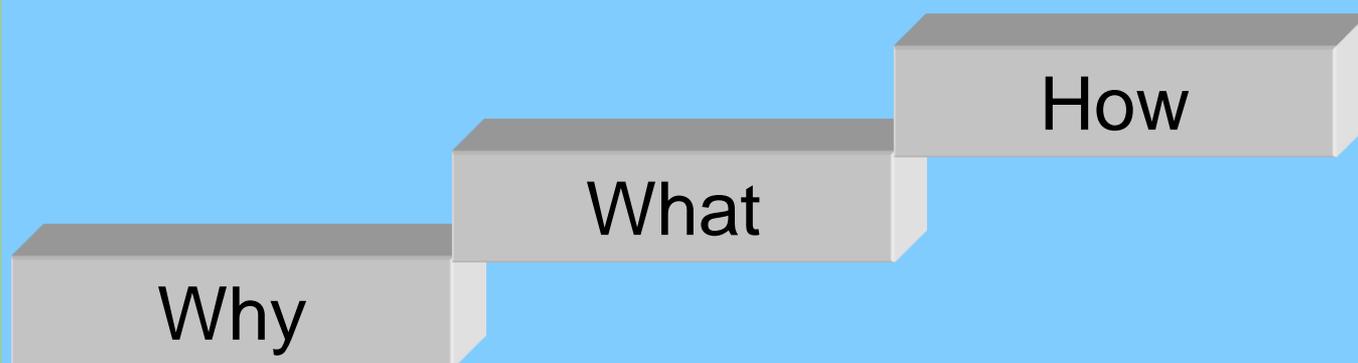
- Founded in 1958
- Goal: promoting employment in the EU. (help Member States make their workforce and companies better equipped to face new, global challenges)
- How: local Member States and regions devise their own ESF Operational Programmes in order to respond to the real needs 'on the ground'.



ESF in the Netherlands



Formulating a strategy and approach for EU-auditing



Why formulating a strategy and approach in 1996-1997

EU-level

- Budget is large and growing, more than 75% is spend in shared management with the member states
- EC-supervision is (often) insufficient
- Control intensity of the ECA is to low
- Large variety of management control systems in member states and between EU-funds

Dutch-level

- Ministerial responsibility and member state financial liability
- EU-funds are often no part of national budget and reporting processes
- A lot of irregularities with ESF in the period 1994-1999

What is our strategy towards auditing EU-funds (2)

Main objective

Contribute to the improvement of the financial management of the EU

1. *(help)* Straighten out the ‘own house’ the Netherlands
2. Improve the financial management of the EU in general



Key project EU Trend Report

Trend report

1.

2.

3.

4.

**Development
EU-wide
financial
management**

**Country
comparison
of regularity
and
effectiveness
of EU-funds**

**Developments
in financial
management
and control of
EU funds in
the
Netherlands**

**Conclusions
and
recommen-
dations**

How we implemented strategy

1. Inside NCA: special EU department, EU knowledge management, training

2. Outside NCA: network development, Symposia, contact committee and 6 working groups, conduct audits with other SAIs, support on candidate member SAIs

ESF-audits by the NCA



- 1995 Management and Control of EU Funds in the Netherlands
- 1998 Control of unemployment with European funds
- 2000 *Control and monitoring of ESF-grants 1994-1999***
- 2000 *Management, control and monitoring of ESF 2000-2006***
- 2002 Ministries and ESF3 funds 1994-1999
- 2002 The Ministry of Social Affairs and Employment and ESF-funds
- 2003-2007 EU-trend report
- 2008 Audit of effectiveness EU Structural Funds (part of trend report)

Main findings in 2000

*A lot of irregularities ESF 1994-1999,
due to:*

- shortcomings in project administrations
- Insufficient attention for misuse and improper use by the executive organisation and by the Ministry for Social Affairs and Employment

Major consequences

- The EC claimed € 157 mln. back
- Political loss of face for the Ministry of Social Affairs and Employment

Improvements in management and control

- One central executive agency
- Standard audit guidelines and appraisal procedures for new projects
- Working visits to every project
- Consultation with Brussels about (interpretation of) rules and regulation

Conclusions, in general...

- SAIs can contribute to the improvement of EU financial management, including ESF. First of all by ‘straightening out your own house’
- There can be major risks and large member states consequences (Netherlands period '94-'99)

... and in practice,

- **Make an analysis of your own organisation:** enough knowledge on ESF, EU funds, enough people with time, enough external contacts, what do we need to do to improve.
- **Make an analysis of the management, control and monitor systems in your country:** what are the risks (same as in Netherlands 1994-1999 maybe other risks), is the government prepared to listen to critique of the SAI

... even more concrete

- Build up contacts with the responsible ESF executives in your country
- When performing an audit: Visit the projects yourself

Keep in mind: **it's not about finding fraud or blaming the bad guy, but about finding the often made mistakes so that the executives can improve.**



More information

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