

Joint Training Event of the Contact Committee and the EUROSAI: Experience with the development and carrying out CAP audits

*Tribunal de Contas of Portugal and
the audit of CAP, including a
performance perspective*



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Introduction

- Recent developments in Performance audit;
- Performance audit and the *Tribunal de Contas* of Portugal;
- Audit of European funds and of CAP in particular.

The mandate of *Tribunal de Contas* of Portugal

- The Portuguese Constitution and *Tribunal de Contas* as the Supreme Court of control of public expenditure and revenue;
- Main functions, jurisdiction and powers of financial control;
- Powers of the Court to appreciate the legality, economy, efficiency and effectiveness of the financial management and ensure the examination of the national co-partnership regarding the resources for the European Union and the application of financial resources provided by the European Union;
- Cooperation with the SAI's, with the ECA and with internal control bodies.

Some recent incursions of *Tribunal de Contas* of Portugal in the audit of CAP, including a performance view

- Average of two audits on Agriculture Funds per year since 2004.
- Some performance results:
 - a. IACS – Integrated Administration and Control System;
 - b. Tomato Processed Products;
 - c. FIGG – Financial Instrument for Fisheries Guidance (Azores);
 - d. Paying Agencies in the EAGGF sector;
 - e. OP for Fisheries – CSF III;
 - f. Governance and control models on OP for Rural Development, OP for Fisheries and EAGF aids – 2007/2013.

Some recent incursions of *Tribunal de Contas* of Portugal in the audit of CAP, including a performance view (cont.)

➔ IACS – Integrated Administration and Control System

Key Conclusions

- In 2004, Portugal had two different agencies responsible for the management and payment of agriculture aids (one for Guarantee, one for Guidance);
- The costs of control in the framework of IACS were dispersed for various organic units and the records of those costs were very difficult to evaluate.

Court's recommendation

- The payment agencies should conceive and put in place a reliable system allowing to record times related to controls, at a central and also at a decentralized levels. This system should assure that data on costs of control were coherent and complete.

Some recent incursions of *Tribunal de Contas* of Portugal in the audit of CAP, including a performance view (cont.)

➔ **Tomato Processed Products**

Key Conclusions

- In 2004, the aid control system was too complex;
- As the controls of agriculture areas are concerned, delays were recorded into the integration of data in the computer system.

Court's recommendation

- The procedures related to controls of this aid should become more efficient in order to allow its record in due time in the computer system.

Some recent incursions of *Tribunal de Contas* of Portugal in the audit of CAP, including a performance view (cont.)

➔ FIFG Azores

Key Conclusions

- The implemented circuits were simple and worked well;
- The project files, except for some minor formal details, were well organized;
- The decision, tendering and payment procedures revealed important delays;
- The internal control activities were insufficient.

Court's recommendation

- To use uniform criteria concerning the adopted procedures and to be more careful in the organization, monitoring and control of those procedures. To fasten the decision, tendering and payment procedures, in order to avoid delays. To increment the number and quality of the internal control activities.

Some recent incursions of *Tribunal de Contas* of Portugal in the audit of CAP, including a performance view (cont.)

➔ Merger process of the Paying Agencies in the Agriculture sector

Key Conclusions

- The information systems of the two agencies were not fully integrated;
- The legal fixed time limit to the merger (2 years) had been exceeded;
- The merger had been performed in absence of a phased plan;
- The costs of functioning during the merger were higher than before – staff costs were higher by 52 % in the Guarantee sector and by 15 % in the Guidance sector;
- The average academic and experience level of the staff was high.

Court's recommendation

- To take into account the detected anomalies in order to avoid them in the future and to make more robust the existent control systems.

Some recent incursions of *Tribunal de Contas* of Portugal in the audit of CAP, including a performance view (cont.)

➔ OP for Fisheries – CSF III

Key Conclusions

- In one case, the public body responsible for the first control level was, simultaneously, the promoter of the project;
- The paying agency resulting from the merger, was responsible for the management, for the payment and for the control of fisheries projects.

Court's recommendation

- A solution should be found in order to avoid that the same body could be, at the same time, promoter and final beneficiary of projects that it also controls. The functions of management, payment and control should not be concentrated in one sole entity.

Some recent incursions of *Tribunal de Contas* of Portugal in the audit of CAP, including a performance view (cont.)

➔ Governance and control models of OP for Rural Development, OP for Fisheries and EAGF aids – 2007/2013

Key Conclusions

- There are delays in the regulation of governing bodies and permanent changes in management legislation;
- Almost 10% of the applications were refused due to procedures too;
- The paying agency had powers of management, payment and control;
- Two Programs (Rural Network and Fisheries) had no execution at the end of 2008;
- The control system description of the Fisheries OP was not finished.

Court's recommendations

- Action to fight the weak execution of the OP's, with investment measures;
- Assure a clear segregation of functions of bodies involved;
- Reinforce number and quality of control staff at all levels, in order to improve effectiveness.

Conclusions

- Possibility of performance audit of the Common Agricultural Policy;
- Performance audit in *Tribunal de Contas* of Portugal;
- Progress and difficulties in the performance audit and the challenges of the future;
- The need for exchanging SAI experiences.

Thank You for Your attention



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