STATEMENT OF ASSURANCE BY THE COURT OF AUDITORS ON THE 6th, 7th, 8th AND 9th EUROPEAN DEVELOPMENT FUNDS (EDFs) FOR THE FINANCIAL YEAR 2006

(2007/C 260/02)

I. The European Court of Auditors (the Court) has examined the accounts of the sixth, seventh, eighth and ninth EDFs and the underlying transactions for the financial year ending 31 December 2006. These accounts comprise the financial statements, the reports on financial implementation, and the financial statements and information supplied by the European Investment Bank (EIB) (1). Pursuant to the financial regulations the Court is required to provide the European Parliament and the Council with a Statement of Assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions in respect of the part of the EDF resources for whose financial management the Commission is responsible (2). The Court carried out the audit in accordance with its auditing policies and standards. These are based on generally accepted international audit standards that have been adapted to the context of the EDFs. The Court thus obtained a reasonable basis for the opinions expressed below.

Reliability of the accounts

II. The Court is of the opinion that the reports on financial implementation for the financial year 2006 and the financial statements at 31 December 2006 reliably reflect the revenue and expenditure relating to the sixth, seventh, eighth and ninth EDFs for the financial year and their financial situation at the end of the year. Without qualifying the above opinion, the Court draws attention to:

(a) the fact that the validity of the assumptions used for the estimate of the provision for invoices to be received has not been demonstrated by the Commission;

(b) the overstatement of the amount of guarantees disclosed in the notes to the financial statements.

Legality and regularity of the underlying transactions

III. In view of the results of its audit, and except for the matter expressed in paragraph IV, the Court is of the opinion that the transactions underlying the revenue, allocations, commitments and payments for the financial year are, taken as a whole, legal and regular.

IV. The Court’s audit revealed a material incidence of errors affecting underlying transactions authorised by Delegations.

V. With regard to budget aid, and without further qualifying the above audit opinion, the Court’s audit revealed that Commission’s disbursement decisions do not demonstrate in a sufficiently formal and structured manner that there is compliance with the Cotonou Agreement.

(1) Pursuant to the provisions of Articles 96(1), 100, 101 and 125(2) of the Financial Regulation applicable to the ninth EDF; in practice, this refers, firstly, to the balance sheets and associated statements prepared by the Accounting Officer and, secondly, to the management accounts comprising the tables prepared by the principal Authorising Officer in consultation with the accountant. These financial statements are presented for each of the four EDFs and in a comprehensive, consolidated form. The financial statements and information supplied by the EIB are not covered by this Statement (see footnote 2).

(2) Pursuant to Article 103(3) of the abovementioned Financial Regulation; taken together with Article 1 of the same Regulation, this means that the Statement does not extend to the part of the ninth EDF resources that is managed by the EIB and for which it is responsible.
VI. Despite the progress made by the Commission as regards its supervisory and control systems, the Court’s audit revealed that some systems should be improved and an overall control strategy developed to ensure a more efficient and effective implementation of the supervisory and control activities. The Court notes that many of the issues raised in its report are being addressed by the Commission and welcomes the positive response given by the Commission to its recommendations.

27 September 2007

Hubert WEBER
President

European Court of Auditors

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