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Evaluating the evaluators: holding the European Commission to account through audit

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03.11.2022 Prague



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Evaluation V Performance audit

Evaluation and Performance audit: points in common

- Evaluations and Performance audits both involve:
 - » examining policy design, implementation and outcomes
 - » an assessment of economy, efficiency and effectiveness
 - » similar knowledge, skills and experience
 - » similar data collection and analyse methods

Evaluation and Performance audit: main differences

Mainly the context in which they take place and the purpose of each:

- Performance audit:
 - » Is superimposed on the Commission's accountability framework
 - » Is carried out by independent auditors
 - » Does not (at the ECA) aim to deliver comprehensive evaluations of EU activities
- Evaluation:
 - » Is an important element of the Commission's internal control system
 - » Is carried out and/or overseen by the Commission
 - » Contributes to the design of interventions as well as accountability
- Performance audits will include evaluative elements and use evaluations where relevant (as a baseline, to corroborate audit findings...)



The ECA's audit of the Commission's evaluation system

ECA 2018 audit of the Commission's evaluation system

Positive findings

Overall, the Commission's evaluation system compares well with that of OECD countries:

- The Commission created (and updated) an online toolbox for better regulation, which includes evaluations (design, criteria etc.)
- The Commission set up a seven person Regulatory Scrutiny Board, a semi-autonomous quality assurance body within the Commission, for impact assessments and evaluation (on a sample basis)
- The ECA's own comparative research of the evaluation systems of 32 countries showed that the Commission's system is of high quality

ECA 2018 audit of the Commission's evaluation system

Opportunities for improvement

We found that:

- evaluation is not always built in to legislation (no review clauses)
- the expected output of review clauses is not always clear (type of product expected and timing)
- there is a lack of monitoring clauses to generate data to support evaluations
- methodological and data limitations are not always made clear in reports
- the “evaluate first” principle is not respected in a quarter of cases

We recommended the Commission conduct a gap analysis of data collection and management capabilities and set minimum quality standards for all ex-post review products (these have been implemented).



The ECA's audit methodology and approach

ECA's audit standards and methodology

- The ECA is a member of INTOSAI and follows its Audit Standards
- Art. 33 of the EU's Financial Regulation states that sound financial management is comprised of:
 - » Economy,
 - » Efficiency,
 - » Effectiveness.
- Auditors (1) assess risks to the attainment of these principles and (2) develop questions/focus the audit accordingly.
- A performance audit can focus on auditing performance directly and/or on auditing control systems.

Auditing performance directly

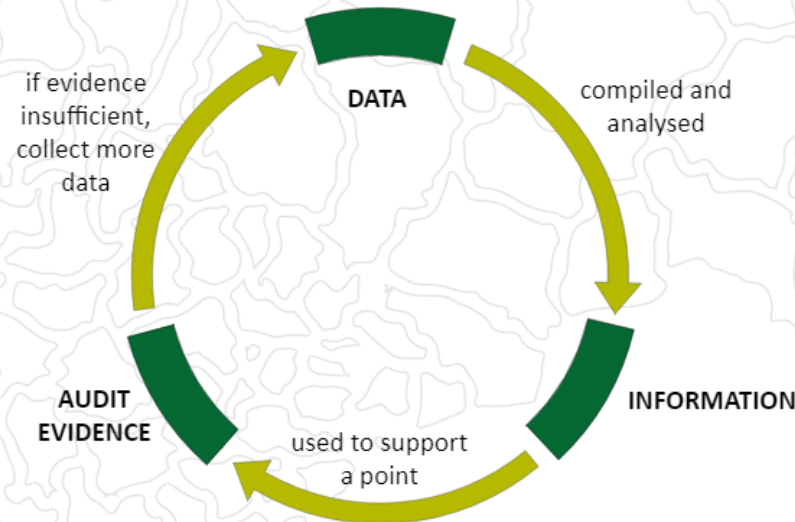
- Assumes that if satisfactory performance is achieved, there is low risk of serious problems in the programme's design or implementation
- concentrates on inputs , outputs , results and impacts
- Such audits may assess implementation, attainment of objectives and/or any negative externalities (economic, financial, environmental etc.)
- Where performance achieved is found to be unsatisfactory, the activity and control systems are then examined to identify the related causes.

Auditing control systems

- Objective: determine whether auditees have designed and implemented management and monitoring systems so as to optimise economy, efficiency and effectiveness.
- We analyse, review and test the key components of such systems to consider (among other):
 - » their consistency with the policy objectives
 - » the production of timely and relevant information on inputs and outputs
 - » choice of indicators and data sources/collection method
 - » remedial actions taken when problems arise

Audit evidence

To answer our audit questions, we obtain sufficient, relevant and reliable evidence.



- Sufficiency is the measure of the quantity of audit evidence,
- relevancy is the ability to answer the audit objective or assertion,
- reliability relates to credibility and consistency

The evidence should allow reaching a conclusion with reasonable assurance.

Audit outcomes: findings and recommendations

- Audit findings are based on the specific evidence gathered to answer the audit questions and verify the stated hypothesis.
- They are the result of a comparison of the observed situation with the expected situation.
- We aim to conclude our work with relevant, useful, practical and cost-effective recommendations to help improve EU financial management programmes' performance.
- We make recommendations that:
 - » address the cause of problems identified in the audit,
 - » provide feasible, practical and cost-effective remedies;
 - » address the entities with the responsibility and competence to act;
 - » state clearly who needs to do what, and by when;

A faint, light gray outline map of Europe serves as the background for the slide. The map shows the major landmasses of Europe, North Africa, and Western Asia, with internal borders between countries also indicated by thin lines.

Case studies: ECA audits on cohesion policy

ECA 2018 audit on selection and monitoring systems for cohesion funds (2014-2020)

We concluded that the design of selection procedures emphasised outputs and absorption rather than results:

- selection criteria seldom required applicants to define quantified result indicators at project level,
- monitoring systems had only become functional at a late stage,
- monitoring information remained mostly output-oriented, rather than focus achievement of results.

We recommended Member States should have a truly results-oriented project selection process (e.g. applicants should define a baseline and target for projects, with indicators etc.); include quantified result indicators in grant agreements

ECA 2021 audit on performance-based financing in cohesion policy (2014-2020)

We concluded that performance-based financing is not yet a reality in Cohesion policy:

- New funding models based on verified performance or outputs were optional and limited to specific areas.
- Ex-ante conditionalities for performance-based payments were often unclear
- The “performance reserve” was linked to implementation more than performance (e.g. reaching spending targets).

We recommended better monitoring of Member States’ fulfilment of ex-ante conditionality and using lessons learnt from the 2024 evaluation of Member States’ use of RRF funds

Thank you for your attention.

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