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REPORT

on the nomination of Gijs M. de Vries as a Member of the Court of Auditors
(C7-0191/2010 – 2010/0819(NLE))

Committee on Budgetary Control

Rapporteur: Inés Ayala Sender

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PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the nomination of Gijs M. de Vries as a Member of the Court of Auditors
(C7-0191/2010 – 2010/0819(NLE))**

(Consultation)

The European Parliament,

- having regard to Article 286(2) of the Treaty on the Functioning of the EU, pursuant to which the Council consulted Parliament (C7-0191/2010),
 - whereas, at its meeting of 27 September 2010, the Committee on Budgetary Control heard the Council's nominee for membership of the Court of Auditors,
 - having regard to Rule 108 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A7-0255/2010),
- A. whereas Gijs M. de Vries fulfils the conditions laid down in Article 286(1) of the Treaty on the Functioning of the EU,
1. Delivers a favourable opinion on the nomination of Gijs M. de Vries as a Member of the Court of Auditors;
 2. Instructs its President to forward this decision to the Council and, for information, the Court of Auditors, the other institutions of the European Union and the audit institutions of the Member States.

ANNEX 1: CURRICULUM VITÆ OF GIJS M. DE VRIES

Name: Gijs M. de Vries
Born: 22 February 1956
Nationality: Dutch
Education: Graduate in Law / Political Sciences, University of Leiden, 1981
Postdoctoral Summer School, European University Institute, Florence, 1981
Georgetown Leadership Seminar, School of Foreign Service,
Georgetown University, Washington DC, 1993

Career

2008 to present: Member of the Board of the Netherlands Court of Audit
2007-2008: Senior Fellow, Netherlands Institute for International Relations
(Clingendael)
2004-2007: European Union Counter-Terrorism Coordinator
2004: Ambassador, special assignment
2002-2003: Dutch Government representative at the Convention on the Future of the
European Union (European Convention)
2002: Member of the Second Chamber
1998-2002: State Secretary for the Interior and Kingdom Relations
1994-1998: Chairman of the Liberal and Democratic Group in the European Parliament
1984-1998: Member of the European Parliament
1981-1984: Lecturer, Political Sciences Department, Faculty of Law, University of
Leiden

ANNEX 2: ANSWERS BY GIJS M. DE VRIES TO THE QUESTIONNAIRE

Professional experience

1. Please highlight the main aspects of your professional experience in public finance, management or management auditing

The Netherlands Court of Audit (NCA)'s Board consists of three members who work according to the principle of joint responsibility. The members of the College collectively decide on all audits performed by the institution. Each member of the Board, however, acts as rapporteur for part of the Court of Audit's work. Within the College, I have been responsible for preparing the annual financial and compliance audits of the Ministries of Defence; Economic Affairs; Health, Welfare and Sport; Interior and Kingdom Relations; Housing, Spatial Planning and the Environment. I have also been in charge of preparing performance audits in these fields. These have included the implementation of the EU's CO2 emission trading scheme in the Netherlands, regulation of energy network operators' tariffs, E-health policy, reporting to Parliament on the financial aspects of EU policies, and supervision by the Dutch Central Bank of the stability of financial markets.

In the Netherlands, many important statutory tasks are carried out by institutions that are at arm's length from the government. These institutions have a public task but are not part of central government. At the latest count their collective annual budget roughly equalled that of the central government. I have directed the NCA's programme of research and publications with respect to these entities with statutory tasks. Our audits also consider the way in which ministers account for their supervisory tasks with respect to the public bodies within their area of responsibility. We share the lessons we learn from these audits in order to help improve public administration.

The Netherlands Court of Audit's mandate includes scrutiny of the EU funds flowing to the Netherlands. The NCA issues an annual EU Trend Report, which provides an analysis of the management and control of EU funds in the Netherlands. The report also considers developments in the EU and the situation in other member states. The Trend Report, for which I have been responsible, aims to improve the financial management of EU funds in the Netherlands and in the European Union.

At the behest of the NCA, the Dutch government since 2006 has issued an annual National Declaration on the management and use of EU funds in the Netherlands. The Declaration is signed on behalf of the government by the Minister of Finance, who submits it to Parliament. The purpose of the Declaration is to improve the accountability and control of funds that the Netherlands contributes to and receives from the EU. The Netherlands Court of Audit provides an opinion on the National Declaration, and reports on it to both Houses of Parliament. The NCA's opinions on the 2008 and 2009 National Declarations were drafted under my responsibility.

One of my aims has been to promote collaboration between the Netherlands Court of Audit and other Supreme Audit Institutions (SAIs). In the framework of the Contact Committee of EU SAIs and the ECA the NCA is currently engaged in a collaborative audit of the cost of control of the EU's Structural Funds. A particular concern of mine has been to promote cross-border environmental performance audits. Within the Contact Committee, the NCA has launched a proposal for a cross-border audit of the enforcement of the EU's Waste Shipment Regulation. In September 2010 the Netherlands will host the annual meeting of the Environmental Working Group of EUROSAI. In November 2010 I will address the INTOSAI Conference in South Africa on the subject of international environmental audits. The NCA's 2010-2015 EU-related audit programme includes an audit of the implementation of the Natura 2000 scheme in the Netherlands.

Under my direction the NCA has launched a three-year programme to assist the Armenia's Chamber of Control in its efforts to conform with international auditing standards and to enhance public accountability, public financial management and transparency in the Armenian government. One of the priorities of this programme is to provide capacity building in the field of performance auditing. Under my responsibility the Netherlands Court of Audit has also participated in an international peer review of the Office of the Auditor General in Canada. Final results were presented to the Canadian Parliament earlier this year.

In 2002, as a member of the Dutch Parliament, I was a member of a Parliamentary Committee on Inquiry into fraud in the Dutch building sector. Questioning witnesses under oath, the Committee uncovered a wide-ranging set of violations of national and EU procurement legislation, including illegal cooperation in price-setting by building firms bidding for public contracts. The Committee's findings prompted several court cases and the imposition of around 1300 fines by the Dutch competition authority.

2. What are the three most important decisions to which you have been party in your professional life?

As State Secretary of the Interior and Kingdom Relations I issued a series of proposals to improve cooperation between police forces, fire services, ambulance and hospital services in the field of disaster prevention and disaster management. As a result, regional cooperation between these services has been strengthened and a nation-wide digital system of mobile communication has been created. To assist local authorities, provinces and regional water authorities in the implementation of European legislation and to help avoid infringement procedures involving the Netherlands I set up Europa Decentraal, a centre for advice on European law and policy. The centre's current focus includes implementation of public procurement regulations (still a weak point in the Netherlands), environmental law, and the EU Services Directive. I modernized Dutch development assistance to the Netherlands Antilles and Aruba, streamlining several hundred projects into multi-annual programmes administered professionally by autonomous agencies.

In what I consider to be one of the most memorable experiences of my professional life I took an active part in shaping the draft Constitutional Treaty of the European Union. As the representative of the Government of the Netherlands in the European Convention I have

argued for the preservation of the balance among big and smaller EU Member States, the balance among the European institutions (including the essential role of the Court of Justice), and the extension of the Community Method within clearly delineated areas of the Union's competence, including the budget. I am confident that the Lisbon Treaty, which incorporates the essence of the Constitutional Treaty, will help to enhance both the effectiveness and the democratic legitimacy of the Union.

As a member of the European Parliament it has been my privilege to contribute to the strengthening of democratic control in the European Union, first as a member of the Liberal Group, and later as its Leader. At times this has implied taking difficult decisions, such as rejecting the EU budget, which I voted to do in December 1984. As rapporteur ad interim for the Parliament's budget and as leader of my group I have argued for greater transparency in Parliament's implementation of its budget.

Independence

3. The Treaty stipulates that the Members of the Court of Auditors shall be 'completely independent' in the performance of their duties. How would you apply this obligation to your prospective duties?

The credibility of the Court of Auditors depends, inter alia, on the independence and impartiality of its Members. This is why Article 286 of the Treaty of the functioning of the European Union stipulates that:

The members of the Court of Auditors shall be chosen from among persons who belong or have belonged in their respective States to external audit bodies or who are especially qualified for this office. Their independence must be beyond doubt.

As a Member of the European Court of Auditors I would act in accordance with the relevant provisions of the Treaty and the Code of Conduct for the Members of the European Court of Auditors. In keeping with the spirit of the Lima Declaration of INTOSAI, which sets out the parameters for the independence of Supreme Audit Institutions, as a Member of the Court I would neither seek nor accept instructions from third parties, whether public or private, domestic or international. I would refrain from any action incompatible with my duties.

4. Have you received a discharge for the management duties you carried out previously, if such a procedure applies?

During my years in office as State Secretary of the Interior and Kingdom Relations the Dutch government, including my Ministry, has been granted discharge annually by the Parliament of the Netherlands for its implementation of the budget.

5. Do you have any business or financial holdings or any other commitments, which might conflict with your professional duties? Are you prepared to disclose all your financial interests and other commitments to the President of the Court and make them public? In case you are involved in any current legal proceedings, would you please give details?

I do not have any business or financial holdings or any other commitments which might conflict with my prospective duties. I am prepared to disclose my financial interests and other commitments to the President of the Court and make them public. I am not involved in any current legal proceedings.

6. Are you prepared to step down from any elected office or give up any active function with responsibilities in a political party after your appointment as Court Member?

I do not hold any elected office or have any active function with responsibilities in a political party. Such commitments would be incompatible with my responsibilities as a Member of the Board of the Netherlands Court of Audit.

7. How would you deal with a major irregularity or even fraud and/or corruption case involving actors in the Member State of your origin?

Fraud and corruption pose a major threat to the trust European citizens put in public institutions. They fuel cynicism and distrust in democracy, both in EU Member States and at the level of the European Union. The fight against fraud and corruption ought therefore to rank among the first priorities of public institutions, again both at the level of Member States and at the level of the European Union. If during my mandate I would suspect or discover evidence of fraud, corruption or any other illegal activity, whether in the Netherlands or elsewhere, I would report my findings to the President of the Court, and I would inform the authorities at the European Anti-Fraud Office (OLAF) in accordance with Decision No. 97-2004 of the Court of Auditors. The origin of the fraud would make no difference.

Performance of duties

8. What should be the main features of a sound financial management culture in any public service?

The main features of a sound management culture in my opinion should be legality, integrity, effectiveness, efficiency, and accountability.

Sound financial management, as defined in the Financial Regulation applicable to the general budget of the European Communities, requires budget appropriations to be used in accordance

with the principles of economy, efficiency and effectiveness.

The principle of economy requires that the resources used by the institution for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency is concerned with the best relationship between resources employed and results achieved. The principle of effectiveness is concerned with attaining the specific objectives set and achieving the intended results.

As Article 27 of the Financial Regulation stipulates correctly, sound financial management further requires

- that specific, measurable, achievable, relevant and timed objectives be set for all sectors of activity covered by the budget,
- that achievement of those objectives be monitored by performance indicators for each activity,
- and that ex ante and ex post evaluations be applied to all programmes and activities which entail significant spending.

Through their audits and by identifying good practices Supreme Audit Institutions - including the ECA – can play an important role in promoting the implementation of these standards by their auditees.

9. According to the Treaty, the Court shall assist Parliament in exercising its powers of control over the implementation of the budget. How would you describe your duties with regard to reporting to the European Parliament and its Committee on Budgetary Control, in particular?

European citizens expect taxpayers' money to be spent correctly and wisely. They expect their parliamentary representatives to subject the executive to democratic control. An important dimension of the responsibilities of the European Parliament is to hold the European Commission to account, including for its implementation of the Union's budget. The Court assists Parliament in this task by providing it with a statement of assurance on the reliability of the accounts and the legality and regularity of the underlying transactions. The Parliament can also make use of the Court's other reports and publications. As a Member of the Court my duty would be to help prepare and present to the Parliament and its Committee on Budgetary Control the findings of the Court in a spirit of dialogue and cooperation.

Experience in several countries has demonstrated the importance of regular monitoring of the follow-up given to the recommendations of Supreme Audit Institutions. Regular monitoring by the Court and by relevant Committees of Parliament of the follow-up given to the findings and recommendations of the Court – including, when appropriate, through public hearings with relevant national actors and experts, organized by the European Parliament - would help secure the implementation of the budget according to the principles of sound financial management.

In the Netherlands, the Court of Audit's principal 'customers' are the Parliament – notably the House of Representatives - and the government. The NCA sees it as its job to provide Parliament with useful and relevant information so that it can decide whether a minister's policies are effective. Even though the NCA will select its audit topics freely and

independently, it pays careful attention to Parliament's wishes and needs. Parliament, for its part, makes active use of the reports of the NCA in order to hold the government to account. A similar relationship should – and I believe does - exist between the European Court of Auditors and the European Parliament.

10. What do you think is the added value of performance audit and how should the findings be incorporated in the management?

Performance audits attempt to answer two basic questions: is the executive doing the right things to implement the decisions or goals set by the legislature, and are these things done in the right way? Answers to these questions provide information which is essential to the quality and legitimacy of any public service.

According to the INTOSAI definition, performance auditing is the independent examination of the efficiency and effectiveness of government undertakings, programs or organizations, with due regard to economy, and the aim of leading to improvements. Such audits may focus on policy output (have policies been implemented as planned?) or on policy outcome (have the policy objectives been attained?).

In the EU context, performance auditing therefore is the auditing of the principles of sound financial management, as included in the Financial Regulation. Performance audits must hence be considered an essential dimension of the work of the European Court of Auditors.

In addition to assessing the impact of EU funding, the Court should report on the added value of such funding, i.e. the economic and non-economic benefit derived from interventions at EU level rather than at national or regional level.

The Court aims for its reports to include recommendations which are timely and relevant to Parliament, the auditees, and the other institutions. As indicated in my answer to Question No. 9, regular monitoring of the follow-up given to the Court's findings and recommendations will help to improve the financial management of the Union.

Performance audits sometimes pose considerable methodological challenges. For example, in order for management and others to assess the effectiveness of policies, policy objectives must be set which are both specific and measurable. Unfortunately, SAIs frequently have had to conclude that objectives have been formulated in a way which makes it difficult to judge whether they have been attained.

11. How could cooperation improve between the Court of Auditors, the National Audit Institutions and the European Parliament (Committee on Budgetary Control) concerning the audit of the EU budget?

Much of the EU budget and most policies of the European Union require implementation by the Member States. Joint or collaborative audits by national Supreme Audit Institutions and the European Court of Auditors could play an important role in scrutinizing the implementation of the budget and related policies, and in strengthening the role of national parliaments and the European Parliament in holding the relevant authorities to account. Considerable scope would appear to exist for expanding the use of such joint or collaborative audits, particularly under the auspices of the Contact Committee of EU SAIs and the European Court of Auditors.

The Netherlands Court of Audit has recently participated in two collaborative European audits. Together with the Belgian Cour des Comptes we carried out an audit into the system of quality assurance in higher education in the Netherlands and Flanders. Jointly with the Bundesrechnungshof and the Belgian Cour des Comptes we published a report on intra-Community VAT fraud. The latter audit uncovered several areas where collaboration between the responsible national authorities needs to be improved. In response to this audit the Dutch government agreed to add 35 extra staff to the service responsible for combating cross-border VAT fraud.

Cooperation with the European Court of Auditors has also been strengthened. The NCA and the ECA have concluded a Memorandum of Understanding to carry out a coordinated audit in 2010. The audit concerns the legality and regularity of expenditure and an assessment of the main supervisory and control systems in the area of the Common Agricultural Policy under shared management in the Netherlands. Total CAP payments effected in the Netherlands in 2009 amounted to € 1.2 billion. The coordinated audit will enable the ECA to incorporate the final results into the conclusions on CAP expenditure in its Statement of Assurance audit. The NCA will be able to use the results in its report on the Dutch EU Member State Declaration.

Regular exchanges of view between members of national parliaments, members of the European Parliament, the European Court of Auditors and national Supreme Audit Institutions in EU Member States would facilitate the identification of priority subjects for collaborative audits. Such regular dialogues would also encourage participants to learn from the experience of other partners.

By analogy with the new Treaty provision requiring the Court to forward its annual report to the national Parliaments, and taking into account the fact that the European Parliament's discharge resolution includes references to the special reports, the Court could decide to transmit its special reports to the national Parliaments as well.

Other questions

12. Would you withdraw your candidacy if Parliament's opinion on your appointment as member of the Court were unfavourable?

Yes.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	27.9.2010
Result of final vote	+: 19 -: 0 0: 0
Members present for the final vote	Jean-Pierre Audy, Inés Ayala Sender, Zigmantas Balčytis, Jorgo Chatzimarkakis, Andrea Cozzolino, Ryszard Czarnecki, Luigi de Magistris, Tamás Deutsch, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Cătălin Sorin Ivan, Aldo Patriciello, Christel Schaldemose, Theodoros Skylakakis, Bart Staes, Georgios Stavrakakis
Substitute(s) present for the final vote	Monika Hohlmeier, Ivailo Kalfin