



Council of the
European Union

Brussels, 21 November 2017
(OR. en)

14658/17

AGRI 640
AGRIFIN 118
FIN 744

OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council
To: Permanent Representatives Committee/Council
Subject: Special Report No 7/2017 from the European Court of Auditors entitled
"The certification bodies' new role on CAP expenditure: a positive step
towards a single audit model but with significant weaknesses to be
addressed"
-Council conclusions (20 November 2017)

Delegations will find in the annex the Council conclusions on:

Special Report No 7/2017 from the European Court of Auditors entitled "The certification bodies' new role on CAP expenditure: a positive step towards a single audit model but with significant weaknesses to be addressed"

adopted by the Council at its 3577th meeting held on 20 November 2017.

COUNCIL CONCLUSIONS

on Special Report No 7/2017 from the European Court of Auditors' entitled:

"The certification bodies' new role on CAP expenditure: a positive step towards a single audit model but with significant weaknesses to be addressed"

THE COUNCIL OF THE EUROPEAN UNION

- (1) WELCOMES the Court's Special Report 07/2017, which examines the framework set up to enable national certification bodies to form their opinions in line with EU regulations and international audit standards;
- (2) REAFFIRMS the Council conclusions of 13 October 2014 on the European Court of Auditors' (ECA) special report on 'the reliability of the results of the Member States' checks of the agricultural expenditure', in particular the need for cost-effectiveness of control and audit through a risk-based approach, avoiding an increase of the administrative burden on the Member States and ensuring clear Commission guidelines for implementing adequate control systems.¹
- (3) RECALLS the Council conclusions of 15 December 2014 on 'the error rate for agricultural expenditure'² and CALLS upon the Commission to appropriately involve the Member States' paying agencies and certification bodies in providing the most accurate assessment of the level of error in the expenditure of the Common Agricultural Policy;

¹ Doc. 14553/14.

² Doc. 16798/14.

- (4) UNDERLINES the Council's support to the "single audit" model as the right way to obtain assurance as to the legality and regularity of expenditure at Member State level and ACKNOWLEDGES the importance of the certification bodies' work in this regard in terms of helping Member States to strengthen their control systems and to reduce audit and control costs as well as providing the Commission with independent additional assurance as to the legality and regularity of expenditure;
- (5) NOTES the Commission's support to the single audit model, as confirmed by its proposal for Article 123 of the new Financial Regulation³ and CONSIDERS that this model is already allowed under the current legal framework for the management and control of agricultural expenditure⁴;
- (6) REMAINS CONCERNED that the additional audit obligations on certification bodies introduced by Regulation (EU) 1306/2013 may increase their workload and STRESSES, therefore, that guidelines should clearly demarcate the work requirements of certification bodies so as to avoid an increase of administrative burden;
- (7) CALLS upon the Commission to continue to fully involve the Member States in the elaboration of guidelines with clarification and guidance in respect of the certification audit to be performed and the determination of the reasonable level of audit assurance to be achieved from audit testing in order to best implement the single audit model, acknowledging certification bodies' ability to plan and carry out their audit according to risk and materiality;
- (8) UNDERLINES in this regard that the Commission's guidelines should provide certification bodies' adequate clarity as to their role in the single audit model.
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³ Doc. 12187/16.

⁴ Regulation 1306/2013.