

A forum of cooperation of the EU SAIs and the ECA

Structure and Activities of the Contact Committee

The first meeting of the Heads of the Supreme Audit Institutions of the European Union (then: European Economic Community) was held at the beginning of the 60's and since then they have been co-operating in the framework of the Contact Committee. In 1977 the ECA was established and a year later it joined the Contact Committee as its member¹. The article describes rules of operation of the Contact Committee and its activity over almost two decades.

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The Contact Committee is a non-political, independent and autonomous forum for the Heads of the Supreme Audit Institutions (SAIs) of 28 Member States of the European Union and the European Court of Auditors (ECA). Its task is to enhance co-operation among its members in order to improve the external audit and accountability in EU-related issues: it is particularly important since the EU Member States implement around 80% of the EU budget under shared management with the

European Commission. Apart from the exchange of information and experiences on audit of EU funds, the Contact Committee also initiates and coordinates common activities of SAIs in the EU field such as coordinated audits or common positions related to new developments in economic and financial governance. All activities are held with respect for independence and mandates of individual SAIs.

The mission of the Contact Committee² is to:

- foster dialogue and co-operation in audit and related activities;

¹ Although the national audit bodies and the ECA have different competences as regards external auditing, they share the common desire to act together for the enhancement of audits of EU funds.

² Source: <<https://www.eca.europa.eu/sites/cc/en/Pages/Mission.aspx>>.

- establish and promote common positions on emerging audit and accountability issues;
- support Contact Committee member SAIs and the SAIs of countries subject to the EU enlargement policy.

Organisational structure of the Contact Committee

The Chair of the Contact Committee is the Head of the SAI representing the Contact Committee from the date of its last meeting until the end of the following meeting, for which preparation and chairing he/she is responsible. Until June 2019, the Chair was held by the President of the Supreme Audit Office of Poland (NIK). With a view to ensuring the consistency of the Contact Committee activities in a long-term perspective, the Chair maintains efficient communication with the previous and incoming chairs – they form the so-called Troika.

The Heads of EU SAIs are supported in their activities by permanent representatives of the EU SAIs and the ECA, so-called Liaison Officers (LOs). They cooperate closely in periods in-between the meetings of the Contact Committee and coordinate its activities (eg. they identify and pre-select activities which the Committee may decide to carry out). They usually meet twice a year: in the spring to agree on topics which are to be the subject of discussion at the Contact Committee meeting (as a rule, these are topical issues relevant to the EU SAIs and closely linked to EU matters), and at the end of the meeting to agree on how to follow up decisions taken by the Heads of EU SAIs.

The Liaison Officers also meet under the umbrella of the so-called Troika+ which is a group of LOs from the SAIs – members of Troika, a Liaison Officer who chairs the spring Liaison Officers' meeting, and those LOs from the EU SAIs which take an active part in the organisation of the Contact Committee meeting.

The activities of the Contact Committee are supported by working groups, task forces and networks: these working bodies deal with general or detailed issues on EU funds auditing or other issues being a subject of interest of the Heads of SAIs. The exchange of experience and information may take on different forms such as coordinated audits, seminars, workshops, surveys, cooperation with EU institutions. The working bodies develop reports on their activities which are later on submitted to the Contact Committee.

The Contact Committee has its own website (administered by the ECA): <http://www.contactcommittee.eu> where information concerning the meetings, statements and resolutions or reports of the Contact Committee working bodies is published.

Meetings of the Contact Committee

The meetings of the Contact Committee are held normally once a year although – in case an urgent position is required – the Contact Committee may hold an additional meeting or take a decision by written procedure. The main item on each agenda is a seminar during which the Heads of EU SAIs discuss relevant and current issues related to auditing EU funds, cooperation and new developments and arrangements in the EU legislation which can influence the activities of SAIs, etc. Other

topics on the agenda include reporting on completed activities and results of surveys made by the working bodies of the Contact Committee, proposals for activities for the upcoming years, outcomes of the workshops/seminars, as well as the experience of SAIs in audits on the use of EU funds³. The meetings are also attended – in the capacity of observers – by the Heads of SAIs of Candidate Countries⁴, representatives of SIGMA⁵, as well as invited, depending on the agenda of a session, guests, eg. from the European Commission, the European Parliament, the European Central Bank, the European Investment Bank, governments of Member States, etc. At least once every three years, the ECA chairs and hosts a Contact Committee meeting.

The last meeting of the Contact Committee took place in June 2019 in Warsaw, in a particular year for the Supreme Audit Office of Poland, in which NIK is celebrating its 100th anniversary. The seminar *Digital Europe: Challenges and Opportunities for EU SAIs* comprised such topics as the performance audits related to EU and national programmes in the area of e-government and cybersecurity, as well as challenges of EU SAIs' competence in auditing digitalisation and using digital resources in audits.

For the past dozen or so years the Heads of EU SAIs discussed such topics as⁶:

2018: Dubrovnik, Croatia

- Interaction of EU SAIs with citizens, including challenges the SAIs are facing in the current, fast-changing EU environment;
- Innovative approaches in interaction with citizens and their representatives in order to enhance the overall result, relevance and the whole auditing process of the SAIs.

2017: Luxembourg (ECA)

- Role of EU SAIs and their possible contribution to restoring public trust;
- Enhancing SAIs' communication with citizens, focused on building trust in national and supra-national government institutions, incl. new ways of presenting audit results.

2016: Bratislava, Slovakia

- EU energy policy and climate;
- Consequences of a fully integrated European energy market to design of future audits;
- Audits of implementation of the energy policy by the EU SAIs.

2015: Riga, Latvia

- European Fund for Strategic Investments – an initiative of the European Commission

³ For example, at the meeting in 2011, NIK presented the objectives and results of NIK's audit on the preparation of the Polish Government bodies for the Presidency of the EU Council; in 2014 – the results of the audit on preparations for implementing the Structural Policy 2014–2020; and in 2018 – on the management of the utilisation of the EU funds for 2014–2020 under the Cohesion Policy.

⁴ Understood as countries which EU Membership Application was formally accepted by the European Commission for examination. They are: Albania, Montenegro, North Macedonia, Serbia, Turkey.

⁵ Support for Improvement in Governance and Management is a joint initiative of the EU and the OECD.

⁶ For more information on the Contact Committee meetings see: E. Miękina: *Zebrańie Komitetu Kontaktowego – NOK otwierają się na potrzeby obywateli „Kontrola Państwowa” nr 6/2018* and previous articles.

and the European Investment Bank undertaken in order to provide risk support for long-term investments and increased access to risk-financing for SMEs and mid-cap companies;

- Prevention and fight against irregularities and fraud and SAIs' cooperation with law enforcement institutions;
- 2014–2020 multiannual financial framework in the light of the ECA landscape review of the risks to the financial management of the EU budget⁷;
- Accountability and public audit arrangements concerning banking supervision in the light of the banking union and the Single Supervisory Mechanism⁸.

2014: Luxembourg (ECA)

- Opportunities for enhancing cooperation between national SAIs and the ECA in the context of the European Parliament resolution on the future role of the Court of Auditors⁹ and the ECA landscape review of accountability and public audit arrangements;
- Role of SAIs in monitoring the implementation of the Europe 2020 Strategy¹⁰;
- Actions of SAIs in the field of the EU banking union;

- EU anti-corruption report of the European Commission, analysing the situation in each of 28 EU Member States.

2013: Vilnius, Lithuania

- The role of SAIs in improving accountability in the EU in the light of the 2014–2020 financial framework and the new financial regulation putting obligation on the Member States to submit declarations on the EU funds management ('management declarations') and independent audit opinions;
- Modifications to the functioning of the Contact Committee to enable it to react quicker to possible changes to EU economic governance.

2013: Luxembourg (ECA)

– extraordinary meeting

- Importance of appropriate audit and accountability arrangements in the Economic and Monetary Union and EU economic governance.

2012: Estoril, Portugal

- Challenges for SAIs in preparing for 2014–2020 financial framework;

⁷ Landscape reviews are products of the ECA which deal with broad themes based on the ECA's output and accumulated knowledge and experience. They are intended to serve as a basis for consultation and dialogue with the ECA's stakeholders and enable the ECA to make observations on important matters which usually might not be subject to audit.

⁸ In 2012 the European Commission proposed a Banking Union in order to strengthen the bank sector regulations. One of its elements is the oversight system for the banks, exercised since November 2014 by the European Central Bank along with relevant national supervisory authorities from the euro area under the Single Supervisory Mechanism.

⁹ EP resolution of 4 February 2014 on the future role of the Court of Auditors: <<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2014-0060+0+DOC+XML+V0//EN>>.

¹⁰ The strategy, initiated in 2010 by the European Commission in response to the financial and economic crisis, is aimed at improving EU competitiveness. Its five targets refer to employment, R&D, climate and energy, education, poverty and social exclusion. In 2014–2015 the European Commission conducted its mid-term review and decided to continue the strategy.

- European Public Sector Accounting Standards – plans to introduce them and implications for SAIs;
- SAIs' mandates to audit and access the banking sector financial supervisory authorities;
- Cooperation of SAIs and national statistical institutions.

2011: Luxembourg (ECA)

- Impact for EU SAIs of the European Semester¹¹ and other recent developments in EU economic governance taking place in response to the financial crisis;
- Revision of the EU Financial Regulation;
- European Stability Mechanism (ESM)¹².

2010: Luxembourg (ECA)

– chair: SAI of France

- Role of national Parliaments after the adoption of the Lisbon Treaty and cooperation with SAIs;
- Latest developments in the revised EU Financial Regulation envisaging e.g. the reinforcement of the Member States' obligations as regards the control and audit of EU budget execution.

2009: Budapest, Hungary

- Role of SAIs in assisting the government measures in response to the financial crisis;
- Threats to SAIs' independence;

- Common auditing standards and comparable criteria for audits of EU funds.

2008: Luxembourg (ECA)

- Role of SAIs in improving the accountability of EU funds in the light of the 2008–2009 EU budget review and audits of the implementation of the Lisbon Strategy¹³.

2007: Helsinki, Finland

- Risk management, tolerable level of risk and the integrated internal control system in the management of EU funds;
- Role of SAIs in improving the accountability of EU funds;
- Information policy and mode of planning of the Contact Committee work.

2006: Warsaw, Poland

- SAIs' contribution to the improvement of accountability of EU funds in the light of the European Parliament resolutions concerning discharge in respect of the implementation of the EU general budget and the European Commission documents on the integrated internal control framework envisaging changes to the EU funds control systems;
- SAIs' relations with the European Commission;
- Cooperation of SAIs and the ECA in the Court's audits in the Member States;

¹¹ European Semester is – since January 2011 – the EU's annual cycle of guidance and surveillance of economic policy of the EU Member States in order to detect any possible errors or inconsistencies.

¹² ESM is a permanent mechanism for protecting the financial stability of the euro area, launched in 2012. For more details see: E. Miękina: *Europejski Mechanizm Stabilności – nowe rozwiązania dla strefy euro*, „Kontrola Państwowa” No. 5/2012.

¹³ A long-term social and economic programme for EU, launched in 2000, to deliver a competitive, dynamically developing and knowledge-based economy, sustainable development, new jobs and better social cohesion. Its 2005 review showed insufficient actions at the EU level and failure of the Member States to implement the intended reforms.

- Internal organisation of the Contact Committee.

Activities of the Contact Committee working bodies

Every of the Contact Committee working bodies deals with a particular area concerning EU-related issues considered by the Heads of SAIs as notably important. Working groups and networks have a rather permanent character, while task forces are set up for more ad-hoc topics. Presently, the following working bodies are active:

- Working Group on VAT (Chair on a rotational basis: NIK since September 2018¹⁴) is a forum for the exchange of experiences on the functioning of the VAT system at EU level. It is divided into two Core Groups: No. 1 – deals with issues of the reverse charge mechanism and the split payment methods mechanism as tools for tackling VAT fraud, and No. 2 – deals with the monitoring of the development of the VAT anti-fraud strategy in the EU (the Core Group 2 takes up common activities, eg. in the e-commerce area). In 2018 NIK sent out a questionnaire to the group's members concerning the experience of EU countries in combating VAT fraud. Its results were presented at the plenary meeting of the WG on VAT in September 2018 in Warsaw.
- Network on Fiscal Policy Audit (Chair: SAI of Finland) was founded in 2008 to share information on the methodology and best practices in auditing national fiscal

policy. The network's mandate also encompasses issues related to the European economic governance, including Single Supervisory Mechanism and the Fiscal Compact¹⁵. Every year, the network organises seminars which allow SAIs to exchange experiences on the auditing methodology and audit results. The last meeting of the network was held in March 2019 and was focused on the transparency of fiscal policy and sustainable national fiscal policy.

- Network on Europe 2020 Strategy Audit (Chair: SAI of Portugal) was established in 2008 as a platform to help SAIs to assess the implementation of measures of the Lisbon/Europe 2020 Strategy, at both national and EU level. The network facilitates the exchange of information – for example, during the seminars – on best practices and experiences of SAIs as regards the implementation of the national guidelines of the strategy by the Member States. The network is presently elaborating a synthesis report concerning the SAIs' audit work on the Europe 2020 Strategy.
- Task Force on the European Banking Union (Co-Chairs: SAI of Germany and SAI of the Netherlands) was established in 2014 to prepare a coordinated audit on banking supervision and to conduct a mapping survey on the EU SAIs' national mandates in auditing the banking supervision. In 2017 the task force completed another audit on prudential supervision of medium-sized and small banks ('less significant') in the euro area after the introduction of

¹⁴ In previous years the Chairs were held by the SAIs of: Italy, Romania, Hungary, and the European Court of Auditors.

¹⁵ Fiscal Compact is the common name of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, signed in 2012 by 25 EU Member States in order to reinforce the budget discipline in the euro area.

the Single Supervisory Mechanism. The task force is currently performing a coordinated audit on European and national preparations for resolution of banks.

- Working Group on preventing and combatting irregularities and fraud has been operating since 2015 under the chairmanship of the SAI of Italy. The group focuses on key areas in preventing and combatting fraud; its objective is to promote uniform monitoring system in Member States and draw up proposals for improving the EU legislation. It cooperates with the European Anti-Fraud Office (OLAF).

- Expert Network on the independent assessment of national public economic policies was set up in June 2015 on the initiative of the SAI of Italy which chairs it. The network is to facilitate the exchange of experiences on how and with the use of which methods, the SAIs formulate their assessments. Most frequently, such an assessment is included in an SAI's annual report on the state budget execution audit.

- Joint Working Group on Audit Activities (JWGAA) (Chairs: SAI of Romania and the SAI of Sweden) comprises all members of the Contact Committee and the Network of SAIs of Candidate and Potential Candidate Countries (referred to later on). In the present shape it has been functioning since 2002 (earlier it used to facilitate the practical, small-scale cooperation). In 2004 the Contact Committee confirmed that the JWGAA was a key element of the post May 2004 EU

enlargement framework and its mandate was to foster cooperation between the Contact Committee and the Network of SAIs of Candidate and Potential Candidate Countries. The JWGAA provides the latter also with organisational and technical assistance, in cooperation with SIGMA, the ECA and other interested parties. The JWGAA facilitates the exchange of experience on financial audits or IT support in auditing process, among others.

Closed working bodies of considerable achievements

The already closed working groups have also contributed to the long-lasting achievements of the Contact Committee, for example:

1. Working Group on Structural Funds (Chair: SAI of Germany) was set up in 2000 to examine how the Member States analyse the management of Structural Funds. It was active till 2017 and by that time the group has carried out a number of coordinated audits¹⁶:

- *Arrangements for ensuring an adequate audit trail* (2002–2004) – the audit examined if the Member States had adequate control systems for assistance granted under the Structural Funds and if they implemented independent checks on at least 5% of transactions. The audit – comprised of national audits performed in 9 countries – generally confirmed the correct audit trail and reporting of the 5% check in compliance with the Commission Regulation No.

¹⁶ More about the rules of conducting such kind of audits see: B. Błasiak-Nowak, M. Rajczewska: *Udział najwyższych organów kontroli w pracach grupy roboczej Komitetu Kontaktowego ds. funduszy strukturalnych*, „Kontrola Państwowa” No. 2/2009.

438/2001, despite ambiguity of the Community legislation on the Structural Funds¹⁷;

- *Processes for identifying, reporting and following up on irregularities* (2004–2006)

– it was examined how the Member States met their obligations to detect irregularities when spending the Structural Funds, how they reported on the irregularities to the European Commission, and what actions were taken upon detecting such irregularities¹⁸;

- *Output/effectiveness of the Structural Funds programmes in the areas of employment and/or environment* (2006–2008)

– fourteen SAIs took part in the audit. The objective was to examine the implementation of the Operational Programmes co-financed with the Structural Funds and to assess their effectiveness¹⁹;

- *Costs of controls of Structural Funds* (2008–2011) – the audit was to assess the costs and benefits of carrying out controls as regards the management and control systems for the Structural Funds in the Member States²⁰;

- *Simplification of the regulations for Structural Funds* (2011–2013) – the audit's objective was to assess the impact on the Member States of the European Commission's simplification of provisions on

implementing, expending and settling of projects co-financed with the Structural Funds in 2007–2013 Cohesion Policy. The audit report comprises information on the simplification measures introduced in selected Member States, related benefits and weaknesses, conclusions drawn by the managing, certification and audit authorities and by the beneficiaries²¹;

- *Analysis of (types of) errors in EU and national public procurement within the Structural Funds programmes* (2013–2015)

– nine SAIs participated in the audit; its objective was to examine why beneficiaries failed to comply with public procurement rules. Each of the participating SAIs carried out its own audit and analysed irregularities detected by the national management and control systems. The comparison of the national results allowed for revealing related differences and similarities in the Member States²².

- *Contribution of the Structural Funds to the Europe 2020 Strategy in the areas of education and/or employment* (2015–2017)

– the audit assessed the effectiveness of the public administration activities with regards to preparation of the Operational Programmes, implementation of projects and achievement of results of spending funds on

¹⁷ Audit report: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/1959819/1959819_EN.PDF>.

¹⁸ Audit report: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/1959834/1959834_EN.PDF>.

¹⁹ Audit report: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/1959901/1959901_EN.PDF>.

²⁰ Audit report: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/8729516/8729516_EN.PDF>.

See also: B. Błasiak-Nowak, M. Rajczewska: *Szacowanie kosztów i korzyści działań kontrolnych*, „Kontrola Państwowa” No. 4/2011 or B. Błasiak-Nowak, M. Rajczewska: *Costs and benefits of carrying out controls connected with the Structural Funds*, ECA Journal No. 3/2012.

²¹ Audit report: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/Final%20report%20WGSF/FinalReportWGSF_EN.pdf>. See also: B. Błasiak-Nowak, M. Rajczewska: *Upraszczanie zasad wdrażania funduszy strukturalnych*, „Kontrola Państwowa” No. 6/2013 or B. Błasiak-Nowak, M. Rajczewska: *Simplification of the regulations in the Structural Funds*, ECA Journal No. 10/2013.

²² Audit report: <<https://www.nik.gov.pl/plik/id,8678,vp,10843.pdf>>.

boosting the jobs. The SAIs have also examined if the spending of funds contributed in an effective way to the achievement of goals of the Europe 2020 Strategy²³.

2. Task Force on European Public Sector Accounting Standards (Co-Chairs: SAI of France and SAI of Germany) was set up in 2013 to monitor the process, launched by the European Commission, to develop these standards. The task force was active in the working groups established by the European Commission on EPSAS governance. It was closed down in 2018, but the SAIs interested in this area are welcome to cooperate on an informal basis.

3. Network on National SAI Reports on EU Financial Management (Chair: SAI of the Netherlands) was created in 2013 on the initiative of the SAI of the Netherlands which used to draw up its annual report on EU financial management, including the management systems, assessment and audit of use of EU funds in the Netherlands and EU. In 2004 the guidelines on the structure of the national EU reports were developed²⁴. In the subsequent years more and more SAIs started publishing this kind of reports: firstly – the SAIs of Denmark, the Netherlands and the UK, and then – the SAIs of Austria, Croatia, Cyprus, the Czech Republic, Estonia, Germany, Hungary, Italy, Latvia, Lithuania, Slovakia and Slovenia²⁵. The network ceased to operate in 2016.

4. Task Force for assessing the CC cooperation framework (Chair: the ECA) was active in 2015-2016 and its task was to review and assess the strengths and weaknesses of the cooperation within the Contact Committee (notably since 2010), challenges for making the cooperation more effective, make proposals for meeting those challenges and determining the next steps. In 2015 a survey was conducted among EU SAIs. Its results allowed the task force to formulate conclusions and recommendations concerning the enhancement of cooperation within the Contact Committee.

5. Working Group on Common Auditing Standards and Comparable Audit Criteria based on internationally recognised auditing standards, tailored to the EU area was active in the years 2006–2010 as a forum of exchange of information on the audit results and related experiences. Its objective was to increase the EU SAIs' awareness of approaches to interpreting and applying international audit standards. The group drew up information documents on SAIs' practices in the field of auditing EU funds and policies based on INTOSAI²⁶ standards, including a review of general requirements for auditing EU funds, examples of good practices and information on the compliance and performance audits.

6. Working Group on Public Procurement was set up in 2004 with a task of developing

²³ Audit report: <https://www.eca.europa.eu/sites/cc/Lists/CCDocuments/The%20Working%20Group%20on%20Structural%20Funds%20VII%20final%20report/Final_report_CC-OR.pdf>.

²⁴ *Producing a National SAI report on EU financial management, November 30, 2004*: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/1959841/1959841_EN.PDF>.

²⁵ For more details see: J. Mazur: *Zebranie Komitetu Kontaktowego - najwyższe organy kontroli EU o polityce energetycznej i klimatycznej*; „Kontrola Państwowa” No. 6/2016.

²⁶ International Organisation of Supreme Audit Institutions, established in 1953, comprises audit institutions from 194 countries. NIK is the INTOSAI Board Member.

and administering a website dedicated to the audit of public procurement. The group drew up checklists for use in the financial audit of procurement and a guide on EU procurement rules, among others. Once it was closed in 2008, the Contact Committee set up a Public Procurement Updating Group which updated the results and data produced by the former working group, fulfilling its mandate two years later²⁷.

7. Expert Group on Audit Quality was active in the years 2002–2007. The group carried out its task by producing guidelines on audit quality for the supreme audit institutions²⁸.

8. Working Group on the Protection of the Communities' Financial Interests used to deal – from 2001 to 2003 – with identifying the Member States' statutory framework to protect the financial interests of the Communities, the structure and activities of the authority set up for this purpose, and with analysing the mandate and activities of SAIs to protect those interests. The group presented the outcome of its work in a report on the protection of the financial interest of the Communities²⁹.

A considerable contribution to the Contact Committee work was also made by – active in recent years – groups which are mentioned in the following chapter: Task Force on the tasks and role of external

public audit in the light of recent developments in EU economic governance (2012–2014); Working Group on public audit deficits (2011–2012); and Task Force to explore the possibilities for cooperation of EU SAIs with Eurostat and national statistical institutions (2011–2012).

EU economic governance-related activities of the Contact Committee

Since the financial and economic crisis in 2008, the co-operation within the Contact Committee has become more and more important for SAIs: new and planned arrangements in EU economic governance are increasingly alluding to external public audit and often have direct translation into SAIs' auditing activities. Sometimes the EU legislation lacks provisions on the public audit which should – in the opinion of SAIs – be there. Thus, the Contact Committee has been undertaking specific actions in response to the developments in EU economic governance.

In October 2011 the Contact Committee issued a statement on the impact of the European Semester and other recent developments in EU economic governance on the SAIs of EU Member States and the ECA³⁰, addressed to the European Parliament, the European Council, the European Commission and parliaments and governments of EU Member States. The attention was drawn to the impact

²⁷ Checklist for use in financial and compliance audit of public procurement: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/9532056/9532056_EN.PDF>. and EU public sector procurement Directive 2004/18/EC. Guideline for auditors: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/9532148/9532148_EN.PDF>.

²⁸ Guidelines: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/1959843/1959843_EN.PDF>.

²⁹ Report: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/1959874/1959874_EN.PDF>.

³⁰ Statement: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/8247951/8247951_EN.pdf>.

of new developments and arrangements in EU economic governance on the use of public funds, including the potential risk of the public audit gaps. The Contact Committee highlighted the importance of ensuring an effective public audit response to the financial and economic crisis and its aftermath.

In the same year the Contact Committee adopted also a resolution on the statement of the SAIs of the euro area on the external audit of the European Stability Mechanism³¹ (ESM), acknowledging their appeal for ensuring the adequate external public audit of the ESM. The resolution was addressed to the Presidents of the European Parliament, the European Council and the European Commission, as well as to the Secretaries General of EUROSAI³² and INTOSAI. Originally, the ESM had not provided for the participation of SAIs in audits of its activity, but the coordinated actions of the euro-area SAIs and the ECA, with the Contact Committee support, produced the notable result. The provisions on the functioning of the external audit of the ESM were introduced in the

implementing rules of the new version of the ESM Treaty of February 2012.

Proposals of new EU legislation concerning the cooperation with EU SAIs in the field of quality and reliability of national statistics³³ induced the Contact Committee to set up in 2011 a Task Force to explore the possibilities for co-operation of EU SAIs with Eurostat and national statistical institutions. The task force – co-chaired by NIK and the SAI of Denmark – drew up a report reviewing relations between the above-mentioned institutions, EU legislation and Eurostat's initiatives on the government finance statistics of a potential impact on SAIs, which specific proposals for enhancing the cooperation³⁴. Although the task force was closed down in 2012, the Contact Committee instructed the Liaison Officers to follow-up on its results. Consequently, in 2014 NIK carried out a survey among EU SAIs in order to examine their current cooperation with the national statistical institutions³⁵.

In 2011 the Contact Committee set up a Working Group on public audit deficits

³¹ Resolution CC-R-2011-01: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/8284839/8284839_EN.pdf>.

³² European Organisation of Supreme Audit Institutions has existed since 1990 and comprises 50 members. NIK is the EUROSAI Board Member.

³³ Such as the *Council Directive 2011/85 of 8 November 2011 on requirements for budgetary frameworks of the Member States* concerning internal control and independent audits of the public accounting systems of the general government – such audits could be performed eg. by the court of audits, and the *Regulation of the European Parliament and of the Council COM(2011)821 of 23 November 2011 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area* concerning comprehensive and independent audits of the accounts of the general government by the Member States in coordination with national Supreme Audit Institutions for the purpose of the EDP.

³⁴ Report: <https://www.eca.europa.eu/sites/cc/Lists/CCDocuments/11403789/11403789_EN.PDF>.

³⁵ For more details see: O. Leszczyńska-Luberek, J. Mazur: *Możliwości współpracy najwyższych organów kontroli i krajowych urzędów statystycznych państw UE w sprawach związanych ze statystykami opracowywanymi na potrzeby unijnej procedury nadmiernego deficytu*, „Kontrola Państwowa” No. 3/2013.

(occurring in EU economic governance eg. in case of the then planned Banking Union). The group – under the chairmanship of the SAI of the Netherlands – examined SAIs' mandate and access to the financial supervisory authorities³⁶.

Developments in the EU concerning new economic, fiscal and financial architecture were the reason why in 2012 the Contact Committee established a Task Force on the tasks and role of external public audit in the light of recent developments in EU economic governance. The task force compiled suggestions and recommendation for the Contact Committee so that it could react more effectively and early to new challenges for external public auditing. As a result, the so-called early warning mechanism (EWM)³⁷ was developed to enable EU SAIs to monitor developments in EU economic governance on an ongoing basis, with a focus on the legislative processes and public consultation procedures. Due to the EWM, the Contact Committee members have received information concerning eg. the European Parliament hearing on issues related to the control aspects of the VAT own resources, the European Commission analytical note *Preparing for next steps on better economic governance in the euro area* or its communication on the national declarations concerning the use of EU funds.

Wishing to express its support for the efforts of the European Council in strengthening the role of external public audit, in June 2013 the Contact Committee submitted a statement on importance of appropriate audit and accountability arrangements in the Economic and Monetary Union and EU economic governance³⁸ to Herman van Rompuy, the then President of the European Council. It highlighted the need of a comprehensive consideration of the role of external public audit in the field of EU economic governance e.g. by building a coherent audit and accountability framework and recognising the importance of external public audit in EU legislation.

Steps undertaken by the European Commission to develop the public sector accounting standards for EU Member States (EPSAS) induced the Contact Committee to extend its patronage over a seminar on the public sector accounting standards, organised in 2013 in Paris. It was the first time when EU SAIs had formulated their position as regards EPSAS, underlining the need for closer monitoring of developments possibly resulting in the harmonisation of the accounting practices in EU.

At the Contact Committee meeting in Riga in 2015, the Heads of EU SAIs decided to make a statement on ensuring fully auditable, accountable and effective banking supervision arrangements following the introduction of the Single Supervisory Mechanism³⁹. The statement

³⁶ Report: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/10112330/10112330_EN.PDF>.

³⁷ Resolution CC-R-2014-02: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/CC-R-2014-02/CC-R-2014-02_EN.pdf>.

³⁸ Statement: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/12111898/12111898_EN.PDF>.

³⁹ Statement: <http://www.eca.europa.eu/sites/cc/Lists/CCDocuments/CC_STATEMENT_2015/CC_SSM_statement_EN.pdf>.

drew attention to the existing audit and accountability gaps due to transferring banking supervision responsibility from the national authorities to the European Central Bank, and encouraged to raise awareness about the issue of ensuring adequate audit and accountability mechanisms. The statement was submitted to EU institutions and to the national parliaments and governments of EU Member States.

The coordinated audit – completed in 2017 by the Task Force on European Banking Union – on the prudential supervision of medium-sized and small banks ('less significant') in the euro area after the introduction of the Single Supervisory Mechanism found some audit gaps concerning eg. lack of information of the European Central Bank available to some SAIs or loss of mandate to audit these banks by some SAIs. Thus, the Contact Committee decided it was necessary to notify relevant European institutions of these conclusions and in 2018 issued a statement on deficiencies in the accountability and audit arrangements of the supervisory mechanism for banks in the euro area⁴⁰. The Contact Committee called on national governments and parliaments, as well as the European Parliament, the Council and the Commission of the European Union to strengthen the relevant arrangements.

Cooperation with SAIs of Candidate and Potential Candidate Countries

One of the Contact Committee strategic goals is to develop and facilitate – as far as possible – the cooperation on the development of EU auditing with SAIs of those countries which are to become members of the European Union. The Network of SAIs of Candidate and Potential Candidate Countries comprises presently the SAIs of Albania, Montenegro, North Macedonia, Serbia, Turkey (candidate countries, participating in the Contact Committee meetings as observers), Bosnia and Herzegovina (potential candidate country), the ECA and Kosovo⁴¹ (observer). The network drew up a good practice guide on the twinning projects⁴².

An important forum of their active cooperation with EU SAIs and the ECA is the aforementioned Joint Working Group on Audit Activities. A number of conferences, meetings, seminars and workshops on relevant topics in auditing field were organised in cooperation with the ECA, SIGMA and/or other EU SAIs.

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⁴⁰ Statement: <https://www.eca.europa.eu/sites/cc/Lists/CCDocuments/CC_STATEMENT_2018/CC-STATEMENT-SSM-DEFICIENCIES-EN.pdf>.

⁴¹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

⁴² *Making Supreme Audit Institution Twinning Successful*: https://www.eca.europa.eu/Lists/ECADocuments/TWANNING/TWANNING_EN.PDF.