

INVITATION TO SUBMIT EVIDENCE TO THE BALANCE OF COMPETENCES REVIEW ON ENLARGEMENT

UK NATIONAL AUDIT OFFICE

How effective has EU financial and technical assistance been in helping candidate countries prepare for EU membership?

The Twinning Device

Acceptance of Acquis and Conditionality by Applicant Countries is paramount in any EU intervention. Ultimately it is the Beneficiary who decides how effective it will be.

Key Themes

One of the key themes of NAO inputs in some ten Candidate Countries who subsequently joined the EU (including Latvia, Lithuania, Hungary, Poland, Slovenia, Croatia) was in providing both awareness and practical training to their bodies, usually the State Audit Offices, Internal Audit or Ministry of Finance staff, who would be responsible for ensuring that the large amounts of EU funding that they would start to receive would be effectively managed by their respective Government Departments. Moreover to ensure that their own audit methodologies were in line with EU expectations, Auditing Standards etc., and that they had staff who were suitably trained to carry out such work.

In many of the countries this meant a fundamental change from the way in which audit had previously been carried out: a move away from simple "error finding/blame culture" to a more constructive approach that looked at and identified control weaknesses and then made relevant recommendations for change.

The spin-off from this work was that the respective Government Departments who were managing the EU funds were also made fully aware of their responsibilities, and a far more co-operative approach was encouraged between those Managing Authorities and the Audit body with the overall aim of avoiding disallowance of Funds because of weaknesses in Management controls that might be identified by EU Audit Inspections.

Overall, the NAO feels that the inputs we provided were well received and opened up new methodologies, awareness and related training for those countries to develop. It was also rewarding to work alongside such audit bodies and evidence how well they developed and have continued to develop, introducing similar methodologies and related training across all aspect of their audit/inspection activities, not just the examination of EU funds.

Comments on Individual Projects

Lithuania (2002-2005)

With full acceptance of Acquis and Conditionality, the twinning projects delivered modern financial audit and performance audit and improved external accountability. Importantly, growth has continued since Twinning.

Turkey

1. Strengthening the Audit Capacity of the Turkish Court of Audit - 2005 to 2007

The EC's external evaluation of twinning in Turkey (2006?) identified 10 areas of best practice from twinning projects implemented in Turkey of which five came from this twinning project.

2. Strengthening Public Financial Management and Control - 2009 to 2011

A blurred focus by Beneficiary on Acquis and Conditionality resulted in good technical transfer (and acceptance) of knowledge and skills at operational level, yet minimal impact on the public sector PIFC as a whole. We identify two possible reasons from the EU perspective: a) the Twinning Project was treated as a 'technical' matter only and not actively and concurrently supported by the donor within the wider reform process; and b) the concept of 'devolved EU management' to Beneficiary Countries added further bureaucratic hurdles, partly deflecting attention of Beneficiary and Provider from delivering the mandatory results.