



Press Release

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EU auditors see potential risks in the Commission's use of external consultants

The way the European Commission hires and uses external consultants does not fully ensure that it maximises value for money or fully safeguards its interests, says a report published today by the European Court of Auditors. There are significant gaps in the framework governing the use of these services, with potential risks related to the concentration of service providers, overdependence and conflicts of interest which are not sufficiently monitored. The auditors also point out weaknesses in how consultants' work and its added value are assessed.

The auditors found that the European Commission's information system is unable to give a full picture of how the Commission uses external consultants. What is certain is that the Commission has made increasing use of external consultants to perform various advisory and support services. In recent years, it has contracted about €1 billion annually on a wide range of such services covering consultancy work, studies, evaluations and research activities. External providers are mainly involved in implementing the EU's neighbourhood and enlargement policies, international partnerships, foreign policy instruments, and environmental and climate actions. The auditors checked whether the European Commission managed to get value for money and to safeguard its interests.

"Outsourcing some tasks can be useful and sometimes necessary", said François-Roger Cazala, the ECA member responsible for the audit. "But the European Commission should make sure it maximises the value obtained for the amount of money it disburses. More transparency and accountability is needed about the tasks that can be outsourced and about the way the risks of supplier concentration, overdependence and conflicts of interest are managed. I hope our report will help the EU administration to move in that direction."

The auditors found gaps in the framework governing the engagement of external consultants. In particular, for consultancy and research services – which represents almost 80% of the amount contracted out – there is no guidance about the extent to which tasks can be outsourced, how external consultants' services are defined, and which capabilities and capacities should be kept in-house. In addition, for some consultancy services procured to perform recurrent tasks, the Commission does not conduct cost-benefit and needs analyses to consider the relative merits of relying on external providers rather than internal staff before launching new procurement requests.

The purpose of this press release is to convey the main messages of the European Court of Auditors' special report. The full report is available at eca.europa.eu.

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Although the criteria used to select winning tenders were appropriate, the Commission did not sufficiently monitor and manage important risks associated with its use of external consultants. These include the risks of supplier concentration and overdependence on a relatively small number of service providers. Over the analysed period, the European Commission contracted with 2769 external consultants. But the top ten suppliers alone accounted for 22 % (around €600 million) of the total contracted amounts over the audited period. In other words, some Commission departments rely extensively on a relatively small number of contractors. It is not rare for a single supplier to win successive contracts over several years even though open tender procedures are organised regularly.

This risk of concentration on a small number of external consultants brings with it the risk that some suppliers with extensive experience of working with the Commission are more successful in winning contracts. As an illustration, the EU auditors found that some suppliers provided a combination of advisory, implementation and evaluation services for a single Commission directorate-general, which may provide them with a competitive advantage because they are involved in designing, implementing and evaluating the same EU policy. The Commission has procedures in place to detect and prevent potential conflicts of interest. But those are mostly formal checks, which cannot by themselves ensure that risks of conflicts of interest are dealt with.

When looking at individual contracts, the EU auditors acknowledge that the Commission checks that consultants deliver services of the quality required before proceeding with payments. But they point out that the Commission did not consistently assess the performance of external consultants, apart from studies and evaluations. Lessons-learned exercises or ex-post cost-benefit evaluations are performed by only some directorates-general. And when they are carried out, there is no centralised collection of information which would allow the best possible use to be made of results produced by external consultants. For the auditors, this diminishes the Commission's ability to identify potential areas for improvements. It also increases the risk of re-engaging consultants who have performed poorly in the past.

Given the scale of the use of external consultants, the EU auditors call on the European Commission to improve how it manages their use. They also call on the Commission to increase transparency by reporting regularly and accurately on its use of external consultancy services.

Background information

The audit covers the services of external consultants which were financed by the EU budget and contracted by the European Commission between 2017 and 2019, and which were recorded by the Commission as consultancy, study, evaluation or research. Recent relevant information on the use of external consultants was also considered when appropriate. IT consultancy services were not covered by this audit.

Special report 17/2022, "*External consultants at the European Commission – Scope for reform*", is available on the ECA website (eca.europa.eu).

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