

Public Choice in European Affairs: Measuring Election Model

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Abstract

Much of the accountability literature itself examines governance issues, be it decision-making and delegation, EU policy and decision-making mechanism, regulatory status, multi-level governance, executive power and bureaucracy. Financial responsibility is at the center of political responsibility and, however, issues related to financial management have been marginalized in school discussions on the EU. Audit and evaluation involve examining the development of policies, implementation procedures and their consequences to provide an assessment of the economy, efficiency and effectiveness of an entity or activity. From the sociological and discursive point of view of institutionalism, responsibility is "carried out" by the EU institutions, on paper and in meetings, each trying to define the standards of responsibility. Special reports offer the opportunity to "account" for EU policy and thus "account" for the success or failure of the implementation of the Commission and the Member States.

Keywords: *Accountability Methodology, Paying-agencies Election Governance, Performance Human Resource Model, Recruitment Explosion and Special Report.*

1. Introduction to the analysis of the audit methodology

Auditing is a blurred concept that is difficult to define and is used in different ways in different contexts (DeNichilo 2019a). General concepts include audit, inspection and control: evaluation of EU cohesion policy functions under the general audit term (Power 1994). To analyze EU reform, this work takes an equally broad approach to auditing, which includes (for cohesion policy): verification of the effective functioning of Member States' controls, as undertaken by the Commission services and bodies independent in the EU Member States; and control of projects financed through desk-based controls and on-site inspections through the management and certification (i.e. payment) of the Structural Fund authorities in the Member States. As an external audit body, the European Court of Auditors (hereafter the Court) is not by definition part of the internal

audit / control framework under shared management, although administrative reforms in the Commission have had an impact on audit activities of the Court and, as will be discussed below, for the voice of this institution in the post-reform era.

From a theoretical point of view, the fundamental functional properties of audit and control are well captured in the classical terms of the main agent (Power 1994): a monitoring technology used to eliminate moral hazard and information asymmetries between an agent and its principal in order to restore or improve trust. The use of audit and control as political technology in government has grown since the 1980s - represented as an explosion of Audit by Power (1994, 1997) - with its roots in the erosion of society's trust and public sector management changes that require greater accounting, verification and control. In the EU context, similar factors explain the shift of the audit regime. An administrative reform program in 2000 was triggered by an EU financial management scandal and legitimacy crisis (Balint et al. 2008). Of primary concern here are the subsequent effects on policy implementation and the results in EU cohesion policy. The starting point is to specify the implications for the audit and how the process has transformed the scope and intensity of the audit, control and reporting activity (DeNichilo 2019b). The main questions are: what form did the audit explosion take and why? What are the consequences? And how effectively has it solved the underlying problems? The assessment of the form of the EU audit explosion can draw on comparative administration literature, which documents two distinct public sector audit models: the compliance model and the performance model (Barzelay 1997; Pollitt 1999). The compliance model has its roots in the financial audit based on the accounting practices of private companies (Power 1997) and the internal accounting in the government can be traced back to millennia. Fraud and error detection was the original goal of the financial review and a close association remains. The compliance audit focuses on legal and administrative compliance and on the probity and correctness of the administration, financial systems and management control systems.

Performance auditing has developed since the mid-1980s (Pollitt 1999). It resembles evaluation in probing the efficiency and effectiveness of public programs, but is undertaken in a similar way to auditing (Barzelay 1997). The easily quantifiable numerical indicators used in financial accounting are complemented by qualitative output-oriented indicators. The focus shifts accordingly from inputs to outputs and outcomes of public sectoral activities (Pollitt 1999). The pace and extent of the transition to performance auditing varies internationally. The leaders are the United Kingdom, Australia, North America and Scandinavia (Barzelay 1997; Pollitt 1999). Countries that adopt performance-oriented management doctrines have generally been proactive in auditing performance. Countries with a stronger tradition of administrative law and a strong Rechtsstaat (e.g. France, Germany and Italy) have been more cautious. A similar correlation applies to internal audit and control experiences (Pollitt and Bouckaert 2004; Power 2005).

This literature suggests that an explosion of the EU audit should take or approach the shape of the performance model. After all, the new public management principles were the basis of the Commission's administrative reform program (Knill and Balint 2008), which said it sought to improve effectiveness, focus on performance and provide more profitable training in financial management, audit and control. Furthermore, more than other EU policy areas, cohesion policy has established monitoring and evaluation mechanisms for evaluating policy performance, creating pre-existing knowledge that would facilitate performance auditing (Pollitt and Bouckaert 2004, Pollitt et al. 1999).

This leads to the second question relating to the behavioral impacts of the growth of the audit, for which the thesis of the explosion of Power's audit highlighted several pathologies. The audit explosion (Power 2002) may result in a priority decline

in the provision of public services due to resource costs. An organization that wants to survive an audit must invest in reporting, monitoring and control systems, rather than improving performance (Power 1994). Additionally, the growth of audit and control can aggravate mistrust (Power 2000b). Auditors can play elaborate games of non-compliance and the auditors' working methods can be questioned. Furthermore, the unproven benefits of the audit tend to be accepted, when the effectiveness of the audit should actually be called into question (Power 1997). Finally, auditors or controllers can become de facto policy makers by repositioning competencies in the public management hierarchy (Power 2005). And therefore, there is the question of whether administrative reforms in the field of audit and control are strengthening the Commission's governance capacities. This concerns the Commission's ability to manage policy effectively, as well as the effects of strengthening the legitimacy of administrative reform (Cini 2008). Before testing these propositions, it is necessary to corroborate the claim that an audit explosion occurred and that its origins lie in the Commission's administrative reform (Power 2015).

The introduction and the background place the study within the audit and control of the European community on the different states. The elimination of moral hazard between different levels of government is properly debated according to literature and practice references. The literature identifies and coherently argues the issue of auditing by the European Commission and cohesion policies, with a balance of powers by recalling the reforms that have taken place.

The purpose of the paper is to provide evidence and reporting of European methodologies for the election of people who will have administrative, accounting and political responsibilities (DeNichilo 2020). For similar papers that use the same elaborations in public choice you can consider the following recent ones: Berkowitz, Monfort and Pieńkowski (2020); Courtney and Powell (2020); Pavić, Turk, Grgić and Prišenk (2020) and Van Wollegem (2020).

2. The explosion of recruitment as a performance model

The audit explosion clearly led to significant changes in the Commission's organizational, strategic and operational approaches (Power 2011). The question is whether these changes were driven by ambitions to increase policy performance or ensure regulatory compliance. The previous account does not support the expected shift towards the performance model, but strongly points towards a compliance model. This is evident in the emphasis and strength of compliance-based measures implemented since the mid-2000s: faster suspension and correction procedures; Member States' action plans and their corrective follow-up; an increase in the scope and intensity of the audits; and stricter closure procedures.

Seeking has been to improve the regularity and legality of expenditure, to support pressure from the Court and Parliament to reduce the error rate. Noteworthy is the emphasis of the data on the sanctions instrument of financial corrections and recoveries, as underlined by the administrative reform program, the roadmap for internal control and the control plan and by the Court and Parliament on an ongoing basis. However, as claimed by one of the Court's auditors: by their very nature, financial corrections can be applied alone in the event of proven violation of specific rules. They are therefore much better suited to sanctioning violations of legality and regularity rather than weaknesses in terms of sound financial management. Another consequence of the Commission's roadmap has been found in annual declarations including summaries of Member States' audits and opinions on cohesion policy expenditure.

Again, this appears to be yet another compliance exercise with punitive characteristics rather than a real tool to stimulate learning about effectiveness, as the following comments from a hearing of the Parliament indicate: when asked if these summaries had allowed them to learn something useful, the Commission replied: "Not yet" (which is, I believe, the Commission's language for "no"). But when asked if all Member States had complied with the request, the Commission replied that Germany had not done so and that the Commission was initiating an infringement procedure. These are the early days, but there is something daunting in finding that these procedures add - so far - little value to the Commission, but represent a new way for Member States to find themselves in violation of a regulation. This interpretation is reinforced by evidence that the Commission only checked whether the Member States had submitted the annual summaries, had not undertaken any analysis of the content of the added value of the documents and paid little attention to the performance targets and methods. The priority given to obtaining guarantees from the Member States was a key feature of the 2006 reforms for the audit and control of rules in cohesion policy.

The main innovation was a "conformity assessment" exercise to ensure that all the management and control systems of the program "procedurally" comply with the requirements (Power 2011). The process was conflicting, with the Commission rejecting more than half of the first submissions of descriptions of audit systems and strategies; this includes countries that previously signed trust agreements with the Commission. Recent developments indicate a future step towards the performance model, even the key parameter of the performance audit - attention to results and impact as part of the audit - does not seem to be on the horizon (Power 2011). In 2007-2013, greater emphasis was placed on the so-called "single audit model", which constitutes a clearer division of responsibility between the Commission and the Member States, with each level combining its security on the next during the various stages of implementation. This promises less duplication of efforts, more cooperative relationships and greater trust, whether the model will work as promised remains to be seen. Furthermore, in moving to a control approach, the Commission may face another challenge: the economic and epistemic impossibility of direct control when it reaffirms control (Power 2011).

Furthermore, the Commission stresses that audit and control should be seen as a learning process. The goal is not only to identify problems (such as fraud or major errors), but also to propose solutions (in order to prevent minor errors), supported by a more bottom-up approach, oriented towards risk management (rather than driven by the sanction) approach (Power 2011). One of these Commission measures was the provision of a self-assessment tool to the Member States in 2007. However, these softer measures were superimposed on the existing compliance model and are diminished by the scope and intensity of the compliance actions implemented by recent years.

Three key factors explain the nature of the audit explosion and the consequences. The first reflects a fundamental political choice by Parliament, the Court (in particular in relation to the discharge of the budget) and the Council's budget group to prioritize compliance over performance (Power 2011). Furthermore, there is no specific Council specific committee for cohesion policy which focuses on: assessing the concerns related to the performance of EU cohesion policy. This political dimension largely explains why the Commission's administrative reform program had a strong logical bureaucratic impact (Ellinas and Suleiman 2008), despite claims about its ideals for new public management.

Secondly, the Commission's financial crisis and the program of administrative reforms have led to a redistribution of power and resources, in Parliament and in the Court (in the post-Santer era). In addition to strengthening the influence of the EU

budgetary authorities, it has enabled them to defend the new status quo, thus maintaining the ongoing administrative reform (Cini 2008) of auditing and control more firmly on the compliance path. This growing pressure largely explains the injustice perceived by the auditors in the Member States (see below). It also contradicts claims about administrative reform led primarily by the Commission, at least in the field of audit and control.

Third, the current institutional structure of shared management - where the Commission's power to establish rules (based on its responsibility for the budget) is not accompanied by an equivalent power over the implementation of the budget - necessarily implies a high degree risk of delegation, especially the highly devolved and dispersed delivery model of cohesion policy. As noted by the head of the audit department, it is not possible to provide Member States with a blank check and to rely on Member States' audit systems because when the Court of Auditors carries out its own checks in the Member States, the Commission will not blame the errors. Member states. A more rigorous approach to compliance is needed to address the problem of high levels of irregularities (Harber, Marx and De Jager 2020).

3. Introduction to the concept of Accountability

Responsibility has always been intrinsic to the research and practice of democratic governance. Responsibility concerns "the construction of an agreed language or currency of speech on the conduct and performance and the criteria that should be used to evaluate them" (Day and Klein 1987). Responsibility rests on a combination of structures and procedures, in addition to the socialization of public officials about what is appropriate in the conduct of public affairs. According to March and Olsen, the traditions of democracy require political officials to account for their actions; report, explain and justify any exercise of authority; and sanction if necessary. Public officials should act in anticipation of having to account for their actions. Responsibility is based on regulation, the process, setting standards and presenting accounts for actions. Peterson underlines the challenge the EU faces due to the coexistence of shared sovereignty and divided responsibility (de Haan, Schoemaker and Wierts 2020). The establishment of the European Court of Auditors and other audit institutions in the EU is an attempt to promote collective responsibility for coping with shared sovereignty. There are four forms of responsibility:

- a) administrative liability;
- b) parliamentary responsibility;
- c) election responsibility;
- d) judicial liability.

Interestingly, it did not include financial liability in its categorization. However, financial responsibility is an essential part of accountability in any democratic political system, given the importance of the public purse. Financial responsibility or the audit process are related to both administrative and parliamentary responsibility (Manes Rossi, Brusca and Condor 2020). A key feature of the administrative budget processes is "to ensure responsibility, that the funds are actually spent for the intended purposes, that the programs are executed as planned and that the funds, coming from any source, are not spent on unauthorized activities" The budget processes also support managerial functions, linking the financial decision-making process to the performance of the program (Köhler, Ratzinger-Sakel and Theis 2020). In addition, the audits provide the raw material for the budget control committees of the national and European parliaments, hence the contribution to parliamentary responsibility.

Democratic theory underlines the importance of two mechanisms as a basis for accountability. This is information and sanctions. The Court of Auditors is not a judicial court capable of imposing sanctions on other actors. Rather, its contribution to accountability in the EU. it is based on the provision of authoritative information to political bas institutions ate on audits that allow them to monitor and improve financial management. The European Court of Auditors was established in 1977 in response to the weakness of the pre-existing Audit Committee of the European Economic Community (EEC) and the Auditor of the European Coal and Steel Community (ECSC). The change in the financing of the EU budget following the budget treaties of 1970 and 1975 created political pressure to establish a stronger external audit capacity in the EU. Once established, the Court worked to strengthen its mandate and influence the evolution of financial responsibility in the Union. In addition to the functional tasks associated with the external audit, the Court of Auditors has acted to improve the regulatory framework for financial liability in the Union. The Court was part of a larger defense coalition for better financial management in the EU.

As an external audit body, the Court exercises its role by providing information on the management of the Union's finances to the executive and parliamentary bodies of the Union at EU and national level (March 1995). It has no judicial functions and does not impose sanctions on individual officials or institutions. So the basis of his contribution is based on the result of his audits as expressed in the reports. Responsibility is promoted through the publication and dissemination of information on financial management systems and practices in the EU. The Court increases accountability in the Union by conducting its audits professionally and reporting on the results of its audits. The basis of the Court's contribution to accountability in the Union is based on two pillars of information and publication. In addition, the expectation of an external audit influences the behavior of public officials engaged in the deployment of EU funds at EU and national level. The fact that public officials know that their actions can be reviewed by an external audit body affects the way they deal with EU finances (Fredriksson, Kiran and Niemi 2020).

4. Organization settings of Supreme Audit Institutions

Supreme Audit Institutions (SAIs), including statutory auditors, auditor courts and public or public sector certifiers, play an important role in strengthening government and public sector responsibility (Marchesi 2000). This is done through their examination and reporting of government financial reports, including government agencies, authorities, companies and subsidiaries (i.e. audit of financial reports). Not only performance or audits with a good quality-price ratio of the efficiency and effectiveness of the use of public funds, but also other judicial reviews, including environmental audits. This study extends the previous literature (De Martinis and Clark, 2007) by examining the enabling legislation of the SAIs of the 25 member countries of the European Union (EU) and the European Court of Auditors (ECA).

The study examines the provisions contained therein that deal with the scope of parliamentary powers on the accountability of SAIs to parliament, as well as the independence, supervision, mandate and funding of SAIs. Given the importance of the EU and the economic, political and social diversity of its member countries, it is useful to examine the enabling legislation of their SAIs (Colella 2000).

The wave of spectacular corporate collapses and frauds worldwide, including Enron, HIH, Parmalat, Tyco, WorldCom and Xerox, is well known, has highlighted the need for greater corporate and regulatory governance. All over the world and in the aftermath of these corporate collapses and fraud and, in particular, the disappearance of Arthur Andersen, the adequacy of the

auditor's legal requirements and professional standards for carrying out a quality audit have been subject to a greater control, in particular the auditor's independence. A significant achievement was in the United States, where the Sarbanes-Oxley Act 2002 was issued, creating a stricter corporate governance and accountability regime, including a climate of stricter rules on independence of control. In other countries, government regulatory and professional bodies have also followed suit with changes (proposals) similar to legislation and / or professional standards for the purpose of improving corporate governance, including audit quality. Interestingly, well before the entry into force of the Sarbanes-Oxley Act of 2002, the European Commission had proposed to improve the independence of auditors by setting minimum standards, in particular as regards the mandatory guarantee systems of the quality, since Member States have been found to operate with voluntary or partial systems or without a system (Caruana and Kowalczyk 2020).

5. Institutional Challenges: Review Special Report

Performance auditing is “a Knowledge-based activity” and that owing to its “special features” it requires “special competences” (European Parliament 2012). It is an “investigation discipline that requires flexibility, imagination and analytical skills. Excessively detailed procedures, methods and standards may hamper the effective functioning of performance auditing. Auditors traditionally have experience in public and private sector financial/compliance auditing but are not familiar with the appropriate methodologies for performance/value-for-money auditing (Van der Meer and Edelebos 2006). The Court’s management has been obliged to support the training of staff through professional education in performance auditing, for both auditors and members by developing a professional diploma course in public-sector auditing, finance and accounting as a qualifying tool. The Court is now hiring auditors from a variety of academic disciplines. Beyond accountants, economists and lawyers, its staff increasingly includes psychologists, linguists, social scientists, geographers and medics, policy expertise in performance audit requires professional qualification in, and in-depth practical knowledge of, a range of policy areas. It pushed through internal restructuring, creating vertical chambers with decision-making powers delegated to them away from the College. This brought efficiency gain but resulted in “silo-ing” with each chamber insulating itself, competing to out-perform the other in producing special reports. The Court is now much more conscious of its external profile. A communication department was created around the president to “professionalise” and actively promote the Court’s recommendations, with greater attentions paid to presentation. Adopting private sectors norms, the Court now talks of disseminating its “products” to its “clients” or “stakeholders” (See table 1). Compliance audit work will likely always receive a bed press, its impact hard to ascertain in terms of improved accountability (Homer and Stephenson 2012).

Tab. 1 Reports submitted to the Court of Auditors.

1. Annual reports / statements of assurance.
2. Up grade procedure services.
3. Confort letters.
4. News.

Source: Court of Auditors annual report.

6. The Audit of Paying Agencies: the AGEA case

The Agency for Withdrawals in Agriculture (AGEA) is a non-economic body governed by public law, established by legislative decree no. 165 and subsequent amendments and additions (DeNichilo 2011). It is subject to surveillance by the Ministry of Agricultural, Food and Forestry Policies. The organization, structure and functioning are defined and regulated in addition to the legislative decree of 27 May 1999, n. 165 and subsequent modifications introduced by the legislative decree n. 188 of 2000 and by law 21 December 2001, n. 441, by the AGEA Statute approved by ministerial decree no. 736 of June 14, 2002, by the Administration Regulations approved by ministerial decree of June 14, 2002 and by the Personnel Regulations approved also by ministerial decree of June 14, 2002. Pursuant to article 10 of legislative decree no. 165/99, as modified by law no. 441/2001, a Monocratic Office is entrusted with the exercise of the functions of paying agency, which has the task of ensuring the efficiency of the management and control structure of Community aid, without prejudice to those of other paying agencies, through the adoption of procedures aimed at the most rational use of resources, tools and resources in full compliance with current Community regulations (Hada, Luga and Căruț 2019).

The bodies of the Agency are: President, Board of Directors, Representative Council, Board of Auditors, Court of Auditors. The executive structure of the AGEA, as required by the Staff Regulations (14 June 2002) and articulated with resolution no. 44 of 19 July 2002, is made up of:

- a) Monocratic Office, responsible for the Paying Body pursuant to Regulation (EC) no. 1290/06 established with law no. 441 of December 21, 2001;
- b) Coordination Area, which performs the functions of Coordination Body pursuant to Regulation (EC) no. 1290/06 and of the regulation (CE) n. 885/06.

The two functions are distinct under the organizational, administrative, functional, managerial and accounting aspects pursuant to and in compliance with EU and national legislation.

The Monocratic Office performs the functions of paying agency pursuant to regulation (EC) no. 1290/06 and coordinates, determines the guidelines and objectives, the following areas subordinated to it:

- a) Administrative Area, which is made up of the "General, Financial and Cash - Personnel Affairs" Office, the "National Budget and Management Control Accounting Office" and the "Community Litigation" Office;
- b) Payment Authorization Area, which consists of the "PAC, Fodder and Oil" Office, the "Rural Development" Office, the "Single Application and Fruit and Vegetable Management" Office, the "Promotion, Quality Improvement and Social Aid" Office, of the Office of the "Community Litigation";
- c) Controls Area, which consists of the "Accounting" Office, the "Technical Service", the "Payments Execution" Office and the "Relations with Paying Bodies and SIAN" Office.
- d) The Coordination Area performs the functions of Coordination Body pursuant to Regulation (EC) no. 1290/06; in particular:
 - coordinates and monitors the activities carried out by the paying agencies recognized in compliance with regulation (EC) no. 1290/06;
 - takes care of the harmonization of the operational procedures for the implementation of the community legislation relating;
 - provides national aid, ensuring its compatibility with EU legislation.

The types of intervention that the Community internal control service can implement are the following:

- a) Compliance Audit: focuses on verifying the compliance of the procedures adopted by the paying agency with EU legislation, and verifying the compliance of the components with the internal rules and procedures, applicable to the context of the operating structures and operations under examination.
- b) Operational Audit: verifies / assesses the adequacy, regularity, reliability and functionality of systems and processes / procedures, methods (codification) and resources in relation to objectives, organizational structures.
- c) Financial Audit: these are actions aimed at verifying the adequacy of existing accounting, administrative and financial controls. Their objective is to verify that there is a correct and timely recording in the institution's accounts (with particular regard to the EAGF and EAFRD accounts) and that the economic and financial statements present the results of the year in a "true and correct" manner and the financial and equity situation at the end of the financial year. Systematically the purposes of a financial audit can relate to the reliability of the accounts, the legality and regularity of the operations and the verification of its financial management.
- d) Follow-up (Monitoring of corrective actions): these are interventions for verifying the effective implementation of the corrective action plans agreed with the process managers, in the face of the observations found during previous interventions, audits or process mapping , of the Service and shared by the process managers themselves.

At the date of this paper, the Internal Control Service is organized into the following basic specialized units, identified by the homogeneous environment of action of the paying agency, as classified by the EU guidelines, aggregated into homogeneous areas by subject of verification:

- a) Universe "EAGF Sigc / No Sigc" divided into:
 - EAGF (European Agricultural Guarantee Fund) schemes covered by the SIG, i.e. the support schemes referred to in Titles III, IV and IV bis of Regulation (EC) no. 73/2009 of the Council including the agri-environmental, forestry, less-favored areas and areas with environmental restrictions, if the same sectors are included in the temporary instrument for rural development. In particular, this unit deals with the authorization procedures (administrative and on-the-spot checks), execution of payments, accounting that take place in application of the Integrated Management and Control System in the EAGF environment;
 - EAGF (European Agricultural Guarantee Fund) schemes not covered by the SIGC, i.e. any other support scheme paid by the EAGF including any other scheme not covered by the SIGC which is part of the Temporary Instrument for Rural Development. In particular, this unit deals with the authorization procedures (administrative and on-the-spot checks), payment execution, accounting, advances and guarantees that take place outside the scope of the Integrated Management and Control System in the EAGF environment.
- b) Universe "EAFRD Sigc / No Sigc" divided into:
 - EAFRD (European Agricultural Fund for Rural Development) schemes covered by the Sigc, i.e. the support schemes borne by the EAFRD referred to in Article 6 of Regulation (EC) no. 1975/2006. In particular, this unit deals with the authorization procedures (administrative and on-the-spot checks), execution of payments and

- accounting that take place in application of the Integrated Management and Control System in the EAFRD environment;
- EAFRD (European Agricultural Fund for Rural Development) schemes not completed by the Sigc, i.e. the support schemes borne by the EAFRD referred to in Article 25 of Regulation (EC) no. 1975/2006. In particular, this unit deals with the authorization procedures (administrative and on-the-spot checks) for payments and accounting that take place outside the scope of the Integrated Management and Control System in the EAFRD environment.
 - c) Universe Credits divided into:
 - credit management within the EAGF;
 - management of EAFRD credits.
 - d) Advances and Guarantees universe: deals with the procedures relating to the management of the amounts paid in advance and the guarantees given in favor of the paying agency.
 - e) Public Storage universe: deals with procedures relating to public storage and community inventory management.

7. Methodology

7.1 Human Resource Performance Model

This paper analyzes factors that explain the increased use of special reports by the Court, such as the accountability methodology, wondering if they resemble evaluation studies. Their training examines their impact, as well as the institutional use implicit in the performance audit (DeNichilo 2013).

What factors and circumstances explain the increased use of special reports? The work shows how the interpretation of the Court has political implications and serves to promote its institutional interests in the battlefield to define "responsibility" and in what concerns it.

Evaluation in the EU is often conducted externally, offered to various consortia of academics, researchers and consultants who respond to assess the performance of political programs. Several multilevel stakeholders will conduct their assessments and choose from a mix of qualitative and quantitative data (DeNichilo 2019b). For the executive, its main purposes are: to contribute to the planning of interventions, including providing input to establish political priorities; assist in the efficient allocation of resources; improve the quality of the intervention; and report on the results of the intervention. This presupposes feedback in the political cycle, although theory does not always extend to practice. Audit is therefore an essential part of evaluation in the EU, contributing to the realization of financial responsibility, but also, maintaining the institutional legitimacy of the decision-making system (Spaventa 2008) In short, audit and evaluation are both key elements in the process of democratic accountability, but the question of what is accounted for and who is taken into account is central to the debate and in the EU.

Like the audit, the performance assessment function is to allow for accountability, but there is also an emphasis on collective learning. However, securing both can "run into several complications when applied in complex multi-actor political processes (Sposato 2010)."

7.2 Data and Sampling

This study analyses the characteristic and the determinants of the Legislative Decree 286/1999 in quality of Advisory Body in 102 Act's Director of paying agencies AGEA at 31.12.2013 (Caiden 2000). In sampling process we lost 1,04% of total universe of investigation and analyzed 102 executive positions.

Tab. 2 Identification of the survey sampling at 31.12.2013.

Total operational employees at 31.12.2013	64,96%
Total employees of the service organization at 31.12.2013	34%
Total universe of investigation at 31.12.2013	98,96%

Source: AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014

Tab. 3 Unavailable data.

Description	Data
Number of total Advisory Body Act's Director	120
Unavailable data of Advisory Body % (Qualification, Number, Independence)	15%
Number of Advisory Body object of analysis	102

Source: AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014

Our elaboration takes into consideration the year 2013 as there was the least amount of loss of data and with a minimum time span of five years to be able to evaluate the audit opinion in full independence (AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014).

7.3 Research Design: Framework and Hypothesis

There are a number of theoretical arguments as to why corporate management might elect voluntary to provide particular information to parties outside the organization. These arguments were grounded within "Positive Accounting Theory", but there are some alternative theoretical perspectives that address this issue.

These theories are:

- a) Legitimacy theory;
- b) Stakeholder theory;
- c) Institution theory.

Legitimacy theory has become one of the most cited theories within the social and environmental accounting area.

The author believes that legitimacy theory does offer a powerful mechanism for understanding voluntary social and environmental disclosures made by corporations, and that this understanding would provide a vehicle for engaging in critical public debate.

The problem for legitimacy theory in contributing to our understanding of accounting disclosure specifically, and as a theory in general, is that the term has on occasion been used fairly loosely. This is not a problem of the theory itself, and the observation could be equally applied to a range of theories in a range of disciplines.

Follow there are the hypotheses of the paper that we have identified using the theory of legitimacy, in particular we have identified corporate governance hypotheses, assumptions of positive and negative potential audit evidence (Rolle 2010).

Tab. 4 Framework Hypotesis

H1: There is negative association between impact of debt register evidence and Quality of Advisory Body.
H2: There is a positive association between internal audit statistics evidence and Quality of Advisory Body.
H3: There is a positive association between squeeze-out audit evidence (external job positions) and Quality of Advisory Body.

Source: AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014

7.4 Dependent variable

The dependent variable is directly observed by visiting and explores the corporate website.

The characteristics of Corporate Report (CR) disclosure is classified in three categories:

- a) Number of Member of Advisory Body (NUM).
- b) Qualification Member of Advisory Body (QM).
- c) Independence Member of Advisory Body (IND).

This three aspect determine the Quality of Supervisory Body in Italian paying-agencies. The concept of social disclosure means providing adequate information about the events of the organization and its activities for the users of that information in order to enable them to make and take the decision (Costa 2009).

$$S \text{ Model} = S^1 = \frac{QM}{[\text{Max}(\text{NUM})+1-\text{NUM}] IND}$$

Tab. 5 Costruction Data Evidence

<p>First Evidence: There is a positive association between Number of Advisory Body (NUM) and Quality of Advisory Body:</p> <p>The number of Advisory Body varies from 1 to 3 in an Organization Settings Staff Unit.</p>
<p>Second Evidence: There is a positive association between Quality Member of Advisory Body (QM) and Quality of Advisory Body:</p>

- a) L consist in Legal Affairs (lawyers) who demonstrate that they have significant experience in the criminal law of the economy over 15 years;
- b) IA consist of Internal Auditor Staff and Line (cyber audit) who demonstrate that they have significant experience in corporate compliance and in the analysis of corporate reporting procedures over 10 years;
- c) O is represented payment operator who demonstrate significant experience in audit evidence over 15 year.
- d) E consists of the category Engineers in Operational Auditing and Environmental Impact Assessment who demonstrate significant experience in re-performing audit evidence on site over 10 years.

Third Evidence: There is a positive association between Independence of Advisory Body (IND) and Quality of Advisory Body:

The variable independence ranges from 0 to 1.

Source: AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014

This three hypothesis introducing social responsibility legitimization role of Legislative Decree 286/1999 in Italy (Noe 2006). The Quality composition of Advisory Body legitimates their Quality of the Audit to preventing fraud and corruption and legitimates trust in the “ritual of verification”(Mendez 2011).

Tab. 6 Corporate Disclosure of Legislative Decree 286/99.

Examined Disclosure	Dependent variable	Value at 31.12.2013
Number of Member of Advisory Body	NUM	(1;2;3)
Qualification Member of Advisory Body	QM	(Lawyer=4; Internal auditor=3; Engineer=2; Other=1) QM=L+IA+E+O
Independence Member of Advisory Body	IND	Variance 0-1 $\frac{\text{Independent members OdV}}{\text{Total member OdV}}$

Source: AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014

Tab. 7 Descriptive statistics of Corporate Disclosure of Legislative Decree 286/99.

Examined statistics	Number of Member of Advisory Body	Qualification Member of Advisory Body	Independence Member of Advisory Body
Median	2,8	7	0,7

Mean	1,5	5,5	0,5
Variance	0,21	6	0,30

Source: AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014

7.5 Research Model

To tested the hypotheses we used the research model specified in the follow equation:

$$S^1 = a_0 + a_1 (\text{Debt Register Evidence}) + a_2 (\text{Internal Audit Statistics}) + a_3 (\text{Squeeze-out Audit Evidence}) + \xi$$

Where:

Symbols	Description	Value al 31.12.2013
a0	Intercept	External Audit Impact
Debt Register Evidence	Power of Size	$\sum_{i=1}^n \log Asset$
Internal Audit Statistics	Inspection Evidence	$\prod_{i=1}^n \log Inspection$
Squeeze-Out Audit Evidence	Dummy	[0;1]
Ξ	Residual	Residual Funds Access

7.6. Results

The table 8 contains the descriptive statistic of the independents variables.

Tab. 8 descriptive statistics.

Variable	Mean	Std. dev	Min	Max
Debt Register Evidence	12,5	2,59	1,05	20,35
Internal Audit Statistics	1,5%	0,99%	-2,50%	40,50%
Squeeze-Out Audit Evidence	0,50	0,25	0	1

Source: AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014

Our sample covers a wide range of data: some very small, some very large. They have median debt register equal to 10,22; the median of audit statistics is 3,55%. They are generally not highly squeeze-out audit, considering that they have a squeeze-out audit that is on median equal to 0,12.

In table 9 there is the multivariate regression results using the equation S^1 , and estimate the coefficients and corresponding t-value.

Tab. 9 – Multivariate regression

Regress Model	Coefficient	T value	P>t
Intercept	-1,8	4,50	0,01***
Debt Register Evidence	-2,4	2,5	0,99
Internal Audit Statistics	0,2	4	0,01***
Squeeze-Out Audit Evidence	0,5	-2,5	0,45
R2	0,55		

* ** *** Significant at the 0.1, 0.05 and 0.01 level.

Source: AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014

The model is significant (0,01 level) and the adjusted R2 are 0,55.

The independent variable has significant result (0,01 level) is internal audit statistics (H2).

8. Conclusions

This study analyses the characteristic and the determinants of the Legislative Decree 286/1999 in quality of Advisory Body in 102 Act's Director of paying agencies AGEA at 31.12.2013.

The multivariate analyses shows a positive significant related, to the companies have high internal audit statistics have high quality of Advisory Body, this fact is consistent to the legitimacy theory.

To future research predicts increase the characteristics and analyses comparatively to other country so it is possible. Some limitation should be considered, in particular the incidence of unavailable data of number, composition and independence of Advisory Body exceeding 10%.

Figure 1. Control activities of organization settings (D. L.vo 286/1999).

Activities	Strategic evaluation and control	Management control	Evaluation of managers	Administrative accounting control
Recipients	Political bodies	Executives in direct contact with the political policy body	Executives in contact with the governing body	Political summits, managers and external control bodies
Object	Guidance documents, management documents of executives who interact with political policy bodies	Economy, efficiency and effectiveness of the organizational entity to which the manager is responsible	Performance and organizational skills of every non-top executive	Accounting administrative correctness

Source: AGEA PwC Audit Reports 2011-2013 and AGEA PwC Special Report 2014

In conclusion the paying agencies that have high profitability of internal audit statistics have high quality of Advisory Body, this legitimates their Quality of the Audit to preventing fraud and corruption and legitimates trust in the “Ritual of Verification” (DeNichilo 2019c).

The increase in public debt in the euro area during the crisis, although more contained than that of the entire world of mature economies, has opened up a front that has not yet closed. The question of the possible negative effects of a high public debt is ancient. In general, there is a certain consensus on the idea that, through various channels, a very high debt may hinder growth, even if the relationship is very uncertain, and, above all, it is excluded that a threshold beyond which the effects may be identified negatives become particularly severe. The model dealt with in this paper is a starting point on the analysis of the immunization of public finance processes. The limitations of the work concern the difficulty in finding the data and the continuous updating of the data which in the stochastic processes of financial immunization represent the password (DeNichilo, Pedone 2009).

9. Discussion

The Court is transparent in the delivery of reports, publishing them online, freely accessible to stakeholders and citizens. However, it perceives accountability not as merely about visibility or transparency, but as ultimately resisting on parliamentary scrutiny and action, legislative responsibility underpins democracy. At the supranational level there is a “triangle of

accountability” between the European Court of Auditors (external controller), European Parliament (principal, scrutinizer, democratically accountable) and European Commission (auditee, non-elected, jointly responsible for managing and implementing EU funds). There is no clear-cut hierarchy among the institutions. Furthermore, the approach to, and practice of, audit across member states continues to require harmonization and the adoption of common standards. The soundness and value of parliamentary scrutiny remains open to question, in term of both recouping funds and influencing policy redesign. Nonetheless, performance audit itself, as a process of “accounting for” budgetary implementations, follows a clear logic of decision-making, research, analysis, drafting and reporting, thus constituting a series of sub-processes. Policy-makers are increasingly focused on issues of performance in audit, given budgetary constraints and the financial and political implications of audit for future policy. “Performance”, though evidence-based and drawing on quantitative data, is about framing and institutional discourse, ultimately value-driven and normative (Stephenson 2015).

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