Audit of the EU (pre-accession) Funds in Lithuania

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Audit of the EU funds is a priority of the NAO of Lithuania. The issue is constantly gaining importance as Lithuania is undergoing the pre-accession period. It is also important for the co-operation with European SAIs and in harmonisation of national auditing standards with the internationally recognised ones.

According to the regulations on PHARE, ISPA and SAPARD funds, projects financed with these funds shall be co-financed by the national and other funds. This provision is of importance to the NAO, since EU funds audit hereby shall include audits of loans and other funds used by the state.

The NAO of Lithuania is entitled to conduct audits of the pre-accession funds since the year 2000, when the Law on the State Control was amended. Thus on August 1, 2001 the NAO of Lithuania established a Division of EU Funds and Aids Audit, which is responsible for conducting audits of the EU funds both independently and in co-operation with the other Divisions within the NAO, with the European SAIs and the ECA (European Court of Auditors). Its main short-term objective is to begin audits of the EU funds in Lithuania this year. For the achievement of this objective we are working on the following:

1. We collect and organise EU and national regulations on the EU funds management, control and usage;
2. We study the European SAI’s experience in conducting audits of the EU funds with the aim of using the knowledge when conducting EU funds audit in Lithuania;
3. We are drafting a manual on the EU funds audit, which we plan to submit to the experts for evaluation and to the NAO Council for consideration in the first and second quarters of the year 2001 respectively;
4. We conduct joint audits of PHARE funds in co-operation with the ECA auditors and according to their methodologies.

We would like to invite you to share your experience in drafting manuals on the EU funds audit with us. Particularly we would like to know whether you used the ECA manuals, methodologies, questionnaires and other materials concerning EU funds and aids audit when drafting your own manuals on the pre-accession funds audit. And if so, what of that material has been of particular use to you?

We believe that co-operation with the ECA, which is one of the most important EU institutions responsible for conducting external audits, is particularly important in conducting the EU funds audit.

The first step towards the conducting of joint audits together with ECA has already been taken – in May 2000 TAIEX Office of the European Commission in co-operation with ECA held a seminar for the auditors of the SAIs of the Candidate Countries of Central and Eastern Europe. The aim of the seminar was to familiarise its participants with the purpose of PHARE and ISPA funds, to introduce standards of the EU funds auditing, to discuss the plan of the first joint audit of PHARE funds that were allocated to the environmental projects in the period of 1995-2000, and to discuss the project for the usage of ISPA funds. According to the recent agreement between the NAO of Lithuania and the ECA, the NAO shall independently conduct audits of several PHARE and ISPA programmes in compliance with the ECA methodology, and thus shall contribute to the implementation of the above-mentioned project. At present the implementation of the project is in progress, and five auditors of the NAO of Lithuania participate in the aforesaid joint audit. Besides, the auditors of the NAO will also take part in the ECA’s mission, which is to begin in Lithuania in October 2001.

This project is not the last one in our co-operation with the ECA. We are planning to conduct joint audits next year too. The success of our co-operation is enhanced by the fact that our auditors are provided with
a possibility to enhance their professional knowledge at the ECA. One of our auditors has already completed a training course at the ECA, and another one is to begin a study visit in October this year. Besides, we are planning to co-operate with the SAI of Sweden on the matters of EU funds audit.

We would like to deepen our professional knowledge in EU funds audit and therefore we would like to find out more about the methodologies of the EU funds audit and the main principles of drafting annual audit programmes that are used by the SAIs of the countries participating in the present meeting. We would also be obliged to receive invitations to participate in joint audits of the programmes financed by the pre-accession funds.

I would like to conclude with an assertion that a more intense participation of the NAO of Lithuania in the auditing of the EU funds contributes to the EU enlargement process and is also important in ensuring that the funds of both the EU and Lithuanian citizens are used legally, fairly and effectively.