Future role of the Court of Auditors. Procedure for the nomination of Members of the Court of Auditors: consultation of the European Parliament

2012/2064(INI) - 04/02/2014 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on the future role of the Court of Auditors. The procedure on the appointment of Court of Auditors' Members: European Parliament consultation.

Parliament recalled that under Article 286 of the Treaty on the Functioning of the European Union, the Members of the Court of Auditors must be chosen from among persons who belong or have belonged in their respective Member State to external audit bodies or who are especially qualified to hold the office in question, and whose independence is beyond doubt.

Moreover, it stated that some appointments have given rise to **differences of opinion between Parliament and the Council**, the persistence of which risks harming the good working relations of the Court with the aforementioned institutions. It recalled in particular that the Council's decision to appoint Members to the Court of Auditors in cases where Parliament has held hearings and expressed unfavourable opinions is incomprehensible and shows a **lack of respect for Parliament**.

It is for this reason that Parliament proposed a new procedure on the appointment of Court of Auditors' Members based on the **European Parliament consultation** according to strictly defined criteria.

Parliament's vision for the ECA and its operating principles: Parliament considered that the Court should operate according to the following criteria:

- the Court should remain committed to independence, integrity, impartiality and professionalism, while building strong working relationships with its partners, particularly the European Parliament;
- the Court should be able to present to the discharge authority a midterm review and a summary report in addition to the annual DAS on the **final performance of a programming period**;
- the Court should devote more resources to the examination of whether economy, effectiveness and efficiency have been achieved in the use of the public funds entrusted to the Commission: the results of the findings obtained in Special Reports should imply corresponding adjustments in EU programmes;
- the Court, without prejudice to its independence, should form its opinion on the basis of the materiality threshold rather than the tolerable error rate alone, since this appears to be more in line with international audit standards;
- despite increased advisory collaboration with Parliament and the Council, the **Court should, independently of political or national influence, itself decide on its annual work programme**;
- the Court should to take into consideration the issues of major interest to EU citizens;
- closer cooperation between national audit institutions and the European Court of Auditors in connection with the auditing of shared-management arrangements;
- the Court should synchronise its multiannual work programme with the MFF and include a midterm review, as well as a comprehensive review of the Commission's closure of accounts, regarding the respective MFF;

- economies of scale and scope could be achieved by a thorough analysis of the resource needs of the Court's Members (Members called on the Court to regularly communicate statistics on the presence of Members at its seat in Luxembourg to Parliament's Budgetary Control Committee);
- an independent **public** external control report on the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM).

Parliament considered that the Court is in a pre-eminent position to provide the legislator and the Budgetary Authority, especially Parliament's Budgetary Control Committee, with valuable opinions on results achieved by the Union's policies, as well as spillover effects among national policies of Member States.

The procedure on the appointment of Court of Auditors Members: Parliament stressed the **need for a Treaty change putting the Council and Parliament on an equal footing when appointing Members of the Court of Auditors**, in order to ensure the democratic legitimacy, transparency and complete independence of the Members of the Court of Auditors. The Council should, in the spirit of good cooperation among the European Institutions, respect decisions taken by Parliament subsequent to its hearing. Parliament called for the European Parliament, under the next review of the EU Treaty, to be made responsible for the **selection of ECA Members on a proposal from the Council**.

Parliament took the view that the present geographic representation rule relating to high-level management, according to which there may be one Member per Member State, has by far outlived **its initial usefulness and credibility**, and that it could be replaced by a light management structure. Therefore, it proposed that the Court should have the same number of Members as the Commission. Members should have, at the least, professional experience of auditing and management and be especially qualified for their function, and their independence must be beyond doubt.

In parallel, Parliament proposed a new appointment method regarding the candidates for membership of the Court of Auditors. It shall be based on the following principles, selection criteria and procedures:

- hearings will be public and the discussions will be relayed via video;
- Parliament will take its decisions on the basis of the majority of the votes cast at the plenary sitting, and its **opinion must be respected by the Council** (in the case of a negative vote , the candidate should withdraw their candidacy);
- high-level professional experience acquired and high standards of integrity and morality of the candidate (Members should not be over 67 years of age at the time of their appointment);
- they should not serve more than two terms of office.

Lastly, Parliament called on the Council to undertake to:

- present Parliament with at least two candidates from each Member State, one being a woman and one being a man;
- frame its proposals in such a way as to comply fully with the criteria set out in Parliament’s resolutions;
- pass on any information concerning nominations which it has received from Member States on the understanding that if it were to withhold information, Parliament would be obliged to conduct its own inquiries;
- avoid withdrawing nominations and submitting new ones which take account of new proposals made by Member States that are **motivated exclusively by political criteria** and respect, if such a case arises, Parliament’s unfavourable opinion of the situation, and **propose a new candidate**(s).

It should be noted that an alternative resolution presented by the S&D group was rejected in plenary.