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REPORT

on the nomination of Ildikó Gáll-Pelcz as a Member of the Court of Auditors
(C8-0110/2017 – 2017/0802(NLE))

Committee on Budgetary Control

Rapporteur: Indrek Tarand

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PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the nomination of Ildikó Gáll-Pelcz as a Member of the Court of Auditors
(C8-0110/2017 – 2017/0802(NLE))**

(Consultation)

The European Parliament,

- having regard to Article 286(2) of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C8-0110/2017),
 - having regard to Rule 121 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0166/2017),
- A. whereas Parliament's Committee on Budgetary Control proceeded to evaluate the credentials of the nominee, in particular in view of the requirements laid down in Article 286(1) of the Treaty on the Functioning of the European Union;
- B. whereas at its meeting of 12 April 2017 the Committee on Budgetary Control heard the Council's nominee for membership of the Court of Auditors;
1. Delivers a favourable opinion on the Council's nomination of Ildikó Gáll-Pelcz 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 ILDIKÓ GÁLL-PELCZ

Employment	2000- <i>(Note: currently suspended owing to my activities as a Member of the European Parliament)</i> Director of Institute, Head of Department, Associate University Professor Institute of Business Management, University of Miskolc Department of Business
	1992-2000 Deputy Head of Department, Associate University Professor, Assistant University Professor, University Lecturer Faculty of Corporate Economics, University of Miskolc
	1989-1992 Deputy Director, Organisation Supervisor Computing Centre, University of Miskolc
	1985-1989 Systems, Coding and Research Engineer Tűzeléstechnikai Kutató és Fejlesztő Vállalat, a fire technology and development company Miskolc Campus
	Political and specialised political activities:
	01.07.2014- Vice-President of the European Parliament
	16.11.2010- Member of the Presidency of the European People's Party Group (Christian Democrats)
	02.06.2010- Member of the European People's Party Group (Christian Democrats)
	2009-2010 Deputy Speaker of the Hungarian National Assembly
	2006-2010 Member of Parliament, Member and Deputy Leader of the Group of the Fidesz Hungarian Civic Union
	2002-2006

**Councillor of the Council of the City of Miskolc of County Rank,
Member and Deputy Leader of the Group of the Fidesz-KDNP**

Committee membership:

21.01.2016-... : Committee of Inquiry into Emission
Measurements in the Automotive Sector

24.06.2016- : Committee of Inquiry to investigate alleged
contraventions and maladministration in the application of
Union law in relation to money laundering, tax avoidance and
tax evasion

02.12.2015- : Special Committee on Tax Rulings and Other
Measures Similar in Nature or Effect (TAXE 2)

12.02.2015-30.11.2015: Special Committee on Tax Rulings and
Other Measures Similar in Nature or Effect

01.07.2014- : Committee on the Internal Market and Consumer
Protection

06.06.2010- : Committee on Women's Rights and Gender
Equality

06.10.2010- : Committee on Economic and Monetary Affairs

06.10.2010-31.07.2011: Special Committee on the Financial,
Economic and Social Crisis

2008-2010: Chair of the Committee of Inquiry to Investigate the
Use of EU funds

2006-2010: Member of the European Affairs Committee

**Membership in political
parties and roles filled in
political organisations:**

2002-2006: Chair of the Committee on Budgetary Control

2006- : Vice-President of the Fidesz Hungarian Civic Union

2005- : President of the Women's Section of the Union

2004- : Member of the Fidesz Hungarian Civic Union

Education and training

2004

Qualified Tax Expert, International Taxation
Penta Unió Oktatási Centrum Kft.

1996

Chartered Auditor and Tax Consultant
Perfekt Rt.

1993

Chartered Accountant
Perfekt Rt.

1991

Engineer specialised in Economics
 Faculty of Economics, University of Miskolc
*Continuing Education in Engineering and Economics, specifically
 Business Management*

1985

Qualified Mechanical Engineer, Process Design Branch
 Technical University of Heavy Industry
 Faculty of Mechanical Engineering

Academic degrees:

1997

DR UNIV
 Role of accounting information systems in the operation of
 companies

1997

PhD
 Increasing economic efficiency by using advanced analytical and
 planning methods for business processes

2016

Dr habil
 Taking advantage of the potential of the single internal market

Foreign language skills
Other

Mother tongue: Hungarian			
English	German		Russian
B2	B1		A1
1995	1984		1982

**Other professional
 activities**

Academic Committee of Miskolc (MAB) of the Hungarian
 Academy of Sciences
 Member of the Economic Committee
 Head of the Working Committee for Business Consultancy
 Member of the Organisation Subcommittee
 Vice-President of the Hungarian Society of Economics in
 Borsod-Abaúj-Zemplén County

Other public activities

Founding President of the Association of the Graces of
 Miskolc

Decorations

Young Researchers' Award from the Academic Committee of

Miskolc (MAB) of the Hungarian Academy of Sciences (2000)
Meszléri Zoltán Award (2000)
Excellent Lecturer Certificate (2005)
Recognition of Activities for Women (2008)

ANNEX 2: ANSWERS BY ILDIKÓ GÁLL-PELCZ TO THE QUESTIONNAIRE

Professional experience

1. Please list your professional experience in public finance, be it in budgetary planning, budget implementation or management or budgetary control or auditing.

Since I graduated from university, I have been continuously improving my professional knowledge in the areas of business management, financial management, budgets, budgetary control and administration through my experience gained in both the Hungarian (as President of the Financial and Audit Committee of the Hungarian National Assembly and councillor of the Council of the City of Miskolc of County Rank) and the international environment (as a Member of the European Parliament).

I wish to draw attention to my qualifications in economic and budgetary surveillance and in the financial sector. I have used my tax expert and tax consultant qualifications both in the competitive sector and in administrative roles. The work I carried out at a number of companies provided an excellent opportunity for me to become even more familiar with issues relating to auditing and impact assessment.

As of 2010, as a Member of the European Parliament, I have been working, in particular, on two main groups of tasks: firstly, fundamental economic, internal market, financial, fiscal and fiscal policy issues and, secondly, budgetary issues.

During my career, I acquired profound theoretical knowledge and practical experience in the functioning of the EU institutions and about a number of decision-making types and issues arising in relation to the institutions. I am convinced that my direct, daily experience gained in EU issues enables me to work efficiently in a working environment that is complex and dynamic when it comes to policy. Incidentally, I consider it essential to understand how the European Union functions, as this can provide a firm professional basis and well-founded information about the current situation, potential problems and possible solutions. I consider that knowledge very useful for the Court of Auditors and the position to be filled.

During the years that I have spent in the European Parliament, I have also gained further substantial professional experience in the area of auditing EU institutions. As Vice-President of the European Parliament, I perform the duties of President of the Budgetary Control Body. Comparing the standards of financial management and control, internal and external audit in Hungary now and in the past, I am glad to have been able to make easier the process of exchanging best practices.

At the European Parliament, I have fulfilled the function of rapporteur or shadow rapporteur a number of times on, among other matters, reports and opinions relevant to budgetary control and the economy as listed below:

Reports submitted as rapporteur

- *Report on Single Market governance within the European Semester 2015;*
- *Report on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 184/2005 on Community statistics concerning balance of payments, international trade in services and foreign*

direct investment as regards conferring of delegated and implementing powers upon the Commission for the adoption of certain measures;

- *Report on the Annual Tax Report: how to free the EU potential for economic growth;*
- *Report on the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax with respect to the management of vouchers;*
- *Report on the proposal for a Council directive on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States (recast).*

Reports submitted as shadow rapporteur

- *Report on consumer protection – protection of consumers in utilities services;*
- *Report on Single Market governance within the European Semester 2014;*
- *Report on the European Investment Bank – Annual Report 2013;*
- *Report on the European Central Bank Annual Report for 2012;*
- *Report on the European Central Bank Annual Report for 2011.*

Opinions submitted as rapporteur

- *Opinion on the Council's position on the general budget of the European Union for the financial year 2016 (IMCO);*
- *Opinion on the General budget of the European Union for the financial year 2014 – all sections (IMCO).*

Opinions submitted as shadow rapporteur

- *Opinion on the Council's position on the draft general budget of the European Union for the financial year 2015 (IMCO);*
- *Opinion on discharge in respect of the implementation of the budget of the European Banking Authority for the financial year 2012;*
- *Opinion on discharge in respect of the implementation of the budget of the European Insurance and Occupational Pensions Authority for the financial year 2012;*
- *Opinion on discharge in respect of the implementation of the budget of the European Securities and Markets Authority for the financial year 2012.*

I trust that my knowledge and experience in the field will be useful for the Court to address some of its challenges. I hope that this stage of the series of questions demonstrates that as I have shaped my career I have been guided by the principle of becoming a specialist and policy-maker with a wide theoretical and rich practical background. I am convinced, furthermore, that the Court's strength is not only in its national diversity but mainly in the diversity of the professional experience of its Members.

2. What have been your most significant achievements in your professional career?

I believe that my professional career reached a first turning point in 2000. The

establishment of the Institute of Business Management and two departments (Department of Corporate Management and Department of Business) at the University of Miskolc represented a milestone in my life as a university professor and researcher, which completes my career experience in my professional and scientific work from a university lecturer perspective.

In my work I have laid great emphasis on ensuring a high standard of teaching (full-time, correspondence and PhD training). In establishing the institute, I intended to provide students with advanced and competitive knowledge, flexibly adapted to the changing needs of markets and meeting the requirements of the European Union. To this end, in cooperation with the universities of several Member States, we drafted syllabuses under European Union projects, which I continuously updated, and we integrated the latest results from domestic and international research.

Another important achievement is my activities performed as Vice-President. During the past almost 3 years, I was honoured to fill one of the positions of Vice-President of the European Parliament. My activities included responsibility for Parliament's audit body and access to documents. During this period, I continued to deal with a significant number of inquiries from private persons, members of NGOs, businesses and other concerns and I helped many other parties concerned find a solution to their difficulties. With regard to enhancing the transparency and increasing the importance of Parliament, I was able to influence more favourably the transparency and accountability of the European Parliament to the benefit of all EU citizens and residents. It was perhaps also as recognition of this work that the plenum of the European Parliament gave me another vote of confidence and confirmed my position as Vice-President.

3. What has been your professional experience of international multicultural and multilingual organisations or institutions based outside your home country?

In my work as Deputy Speaker of the Hungarian National Assembly responsible for Inter-Parliamentary Union, then as a member of the Presidency of the European Parliament, I gained international – or rather global – experience owing to my regular work as part of Parliament delegations which cooperated with international delegations or delegations from other countries. It is important to note that working with Members of the European Parliament on a daily basis gave me a better understanding of how they see us Hungarians, too, and what their opinion is on our mentality and decision-making.

Incidentally, I have gained the majority of my experience in budgetary control abroad. The description of my professional career should also reflect that I have worked in a very diverse, primarily scientific, work environment. In my activities as a university lecturers, I also had talks with operators in different sectors and scientific research institutes of other Member States on a regular basis.

I believe that adapting to other cultures, firstly, facilitates understanding and, secondly, encourages an individual to carry out regular self-examination and improve his or her knowledge. Diversity is an essential element of Europe. Personally, I really feel this diversity to be my own, and I think that I can really reach my full potential primarily in a multicultural environment.

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

The duties I carried out previously were not subject to a discharge procedure.

5. Which of your previous professional positions were a result of a political nomination?

I began my political career by engaging in current affairs in Miskolc, in the 'Association for Miskolc', where I held the position of Vice-President. I joined the Fidesz Hungarian Civic Union in 2003 during its reorganisation. In 2005 I was elected National Vice-President of the party and I have been re-elected in my position at each organisational renewal ever since. I have also held the position of President of the Women's Section of the party since the same year.

At the 2006 parliamentary elections in Hungary, I obtained a mandate as a candidate of my party from its area list of Borsod-Abaúj-Zemplén County. I was elected Deputy Leader of the Group of the Fidesz in the same year.

In 2009 I was elected one of the Deputy Speakers of the Hungarian National Assembly. I held this office until 2010, when the new National Assembly was formed. At those elections, I also obtained a mandate from the area list of Borsod-Abaúj-Zemplén County. In 2010 I was elected Member of the European Parliament and I have been in one of the Vice-President positions of the European Parliament since 1 July 2014.

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

1. Development of the EU's internal market

The single market is a priority today on the European political agenda. It is praised as a strategy that can help recover from economic crises and may ensure long-term growth. However, it has not always been so. In the past six and a half years, I have worked to ensure that the single internal market regained its old appreciation and that we can develop it to its full potential.

As rapporteur for the report on internal market governance and as author of a number of internal market research studies, I have managed to achieve significant results to help us to improve and strengthen the existing mechanisms and devise better synergies with a view to enforcing single market legislation more efficiently. I went to great lengths to ensure that issues can be resolved at national level and, where possible, via informal means. My strategic decisions on and measures addressing the subject have created several opportunities for consumers, as my recommendations resulted, above all, in quality standards and more competitive pricing. I wish to point out that I am interested in this subject not only from a political point of view, but also from a scientific point of view. I can proudly state that in 2017, by improving the general economic analysis approach of my PhD thesis, I also acquired the academic degree of 'habil Dr' for my scientific work on taking advantage of the potential of the single market.

2. Setting the fiscal policy directions for the EU

The recent debt crisis has raised a number of new issues in the European Union. Those issues necessitate the proper adjustment of tax policies in the short, medium and long

term. As rapporteur for the proposal for a directive amending Directive 2006/112/EC on the common system of value added tax with respect to the management of vouchers and the report on the proposal for a Council Directive on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States, I was able to work on these fiscal adjustments, and I also introduced a new economic policy direction with respect to fiscal policy. As a possible solution, I set out a proposal for devising an intelligent and coordinated 'tax snake' system, which has been incorporated in a number of proposals to date.

3. Family policy in Hungary and Europe

As a woman and mother, one of my most important goals has been to support women and families since the beginning of my political career. This is also my primary mission. I have always worked to ensure that family support measures be taken clearly with a view to the changing demographic trends. As a result of my proposals, I have managed to expand the family taxation scheme continuously and, in recent years, with the introduction of the 'maternity allowance extra' package of measures, making employment easier for women with small children could also be a key objective to be achieved. With the allowance, a Hungarian family could spend an additional EUR 3 000 on average over a period of 4 years, i.e. this amount could be given in addition to previous allowances.

Independence

7. The Treaty stipulates that the Members of the Court of Auditors must be 'completely independent' in the performance of their duties. How would you act on this obligation in the discharge of your prospective duties?

Articles 285 and 286 of TFEU stipulate that all Members of the Court should remain completely independent in the performance of their duties. Therefore, I believe that the independence of the Members of the Court is one of the key points that all members must respect and which determines whether a candidate is able to perform his or her duties. Of course, I will fully comply with the provisions of the TFEU concerning the 'independence' criterion and will refrain from any activity that would be incompatible with or put at risk the performance of my duties.

8. Do you or your close relatives (parents, brothers and sisters, legal partner and children) have any business or financial holdings or any other commitments, which might conflict with your prospective duties?

I do not have nor do any of my close relatives have business or capital interests that might conflict with my prospective duties as a member of the Court in the future. Similarly, I am not aware of any other commitments which could lead to such a conflict.

9. Are you prepared to disclose all your financial interests and other commitments to the President of the Court and to make them public?

As a Member of the European Parliament, I am currently reporting my financial interests and will provide the requisite information about my financial interests in accordance with the rules. I will fully comply with the TFEU provisions related to potential conflicts of interest that would be incompatible with the performance of my duties.

10. Are you involved in any current legal proceedings? If so, please give details.

I am involved in legal proceedings, as I have submitted a statement of claim regarding the infringement of my personality rights to the Metropolitan Court of Budapest.

11. Do you have any active or executive role in politics, if so at what level? Have you held any political position during the last 18 months? If so, please give details.

I have been an active member of the Fidesz Hungarian Civic Union since 2003 and its Vice-President since 2006.

12. Will you step down from any elected office or give up any active function with responsibilities in a political party if you are appointed as a Member of the Court?

If I am elected, I will step down from my position as Member of the European Parliament and my membership and role as Vice-President detailed in Section 11. If necessary, I will renounce my membership in every foundation with a view to preserving my full independence during my mandate.

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

Combating cases of fraud and/or corruption and dealing with irregularities in administration is extremely important when it comes to European citizens having confidence in EU institutions. Should the charge of fraud or corruption arise during an audit overseen by me or should I encounter any illegal act, I would forward the relevant information to the President of the Court and would also notify the European Anti-Fraud Office, bearing in mind the cooperation agreement between the two institutions. I would not make any allowances under any circumstances if the parties involved were from Hungary. If, while taking action against these serious irregularities, there was even the slightest appearance or suspicion that I might be unable to act impartially, I would pass the case on to somebody else and refrain from exercising my powers in that regard. I wish to emphasise that as the Vice-President of the European Parliament, I have always acted similarly in all such cases, as I have informed the President of Parliament about requests for access to documents relating to my country and requested that my powers be vested with another Vice-President.

Unfortunately, I am also aware of allegations that in the past someone used his or her mandate with the Court to try to shed a more favourable light on his or her own country and to protect it from certain criticisms. In my eyes, this is reprehensible behaviour and a fundamental confusion of roles. Regardless of whether the allegations are well founded or not, I think that it is already a problem that such concerns can even arise among taxpayers. In order to maintain the reputation of the institution, I will go to great lengths to avoid such situations.

Performance of duties

14. What should be the main features of a sound financial management culture in any public service? How could the ECA help to enforce it?

It is a fundamental requirement of EU citizens and they must also see that funds are used in an optimal way. If we ensure full accountancy and compliance with the rules, it does not necessarily mean that funds will be used efficiently in projects supported by the EU.

If it is not clear to citizens whether they benefit from the system, we cannot expect them to trust it. This lack of trust appeared in the final result of the Brexit referendum in 2016.

I believe that there is no trust without transparency. Therefore, the Commission has to report on the appropriate topics to Parliament and the public, and what it reports must be

appropriately verified by an independent auditor.

Essential parts of this culture are an ethical approach and appropriate with regard to general morality, too, as not everything can be regulated by legislation. Life is always able to create situations that cannot be described accurately in legislation.

15. Under the Treaty, the Court is required to assist Parliament in exercising its powers of control over the implementation of the budget. How would you further improve the cooperation between the Court and the European Parliament (in particular, its Committee on Budgetary Control) to enhance both the public oversight of the general spending and its value for money?

I can state with certainty that I shall do all that lies in my power to effectively and lastingly promote and support the joint work of the European Court of Auditors and Parliament. As regards the drafting of the reports, I think we should ensure that they are as correct and reliable as possible, so that we can provide sound responses despite the arguments of the areas being audited, and at the same time they must be sufficiently up to date to be of interest not only to the Committee on Budgetary Control and to give it the opportunity to draw its conclusions quickly on the reports submitted in order to prevent further losses or to introduce improvements without delay, but also to make it possible to inform the public as quickly as possible. I am also of the opinion that the audit of administration and financial management and the performance audit must urgently be speeded up.

The reports of the Court of Auditors must be more timely and explicit in order for Parliament to be able to use them well. Although the reality is often complex and complicated and clear-cut black and white divisions are rare, I would make great efforts to use clear language, as Parliament needs to assess to what extent the implementation of a specific policy can be considered a success or a failure.

As far as timeliness and topicality are concerned, I know that a number of attempts have been made to speed up audits, which of course may not be detrimental to quality, but I feel that there is still room for improvement in that area, too. By way of example, the special report on migration-related expenses (No 2016/3), published in March 2016, examines expenses only until 2014, thereby obviously losing much of its relevance.

Of course, in a specific audit report, reference must be made to the arguments of the audited party and consultation is a time-consuming process; at the same time, I would point out that it is not always necessary to reach a consensus with the audited party. I would not be afraid of such differences in opinion.

At the same time, I consider very useful the opinions of the Court that review the Commission's legislative initiatives. I would mention two current examples: one of them is the opinion on the review of the Financial Regulations of the EU, and the other is the document regarding the extension of the EFSI, which, I think, are able to significantly help the work of the legislature. This must be the direction to follow. As an MEP, I know it exactly what the EP needs; therefore, I will continue to monitor the requests of the members of the CONT Committee in the interest of efficient cooperation.

16. What added value do you think performance auditing brings and how should the findings be incorporated in management procedures?

A management audit is one of the schemes in which taxpayers, citizens, creditors and administrators can exercise control over and view the results of a number of government activities.

I believe that appropriately stepping up financial management audits and performance audits would permit a good many increases in efficiency in the use of EU funds. I am also certain that particular attention should be devoted to the appropriate use of funds. Both comprehensive audits of a sector and individual on-the-spot audits of the use of funds could reveal specific shortcomings in the attainment of targets, leading to recommendations on the basis of those audits, which would help to halt or avoid undesirable developments and could take a key role in using EU funds more efficiently.

Performance audits are therefore extremely important when it comes not only to enforcing the principles of sound financial management but also to bringing about annual improvements in the risk of error in the individual fields of policy and to pursuing worthwhile further improvements to the use of funds. Performance audits can, of course, be performed both internally and externally.

In my view, incidentally, the added value of an external audit lies in the fact that the external authority is fully independent and the findings are intended not only for the authority but for Parliament, which can itself independently draw conclusions from the recommendations. It results from the nature of the procedure that the observations made during a performance audit can be taken into account in different ways in the field of administration. The first possibility is that, in an atmosphere of confidence and positivity, the department subject to the audit may be convinced that introducing the measures proposed to it by the auditors would be a positive. Another possibility exists, namely, that the institution to which the department subject to the audit belongs may comply with the recommendations and conclusions of the Court of Auditors and act on them in its sector. In this field, however, the European Parliament is also of greater significance if – supposing that it seems to Parliament to be particularly important – it responds by taking decisions.

In summary, I think that in the case of performance audits, too, it is important to check persistently and regularly on the follow-up measures resulting from the findings and recommendations of the Court of Auditors.

Error rates in themselves give a comprehensive picture of the effectiveness of specific EU policies only in part. The assessment of results and impact are especially important, as it is possible to imagine cases where everything went in accordance with the rules, yet carrying out the project did not bring us closer to achieving goals. For example, what is the construction of a bridge worth if there are no roads accessing it? To what extent does such a project contribute to increasing employment or boosting economic growth in the region in question?

However, the performance audit must not be detrimental to verifying compliance with the rules. I know how important it is for Parliament to have access to error rates broken down by area of issue. The stability and consistency over time of the provision of balanced data are just as important, as trends can be identified and comparisons in time and space can be made only in that way.

17. How could cooperation between the Court of Auditors, the national audit institutions and the European Parliament (Committee on Budgetary Control) on auditing of the EU budget be improved?

The Court plays an outstanding role in providing important information on a regular basis to the European Parliament about the implementation of the budget of the EU. I therefore believe that the dialogue between the two institutions has significant added value.

Communication must be two-way under any circumstances. Efficient and tight coordination will contribute to better target the priority areas of work and will provide Members of COCOBU with relevant information in specific areas of interest in a timely manner.

The ECA Annual Report on the implementation of the EU budget is an essential instrument for each annual discharge procedure and can give a broad overview of the systems in different policy areas. The importance of special reports drafted by the Court is also to be emphasised, as they contribute significantly to the further development of the individual areas: they draw attention to specific deficiencies and also make proposals for their solution.

I would also welcome, for example, the European Parliament taking decisions, in accordance with its new rules of procedure which entered into force on 1 January 2017, on compiling reports that it has initiated and which would be based on the special reports produced by the Court. The work of the Members of Parliament would boost added value.

As a Member of the Court, I will ensure under all circumstances that the documents that I provide the European Parliament with will contribute effectively to the work of COCOBU. Efficient bilateral communication will be a guiding principle in my relations with the European Parliament.

I will be open to regular meetings with all interested Members of the Committee to discuss issues of interest to Parliament. I am convinced that this will also help the European Court of Auditors to address better the questions intended to protect EU taxpayers' interests.

The European Court of Auditors is able to perform its work well if it can rely on the activities of the national audit institutions during its work. With this, doubling work and the unnecessary 'harassment' of the grant beneficiaries and the increase to their administrative burdens can be avoided. Cooperation of that kind has deep roots within the INTOSAI, of course. For example, significant progress could be made in the standardisation of methods. It is important that the results of national audits can be integrated into the activities of the European Court of Auditors. At the same time, I can see further opportunities for conducting joint audits.

I consider it very important that the national audit institutions increase their audit efforts on the use of EU funds in Member States. It is definitely a progressive and good example when the national assemblies discuss these reports and draw conclusions from the contents of the reports, as it improves the efficiency of how funds are used in the future. As president of the committee overseeing the use of EU funds at the Hungarian National Assembly, that was my exact duty.

I consider it essential in this respect to spread the use of national audit certificates (national declarations). I know that for federal states this is not always easy, but it is a step that bolsters the culture of clear assumption of responsibility and accountability.

I recommend that the national audit bodies, in their capacity as independent external auditors and in compliance with the international audit standards, be able to issue national audit certificates regarding the management of EU funds, which would be given to the governments of Member States. These certificates could, in turn, be used during the discharge procedure in accordance with an inter-institutional procedure fit for the purpose and to be introduced later.

18. How would you further develop the reporting of the ECA to give the European Parliament all the necessary information on the accuracy of the data provided by the Member States to the European Commission?

As a significant part of the EU budget is implemented through shared management, the quality, completeness and timeliness of the information provided by Member States fundamentally determines, to a great extent, the quality of subsequent analysis and, consequently, the quality of the assurances provided by the Commission.

It transpires from the Court's annual reports that in drafting their annual activity reports, the Commission's Directorates-General primarily use the information provided by the national authorities (e.g. audit reports). The recurrent ECA's annual reports highlight for me that there are some weaknesses (including primarily accuracy) in the work of audit authorities which the Commission's verification cannot currently prevent.

For the above reasons, therefore, I believe that the reports of the European Court of Auditors must continue to draw attention to points of weakness, be it the inaccuracy of the data provided by Member States or deficiencies in the audit work performed by the Commission. The Court should explain as clearly and as detailed as possible what the weaknesses are and how they should be remedied.

I think that although Member States are more or less aware of our recommendations, there are great differences in their practical implementation at national level. Consequently, there is little indication at national level that changes are taking place in policy-making and everyday practice.

As a member of the Court, I wish to cooperate more closely with you with a view to improving financial management in the EU. If we would like to establish a financial system in the EU that is able to regain the trust of our citizens, the EU must begin the appropriate reforms, and soon; and not only here, in Brussels, but across the EU. Member States should be able to provide full, material and up-to-date information on their governance, financial management, internal control and internal audit systems. Where weaknesses exist, the Commission should engage in close co-operation with Member States to make all necessary information available so that we can make an informed assessment of the Member States' systems for implementing the EU budget.

I appreciate, furthermore, the merits of the concerns around costs and benefits of providing information but, if our common goal is to make sure the budgetary body provides the highest quality audit assessment as set out in the international standards, no efforts should be spared. All the more important, it is often the case that the problem lies not in the lack of information but in the failure of national audit authorities or contracted auditors to use it properly.

One of the main audit findings of the Annual Report widely debated at both Parliament and the Council was the estimated error rate reported by the Court. Having followed the recent discharge deliberations in recent years, I welcome the fact that every year the Court improves the underlying information as to the root causes of errors. I believe that there is still progress to be made with regard to reducing errors, but further consultations should be held with the parties concerned as to how to identify them.

What is more, I will ensure that the Court monitors more closely and regularly the status of the implementation of the recommendations made in the annual discharge reports of the European Parliament. These discharge reports include a number of issues recurring year after year, the implementation of which is unfortunately extremely slow or never takes place. This is very frustrating. Therefore, the Court must perform its audits more decisively and must step up its monitoring activity. Parliament must know to what extent its recommendations are implemented.

Among the most important current challenges, I would mention the issue of 'budget galaxy'. As the Budget Commissioner has also pointed out during one of his visits to Parliament recently, the increased outsourcing of public funds outside the budget of the EU worsens transparency, may infringe the principle of the unity of the budget and, by controlling institutions, gives a narrower scope for audits. This alarming trend, where the Court only has limited powers, must be curbed.

As I have already explained in my response to Question 15, increased attention must be paid to the priorities of legislators with regard to issues of great importance for EU citizens. I consider the Court to be a close ally of Parliament. We share the same mission: to protect the interests of European taxpayers. We must ensure that each and every euro is spent for the purposes envisaged and that EU funds are used effectively, and we must fight against wasteful practices, pointless spending, negligent financial management and any form of fraud.

I wish to point out, furthermore, that the Court had 36 special reports prepared in 2016. For example, four reports on youth unemployment have been drawn up recently. I would recommend concentrating around themes, as Parliament is simply not able to process such a high number of reports with the requisite thoroughness. These very valuable and substantial reports often do not get the attention that they rightly deserve. I know how much the CONT Committee has tried to improve the processing of these special reports by Parliament – sadly without success for the time being. At the same time, perhaps with thematic concentration, the Court could also help here, as fewer reports that are fewer in number but have more substance could obviously be better used by Parliament.

Other issues

19. Will you withdraw your candidacy if Parliament's opinion on your appointment as Member of the Court is unfavourable?

Yes, I will, as it is essential for my work that Parliament have confidence in me; without this, I could not carry out my activities appropriately.

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Partial renewal of members of the Court of Auditors - HU nominee						
References	07080/2017 – C8-0110/2017 – 2017/0802(NLE)						
Date of consultation / request for consent	10.3.2017						
Committee responsible Date announced in plenary	CONT 16.3.2017						
Rapporteurs Date appointed	Indrek Tarand 15.3.2017						
Discussed in committee	12.4.2017						
Date adopted	12.4.2017						
Result of final vote	<table> <tr> <td>+: </td><td>16</td></tr> <tr> <td>–: </td><td>2</td></tr> <tr> <td>0: </td><td>2</td></tr> </table>	+:	16	–:	2	0:	2
+:	16						
–:	2						
0:	2						
Members present for the final vote	Inés Ayala Sender, Tamás Deutsch, Martina Dlabajová, Luke Ming Flanagan, Ingeborg Gräßle, Cătălin Sorin Ivan, Jean-François Jalkh, Arndt Kohn, Bogusław Liberadzki, Claudia Schmidt, Bart Staes, Indrek Tarand, Marco Valli, Derek Vaughan, Joachim Zeller						
Substitutes present for the final vote	Caterina Chinnici, Monika Hohlmeier, Andrey Novakov, Markus Pieper, Julia Pitera						
Date tabled	19.4.2017						