

European Court of Auditors

The 17th Meeting of INTOSAI WGEA 24.-27.10.2016

Suggestion for a presentation on the topic “How to improve the quality and impact of the environmental audits”

Environmental audits carried out by European Court of Auditor: examples of impacts

The presentation deals with several recent environmental audits conducted by the European Court of Auditors (ECA). It presents audits from various policy fields (agriculture, infrastructure, climate policy) and discusses the impact of an audit on risk taking, the media attention, a self-critical perspective of EU's own actions in climate policy field and introduces a tool to identify topics that are audited less. The examples represent different kind of approaches: audit of control systems, performance audit on value for money, and a broader landscape review. Also the innovative methods used in audits are highlighted.

The Control systems governing the production, processing, distribution and imports of organic products (Special report 9/2012)

The audit concentrated in the control systems assuring that organic farming is really organic. The main risk in this area where consumer confidence is essential is that very quick increase in demand for organic products may lead to a situation where conventional products are sold as organic at a higher price.

The audit found that competent authorities in Member States encountered difficulties in ensuring the traceability of the organic products. Traceability was even more difficult to achieve for products crossing borders. The competent authorities did not sufficiently fulfil their supervisory over control bodies and the Commission did not give enough priority to supervision activities, including audits.

The audit concentrated on control systems but also some substantive testing was made. A traceability sample was made for 85 products available in shops, and laboratory tests on pesticide levels were carried out on 73 products. In vast majority of cases there was no problem, but also a fraud case was found.

The EU Commission's own risk analysis had regarded organic farming a low-risk area and ECA recommended that the EU Commission should strengthen its monitoring on Member States' control systems. After the audit, the Commission assessment of the risk of organic products changed from low to critical and in 2014, Commission prepared a new legal framework on organic farming.

EU funded airports: poor value for money (Special Report 21/2014)

The ECA analysed EU-funded investments in airport infrastructure and examined e.g. whether there was a demonstrated need for these investments. Even if the environment was not the focus of the audit, the environmental links to an oversized infrastructure are evident. This audit has received most media attention among the ECA audits.

ECA audited 20 airports receiving EU funding and found that in 13 cases the funding is provided to airports in close proximity to each other. This produces poor value for money and resulted in oversizing of the EU-

funded infrastructures and in over-capacity. EU-funding was no cost-effective and seven of the airports are not profitable and may need to be closed unless they receive continuous public support.

The audit methodology included analysis of the catchment area of an airport, which is the area of influence of the airports. For the analysis auditors used the latest Eurostat data available on current road connections, traffic speed data, population and potential tourist numbers. The overlaps of catchment areas were analysed by applying a uniform criterion of 120 minutes' driving distance. Although accessibility was claimed the main reason for investing in regional airports, 82% of the residents living with 2 hours from the audited airports have already access to at least another airport as close. These results were well visualized with maps of the catchment areas of individual airports.

Performance audit on how the EU institutions and bodies calculate, reduce and offset their greenhouse gas emissions (Special report 14/2014)

The EU is a major player in fighting the climate change. For its policy to be credible, it is important that the EU Institutions lead by example. In this audit, ECA took a self-critical approach by auditing how the EU Institutions as public administrators calculate and reduce their own greenhouse gas (GHG) emissions.

According to the audit, six of the 15 audited institutions did not report their emissions in 2012, and those doing so did not calculate the full extent of these emissions. As a consequence, the full carbon footprint is not known. This undermines the credibility of reporting and mitigation efforts.

Evidence about falling emissions exists only for energy consumption of buildings, but other emissions, notably those caused by mobility are insufficient in order to identify a clear trend. The overall reductions are largely attributable to the purchase of electricity generated from renewable sources. The audit also found out that the EU institutions do not make full use of the environmental management tools.

The ECA recommended EU Commission to propose a common policy for reducing the carbon footprint of the EU institutions, including a quantified reduction target for GHGs and harmonised reporting. Also the full use of tools related to green public procurement was strongly encouraged.

Landscape review on energy and climate policies (publishing in 2017)

The ECA launched in June 2016 a landscape review on the EU energy and climate policy. The landscape review is not an audit but instead it aims to provide a horizontal view of what the EU is doing in this field and what the SAIs (both the ECA and 28 EU Member State SAIs) have audited to date. Landscape review builds on previous findings and aims at recognising audit topics that have been audited less than others. It informs the debate and helps to identify future audit topics within the ECA. It will possibly also be useful for the needs of the EU national SAIs.