

## Speech by Giuseppe Carbone (13 October 1997)

**Caption:** Speech by Giuseppe Carbone, doyen of the heads of the national audit institutions of the European Union, concerning cooperation between the European Court of Auditors and the national audit institutions. The speech was delivered on 13 October 1997 during a ceremony to mark the 20th anniversary of the European Court of Auditors, held in the new hemicycle of the European Parliament.

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## Speech by Mr Giuseppe Carbone, doyen of the heads of the national audit institutions of the European Union

As doyen of the heads of the supreme audit institutions of the European Union, it is a great honour for me to be able to speak here today at this solemn ceremony and give my best wishes to the European Court of Auditors as it celebrates its first 20 years of activity.

Over the last 20 years, the Court has shown ever increasing vitality and, with the Treaty of Maastricht, was given the title of 'Institution' of the Union. This happened neither by chance nor as a gracious concession. It was the result of the capacity that the Court has shown of always being able to amalgamate (and make the best of) the various experiences and the different audit strategies and 'philosophies' that it has had to take on board as the result of the successive contributions of new members of the Union, and which it has had to take into consideration in order to reshape its own activities, whilst taking into account, on the one hand, the objectives that have been progressively included in the culture(s) of audit and, on the other hand, the need to give constant attention to the pursuit of the economic and political objectives of development.

After all, the Court was born and has grown in symbiosis with the development of the European democracies, in all of which auditing is responsible, in different forms and in different ways, for verifying the activities of public administration and management, with the twofold aim of improving results and accounting to the taxpayer (the citizens, public and private organisations and, in the case of the European Union, the Member States themselves) for the utilisation of public funds by the authorities responsible for management.

We, the representatives of the Union's supreme audit institutions, have all looked on, with attention and interest, at the innovative and often experimental shoots that the young Court has been able to graft on to the consolidated and reassuring tradition of administrative/financial audit that was at its origin. It is an extra gear - the fifth gear needed to speed along the road towards an efficient and effective audit activity, watchful over the sound management of the Union's finances and over the degree of achievement of the economic/political objectives that I mentioned earlier.

Yesterday we firmly hoped to see and today we can see the consolidation of the function of the Court of Auditors as a reference body for the Parliament of the Union, the political expression of the initiatives and aspirations for economic progress of the citizens of our continent.

We feel that the relationship of cooperation that has developed, each with different roles and functions, between the Court and the Commission and the Court and the national authorities is beneficial for the sound management of the finances of the Union - no conflicts, but a search for well-pondered solutions to the benefit of the taxpayer. The Treaty requires the Court's audits in the Member States to be carried out in liaison with the national audit institutions or, where these are not competent, with the national authorities that are. A tight network of relations has therefore developed between the European Court of Auditors and its national counterparts. Some of these relationships have been formalised in specific agreements, but, even where this is not the case, they are maintained by the heads of all the European institutions and have, to a certain extent, been formalised via the meetings of the liaison officers and the Committee of NAI Heads.

These results have emerged after a long series of joint and coordinated audits, for example in the field of agriculture and fisheries, or via an abundant series of studies on specific audit procedures, like the recent ones on Articles 92 and 93 of the Treaty concerning aid to undertakings, or in the difficult field of the implementation of the Community directives on public contracts.

In these delicate fields, as the result of joint or coordinated audits or via joint studies that are creating a harmonious audit culture throughout the Union, the supreme audit institutions work in a cooperative and constructive spirit, one that rejects the European desire to find exhaustive answers in every sector for the difficulties that do, of course, exist. I would summarise these difficulties as follows: few or none are insoluble; most are resolvable; tangible studies are under way for the few cases still under analysis.

I would also like to mention another experience that has lasted 20 years or more and is still under way and which involves both the Court and the supreme audit institutions of the countries of the European Union. I say 'more than 20 years' because, even before the creation of the Court of Auditors had been approved in Brussels, the heads of the supreme audit institutions of the then nine Member States of the EEC started up a fruitful dialogue centred essentially around acquiring a full knowledge of the structures, powers and workings of the institutions in question. This led to the founding, on an informal basis, of the Committee of NAI Heads, in which the representatives of the Court and the other supreme audit institutions have met (and continue to meet) every year. The mutual relations between the various supreme audit institutions have developed around this committee - a knowledge of constitutional systems, audit structures, exchanges of experience, coordinated enquiries, the assertion of the independence and autonomy of the audit function, the recognition of the Court as an 'institution'. Working together has enabled us to break down barriers of diffidence (dissolving arrogant attitudes and presumptions of superiority) and has led some of us to champion and witness the implementation of a different sort of audit in our own countries - one that is closer to those of the other countries of the Union.

It is this, I believe, that is the most valuable result of the Court of Auditors' first 20 years. The circulation and pooling of our national experiences, together with the ongoing construction of a European audit in which all the Member States have been asked to share, have generated a veritable osmosis between national and Community audit systems. As a result, countries like Italy, which have a long tradition of *ex ante* audits, based merely on the legality of administrative acts, have moved slowly but progressively over this period of 20 years towards an *ex post* type of audit on the results of management activities, so as to measure not only legality, but also efficiency, effectiveness and economic viability. In the same way, the Court, which has always carried out *ex post* checks on the Community's finances, has, for some time, been meditating on the usefulness and, at this point, on the inevitability of an audit that can assess more closely the compliance of management with the rules of Community law as well as with the rules of sound financial management, as has traditionally been the case.

I might also mention the other debate that has been started by some audit institutions with regard to the possibility of their being granted (judicial or quasi-judicial) powers to take action against parties who have administered the resources entrusted to them badly. As you know, some national audit institutions have already had such powers for a long time and, in these cases, although the audit and judicial functions are, by their very nature and characteristics, strictly separate, they work together and support each other in the sole interest of better management of public resources.

In this process of osmosis and convergence between systems, which has enriched us all, we have recently been joined by many of the States of central and eastern Europe, which have designed their national audit of public finances in accordance with the independent, neutral and democratic type of audit found in the Member States of the Union and in the Union itself. With a far-sightedness that honours all the audit institutions represented here today, as early as 1989 (the year before the Berlin Wall came down) those countries were associated with the Eurosaï project, which gathered all Europe's supreme audit institutions into one organisation.

After this, managed by others, there came politics, economic relations, Community programmes for financing the eastern countries, and the Court of Auditors broadened the geographic scope of its audits.

It is the prerogative of a youth to be present, to innovate and, to develop. The Court has the vitality of a 20-year-old.