



EUROPEAN PARLIAMENT

DIRECTORATE-GENERAL FOR RESEARCH
DIRECTORATE A
DIVISION FOR INTERNATIONAL AND CONSTITUTIONAL AFFAIRS

FACTSHEET

POLAND

Chapter 28 - Financial Control

1. The *acquis* ¹

The number of regulations covered by this chapter is limited with the result that the *acquis* refers rather to general, internationally agreed principles of sound financial management and control. The Commission is called upon to assess the existing financial control systems of the candidate countries with reference to five main aspects:

- **Public Internal Financial Control (PIFC)**, which covers financial control activities in the public sector. The main criteria for assessment are the presence of the legislative framework, the development of the internal audit function and ex-ante control mechanism throughout all income and spending centres as well as ensuring the independence of the internal auditors.
- **External Audit**, which comprises the ability of the candidate countries to confirm the independence of their external control body. The presence of the formal mechanism for parliamentary reaction to audit findings is of particular importance.
- **Control Measures relating to EU Own Resources**, which implies that the bodies in charge of collecting and controlling own resources should be aware of what is needed to carry out their tasks properly. Timely fiscal controls and an effective customs administration are important in this context.
- **EU pre-accession funding and future structural action**: PIFC procedures should apply in the same way to all public funds whether of national or EU origin. The candidate countries are asked to establish the appropriate ex-ante control and functionally independent internal audit mechanisms, to make available experienced and qualified staff and to produce procedure manuals and audit trails for each funding instrument. An important indicator is the existence of the procedure for recovering lost EU funds.
- **Protection of EU financial interests**, which includes the ability to implement the relevant EC Regulations by the time of accession and the designation of a single contact point for

¹ Information largely drawn from the European Commission, DG Enlargement
<http://europa.eu.int/comm/enlargement/negotiations/index.htm>

cooperation with OLAF. Also covered is the development of the necessary administrative and judicial capacity.

2. The negotiations

The chapter has been closed with ten countries and provisionally closed with Bulgaria, while it remains open with Romania. No transitional arrangements have been requested. DG Budget, in cooperation with DG Enlargement, attaches great importance to the ongoing monitoring exercise for countries which have closed this chapter. The emphasis is on evaluating the implementation of financial control legislation and the development of administrative capacity at all levels.

Chapter opened: first half of 2000

Status: closed in December 2002 (provisionally closed in the first half of 2000)

Transitional arrangements: none

3. Latest Assessment by the European Commission ¹

In its 1997 Opinion, the Commission concluded that the process of implementation of financial control systems would need significant efforts by the Polish administration, both in terms of institutional structures for adequate financial control and basic legislation. This having been said, it further remarked that provided the necessary resources were made available, Poland should be in a position, in the medium term, to fulfil the EU requirements in the field.

Since the Opinion, steps forward have been taken, mainly over the past two years. A reasonable level of alignment with the *acquis* has been achieved, implementing capacity, however remains considerably below even this level. Further substantial efforts are required therefore to bring Polish legislation in line with the *acquis* and ensure that the necessary administrative capacity is in place.

Negotiations on this chapter have been provisionally closed. Poland has not requested any transitional arrangements in this area. Poland is generally meeting the commitments it has made in the accession negotiations in this field.

In order to be ready for membership, Poland will need to give urgent attention to successful implementation of its new Public Internal Financial Control legislation, to completion and strengthening of its legislative framework and administrative capacity for the protection of the Communities' financial interests, to moving substantially forward on the management of pre-accession funding and to the establishment of the necessary structures and adequate administrative capacity for future structural funds, in particular regarding control and audit. The full implementation of the measures in the Action Plan relating to, notably the strengthening of the internal audit function and the development of an anti-fraud unit, would go a long way to ensure that the current gaps in administrative capacity are filled.

January 2003

¹ European Commission, Regular Report on Poland 2002, p. 132:
http://www.europa.eu.int/comm/enlargement/report2002/pl_en.pdf