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DRAFT REPORT

on the nomination of Samo Jereb as a Member of the Court of Auditors
(C8-0025/2016 – 2015/0804(NLE))

Committee on Budgetary Control

Rapporteur: Bart Staes

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PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the nomination of Samo Jereb as a Member of the Court of Auditors
(C8-0025/2016 – 2015/0804(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 (C8-0025/2016),
 - having regard to Rule 121 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0000/2016),
- 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 15 March 2016 the Committee on Budgetary Control heard the Council's nominee for membership of the Court of Auditors;
1. Delivers a favourable/negative opinion on the nomination of Samo Jereb 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 SAMO JEREB

WORK EXPERIENCE

1/12/2013–Present Deputy President of the Court of Audit of the Republic of Slovenia

Court of Audit of the Republic of Slovenia
Slovenska 50, 1000 Ljubljana (Slovenia)
<http://www.rs-rs.si>

- Decision-making in the Senate of the Court of Auditors in all audits of the Court where an objection to an audit report was proposed, regardless of the scope of work
- Implementation of tasks entrusted by the Court of Auditors based on the mandate of the President of the Court of Audit (making proposals to carry out audits, issuing consents to detailed audit plans, drafts and proposals of audit reports, participating in training programmes for auditors and thesis defence committees for certified state auditors, presentation of audit reports to the National Assembly of the Republic of Slovenia and other interested publics...). The scope of my work is not limited and applies to all Court of Audit jurisdictions and all types of audit (financial audits, regularity/compliance audits or performance audits), while directly monitoring and controlling half the work of the Court of Auditors. I was specifically responsible for closely monitoring implementation of the audit of the regularity and efficiency of the establishment and operation of the Bank Assets Management Company and the performance audit of the largest investment in recent years (the construction of Unit 6 at the Šoštanj Thermal Power Plant) in terms of consequences for the profit or loss and cash flow of Holding Slovenske elektrarne (the biggest Slovenian organisation in the area of power generation) and the Slovenian Sovereign Holding.

Business or sector Public sector

1/12/2004–30/11/2013 Supreme State Auditor

Court of Audit of Republic of Slovenia
Slovenska 50, 1000 Ljubljana (Slovenia)
<http://www.rs-rs.si>

- Managing the Audit Department for public services auditing, environmental audits, privatisation audits, audits of public agencies and funds. The Department carried out audits of financial statements and regularity of operations, most audits were conducted as performance audits of ministries (especially the Ministry of Finance, the Ministry of the Environment and Spatial Planning, the Ministry of Agriculture, the Ministry of Transport and the Ministry of the Economy or Infrastructure (in the part which covers energy supply)), local communities as public services (DARS, Motorway Company in the Republic of Slovenia, Slovenian Railways, ELES Electricity Transmission System Operator, SODO Electricity Distribution System Operator, GEN energija, gas suppliers, water suppliers and waste water dischargers, waste water management etc.) and investment operators of the Republic of Slovenia (Slovenian Restitution Company, Slovenian Sovereign Holding etc.).
- 1/2/2013–1/7/2013: in addition to managing the Audit Department, also acting as deputy of the supreme state auditor in managing the department responsible for auditing governmental and non-governmental budget users, judicial users of the state budget and political parties

Business or sector Public sector

- 23/9/1996–1/12/2004 **Independent auditor/consultant**
LM Veritas d.o.o.
- Autonomous execution of audits of companies' annual reports (financial statements)
 - Participation in auditing teams carrying out audits of annual reports (financial statements) of larger companies
 - Execution of agreed procedures to internationally accepted audit standards as an important element of verifying the proper billing and consumption of environmental taxes
 - Teaching and counselling in the field of accounting and auditing
 - Organisation of seminars and panels

- 1/11/1995–3/3/1996 **Independent auditor/consultant**
LM Veritas d.o.o.
Dunajska 106, 1000 Ljubljana (Slovenia)
<http://www.lm-veritas.si>
- Independent conducting of audits of companies' annual reports (financial statements)
 - Participation in auditing teams performing audits of annual reports (financial statements) of larger companies
 - Execution of agreed procedures to internationally accepted audit standards as an important element of verifying the proper billing and consumption of environmental taxes
 - Teaching and counselling in the field of accounting and auditing
 - Organisation of seminars and panels

Business or sector Accounting and auditing

EDUCATION AND TRAINING

- 1/10/1991–9/11/1995 **Bachelor of Economics – Accounting and Economics**
Faculty of Economics, University of Ljubljana
Kardeljeva ploš ad 17, 1000 Ljubljana (Slovenia)
<http://www.ef.uni-lj.si/en>
- economic categories and relations between categories
 - accounting standards and content of financial, cost and management accounting
 - auditing of accounts
 - statistical processing of data
 - financial instruments and trading with them

- 1/9/1987–30/6/1991 **Secondary School for Catering and Tourism, Ljubljana**
Preglov trg 9, 1000 Ljubljana (Slovenia)
<http://www.ssgtlj.si>

PERSONAL SKILLS

Mother tongue(s) Slovenian

Other language(s)	UNDERSTANDING		SPEAKING		WRITING
	Listening	Reading	Spoken interaction	Spoken production	
English	C2	C1	B1	B1	B1

Levels: A1 and A2: Basic user - B1 and B2: Independent user - C1 and C2: Proficient user
[Common European Framework of Reference for Languages](#)

Communication skills

- Leadership and management skills
- Communication skills
- Ingenuity
- Independence
- Negotiation and persuasion skills
- Professionalism and a strong work ethic
- Interpersonal and interaction skills
- Knowledge of adult teaching methodology (obtained teaching qualifications and conducted a series of seminars and panels)

Lecturing experience:

- courses in Accounting and Balancing as part of a publicly approved programme for obtaining the qualification Accountant at the adult education centre Ljudska univerza Trebnje and the Institute of the Republic of Slovenia for Vocational Education and Training Cene Štupar, Ljubljana in 1998 and 1999,
- conducting seminars and internal education programmes for institutes and companies since 1996 (Faculty of Law, University of Maribor, the Slovenian Institute of Auditors, Institute of Public Administration, LM Veritas d.o.o., Nebra d.o.o., Agency for Management, employment agency Agencija za kadre, Association of Ecological Movements of Slovenia etc.)
- conducting the higher study programme Municipal Engineer – course/programme Financing schemes of the municipal economy at the IZRAZ Institute in 2003
- presentation of the work of the Court of Auditors of the Republic of Slovenia for post-graduate studies at the Faculty of Economics in Ljubljana as part of the Management of Non-profit Organisations course (2006, 2007, 2008, 2009, 2014 and 2015), and for Auditing of Accounts (2009)
- lectures as part of the education programme for obtaining the title Certified Auditor at the Slovenian Institute for Auditors (2009, 2010, 2012)
- lectures on cost accounting for utility contractors at the Faculty of Economics in Ljubljana (2015)

Mastering media appearances (press conferences when the Court of Auditors presented reports, independent media releases, panels, conferences, expert seminars etc.)

- Excellent knowledge of conducting effective meetings with representatives of the Government of the Republic of Slovenia, ministries and other users of public funds, and on clarifying issued drafts of audit reports
- Knowledge of presenting professional issues to working bodies of the National Assembly (Commission for Public Finance Control, Committee on Agriculture and the Environment, Committee on the Economy etc.)
- Knowledge of conducting internal meetings and interviews with employees; as Head of the Audit Department I carried out tasks ranging from work organisation to annual and regular employee performance evaluations

Organisational/managerial skills

- As head of audit divisions (9 years, of which I have been the head of two divisions for 5 months of the 2015) and as Deputy President of the Court of Audit (2 year s), I have good knowledge of work organisation, project management, establishing working groups and leadership and employee motivation to achieve the set objectives.
- In 1996 I attended the School for Officers and became a reserve captain; as part of the training I acquired skills in commanding and leading a military unit.

Job-related skills

- 1997–1998: education programme for obtaining the title of **AUDITOR**. I was one of the first in my generation to finish the programme (Certificate No. 110 of 24 March 1998)
- 2000–2001: education programme for obtaining the title of **CERTIFIED AUDITOR** (Certificate No. 010 of 12 November 2001); both titles were joined in accordance with the Act on Auditing and a new certificate of the professional title of **AUDITOR** was issued (Certificate No. 084 of 15 July 2008)
- 2000: education programme for obtaining the professional title of **CERTIFIED BUSINESS APPRAISER**. I passed all the exams but decided not to defend my thesis as I did not intend to pursue this practice.
- 2001: at its 53rd session on 30 November 2001, the Council of Experts of the Republic of Slovenia for Vocational and Technical Education passed a decision on approval of the title of **HIGH SCHOOL LECTURER**, for the course/programme Financing schemes of the municipal economy
- 2003: obtained teaching qualifications as a **HIGH SCHOOL LECTURER** at the Faculty of Arts, University of Ljubljana (Certificate dated 12 May 2003)
- 2004: applied for recognition of the title **State Internal Auditor** and obtained it (Certificate 120-DNR-MF dated 19 March 2004). In 2013, I obtained the title of **VERIFIED STATE INTERNAL AUDITOR** (certificate No. 77-PDNR-MF dated 14 May 2013)
- 2007: obtained the title of **STATE AUDITOR** (certificate No. 88 of 26 January 2007) and in 2012 the title of **VERIFIED STATE AUDITOR** with the thesis "Measurement of the financial performance of the work of the Court of Audit of the Republic of Slovenia" (Certificate No. 49 dated 27 September 2012)
- In 2009 and 2012, at the Court of Audit of the Republic of Slovenia I was a **LECTURER OF ACCOUNTING IN THE PUBLIC SECTOR** as part of the programme for obtaining the title of State Auditor. As a member of the commission, I participated in a number of thesis defence committees for obtaining the title of State Auditor and the title of Certified State Auditor
- 2010: obtained a **Certificate on basic training in the area of data treatment and protection** and was granted security clearance at the Confidential level
- 2006: obtained a **Certificate on basic training as a member of supervisory or management boards**

Digital competence

- Proficient in Microsoft Office suite including Word, Excel and Power Point
- User of Lotus Notes

Driving licence

B, G, H

ADDITIONAL INFORMATION

As a Supreme State Auditor and Deputy President of the Court of Audit:

- I prepared an article in English and gave a presentation at a supreme state institutions conference on the subject of public-private partnership – »PPP and public sector auditing« – in February 2011
- I attended a meeting of European supreme audit institutions on establishing European Public Sector Accounting Standards (EPSAS)
- as a competent Supreme State Auditor for conducting environmental audits, I managed several international environmental audits in collaboration with international supreme state institutions (climate change, management of protected areas (landscape parks etc.), water basins, forests, conservation of large carnivores etc.) in English
- I attended expert seminars organised by other supreme audit institutions and the EUROSAI congress
- I participated in several bilateral meetings with representatives of other supreme audit institutions and organisations (European Central Bank etc.), and executors of the Court of Audit's peer review led by the National Audit Office from the UK

Other skills

In my leisure time, I enjoy engaging in horticulture and photography. Based on the experience of growing our own garden, I co-authored two books:

- Alenka Gorza, Jereb Samo, Matic Sever, Tomaž Vesel: Perennials for all seasons: Successful plantings in Slovenian gardens. Ljubljana: Cankarjeva založba, 2009, 227 pages
- Alenka Gorza, Jereb Samo, Tomaž Vesel: Charming Slovenian gardens: 26 private ornamental gardens. Ljubljana: Cankarjeva založba, 2010, 236 pages.

My articles and photographs have been published in the magazines *Delo in Dom* and *Delo in dom Plus*.

Publications

I organised, conducted and participated (1998–2004) in regular annual consultations “Accounting in Public Enterprises” designed for the utility sector and municipalities, where I presented the following articles (in Slovenian) which were published in a collection of papers – Accounting in Public Enterprises:

- 1) Jereb Samo: Financing the reconstruction and development of public infrastructure in Slovenia. A collection of papers – Accounting in Public Enterprises 2010. Radenci: LM Veritas d. o. o., 2010, pp. 53–72.
- 2) Jereb Samo: Economic principles (and the legal basis) to be considered for establishing the future regulation of a public utility. A collection of papers – Accounting in Public Enterprises 2009. Radenci: LM Veritas d. o. o., 2009, pp. 13–34.
- 3) Jereb Samo: Agreement on infrastructure between infrastructure owners and a public utility. A collection of papers – Accounting in Public Enterprises 2008. Portorož: LM Veritas d. o. o., 2008, pp. 37–56.
- 4) Jereb Samo: New economic relations between local communities and public enterprises. A collection of papers – Accounting in Public Enterprises 2007. Portorož: LM Veritas d. o. o., 2007, pp. 5–22.
- 5) Jereb Samo: Economic platform for price formation of utility services. A collection of papers – Accounting in Public Enterprises 2006. Radenci: LM Veritas d. o. o., 2006, pp. 37–52.
- 6) Jereb Samo: Public utility infrastructure if invested in as an in-kind contribution. A collection of papers – Accounting in Public Enterprises 2006. Radenci: LM Veritas d. o. o., 2006, pp. 79–96.
- 7) Jereb Samo: Depreciation of infrastructure of utility services. A collection of papers – Accounting in Public Enterprises 2005. Radenci: LM Veritas d. o. o., 2005, pp. 5–32.
- 8) Jereb Samo: Application of the SRS 35 standard to public enterprises and concessionaires – both now and in the future. A collection of papers – Accounting in Public Enterprises 2004. Radenci: LM Veritas d. o. o., 2004, pp. 65–80.
- 9) Jereb Samo: Accounting and tax issues of waste management utility service. A collection of papers – Accounting in Public Enterprises 2004. Radenci: LM Veritas d. o. o., 2004, pp. 91–108.
- 10) Jereb Samo: Preparation of income statement by activity and municipality separately for utility services and commercial activities. A collection of papers – Accounting in Public Enterprises 2003. Radenci: LM Veritas d. o. o., 2003, pp. 33–59.
- 11) Jereb Samo, Loncner Matej: Data analysis of annual reports of utility services. A collection of papers – Accounting in Public Enterprises 2003. Radenci: LM Veritas d. o. o., 2003, pp. 93–127.
- 12) Jereb Samo: Methods of analysis of income statements preparations in public services by activity and municipality. A collection of papers – Accounting in Public Enterprises 2002. Radenci: LM Veritas d. o. o., 2002, pp. 5–42.
- 13) Jereb Samo: Recording of fixed assets under management on the basis of the valuation of infrastructure networks. A collection of papers – Accounting in Public Enterprises 2002. Radenci: LM Veritas d. o. o., 2002, pp. 57–76.
- 14) Jereb Samo: Ensuring the viability of public companies. A collection of papers – Accounting in Public Enterprises 2001. Radenci: LM Veritas d. o. o., 2001, pp. 19–42.
- 15) Jereb Samo: Setting up and disbursing long-term capacity reservations for the remediation of landfills. A collection of papers – Accounting in Public Enterprises 2001, Radenci: LM Veritas d. o. o., 2001, pp. 79–98.
- 16) Jereb Samo: The allocation of depreciation costs by municipalities. A collection of papers – Accounting in Public Enterprises 2000. Radenci: LM Veritas d. o. o., 2000, pp. 63–81.
- 17) Jereb Samo: Drawing up the sub-balance of assets and liabilities in public companies and determining the availability of funding for investments in infrastructure. A collection of papers – Accounting in Public Enterprises 2000. Radenci: LM Veritas d. o. o., 2000, pp. 83–113.
- 18) Jereb Samo: Amendments to the regulations and explanations of the Ministry of Finance regarding value-added tax in utility service companies. A collection of papers – Accounting in Public Enterprises 1999. Ljubljana: LM Veritas d. o. o., 1999, pp. 37–54.
- 19) Jereb Samo: Distribution of net income in public companies. A collection of papers – Accounting in Public Enterprises 1999. Ljubljana: LM Veritas d. o. o., 1999, pp. 73–117.
- 20) Jereb Samo: Specificity of fixed assets' inventory in management. A collection of papers – Accounting in Public Enterprises 1998. Ljubljana: LM Veritas d. o. o., 1998, pp. 117–147.

I have organised, conducted and participated in other seminars on current topics about the management of public services and municipalities where I presented the following articles:

a) Seminars on topical financial and legal issues in public companies

1) Jereb Samo: Tax on waste disposal (in conjunction with the ownership of the landfill and drawing up the sub-balance of operated assets). Collection of papers – Current Financial and Legal Issues in Public Companies 2003. Ljubljana: LM Veritas d. o. o., 2003, pp. 11–29.

2) Jereb Samo: Amendments in the Companies Act and Slovenian Accounting Standards SRS 35 which affect accounting in public companies. Collection of papers – Current Financial and Legal Issues in Public Companies 2002. Ljubljana: LM Veritas d. o. o., 2002, pp. 60–81.

3) Jereb Samo: Distribution of liabilities of sources of financing the infrastructure in individual municipalities in a public company's balance. Collection of papers – Current Financial and Legal Issues in Public Companies 2001. Ljubljana: LM Veritas d. o. o., 2001, pp. 49–69.

b) Seminars on environmental taxes:

1) Jereb Samo: Audit of the targeted use of tax assets. Seminar materials – Water fees and tax on waste disposal. Ljubljana: LM Veritas d. o. o., 2003, pp. 55–61.

2) Jereb Samo: The accounting treatment of taxes in public companies. Seminar materials – Tax on waste disposal. Ljubljana: LM Veritas d. o. o., 2002, pp. 33–42.

3) Jereb Samo: The accounting treatment of taxes and refunds charged in public utility service companies on the basis of regulations of the Republic of Slovenia. Seminar materials – Water fees and tax on waste disposal. Ljubljana: LM Veritas d. o. o., 2001, pp. 34–53

c) Seminars on the production of public service companies' annual reports:

1) Jereb Samo, Fekonja Benjamin, Lozej Marko, MSc: Annual report of utility service companies. Seminar materials – Annual report of utility service companies. Ljubljana: LM Veritas d. o. o., 2004, 121 pages.

2) Jereb Samo, Fekonja Benjamin, Lozej Marko MSc: Annual report of utility service companies. Seminar materials – Annual report of municipal utility service companies. Ljubljana: LM Veritas d. o. o., 2003, 115 pages.

d) Other seminars organised by LM Veritas and published articles:

1) Materials and presentations for a number of seminars on fixed assets accounting in companies, public companies and institutes from 1996 to 2004, latest material: Jereb Samo: Examples of booking of transactions related to fixed assets. Fixed assets accounting, Seminar materials. Ljubljana: LM Veritas d. o. o., 2004, pp. 8–165.

e) International seminars:

Jereb Samo, Petrovi Jorg Kristijan. MSc: PPP and public sector auditing. Seminar materials – The Audit of Public-Private Partnerships (Joint Training Event of the EU Contact Committee and EUROSAI). Bonn: Bundesrechnungshof, 2011.

Publications in Slovenian:

Articles published in the Slovenian Journal of Public Administration:

Jereb Samo: Ensuring the transparency of financial relations between municipalities and the utility sector after the termination of the disclosure of assets under management. *Public Administration Journal*, Vol. 44, Nos. 2–3, Ljubljana: Institute of Public Administration at the Faculty of Law in Ljubljana, 2008, pp. 57–84.

Articles published in the Slovenian Journal of Auditing Revizor:

1) Jereb Samo, Jorg Kristijan Petrovi MSc: Accounting of the various forms of public-private partnerships (Part One). *Revizor, Journal of Auditing*, No. 5/08, Vol. IX. Ljubljana: *Slovenian Institute of Auditors*, 2008, pp. 26–40.

2) Jereb Samo, Jorg Kristijan Petrovi MSc: Accounting of the various forms of public-private partnerships (Part Two). *Revizor, Journal of Auditing*, Vol. IX/ No. 6/08. Ljubljana: *Slovenian Institute of Auditors*, 2008, pp. 23–40.

3) Jereb Samo: Items from previous periods (Correction of fundamental errors), *Revizor, Journal of Auditing* No. 11/97, Vol. VIII. Ljubljana: *Slovenian Institute of Auditors*, 1997, pp. 7–30.

Other material: Articles published in symposium proceedings on modern methods in accounting, finance and audit, Reports on annual accounts conferences or seminar materials of annual conferences of assessors of value:

- 1) Jereb Samo: Pricing of environmental public services and (un)conformity of the approach to balances, Seminar materials for the 18th Annual Accounts Conference. Zreče: Slovenian Institute of Auditors, 2015.
- 2) Jereb Samo: Public duties and (non)application of the principle of balance completeness in practice, Seminar materials for the 17th Annual Accountants Conference. Zreče: Slovenian Institute of Auditors, 2014.
- 3) Jereb Samo: Court of Audit experience with reports of asset valuers and authorised assessors about the value assessment, Seminar materials for the 17th Annual Value Assessors Conference. Rogaška Slatina: Slovenian Institute of Auditors, 2014.
- 4) Jereb Samo: Impact of (non)implication of reevaluation of the state and municipalities public economic infrastructure on the cost of public utilities' services, Seminar materials for the 16th Annual Accountants Conference. Zreče: Slovenian Institute of Auditors, 2013.
- 5) Jereb Samo: Elimination of assets under management in relation to solutions in the International Financial Reporting Standards. Collection of papers for the 42nd Symposium on modern methods in accounting, finance and auditing. Ljubljana: Union of Economists of Slovenia and Association of Accountants, Financiers and Auditors of Slovenia, 2010, pp. 49–88.
- 6) Jereb Samo: Accounting questions of separate accounts for various activities of the utilities sector, Collection of papers, 12th Annual Accountants Conference. Portorož: Slovenian Institute of Auditors, 2009, pp. 107–148.
- 7) Jereb Samo: Accounting records for various forms of public-private partnerships, Collection of papers, 11th Annual Accountants Conference. Portorož: Slovenian Institute of Auditors, 2008, pp. 81–104.
- 8) Jereb Samo: Problems relating to determining financial results in public companies. Collection of papers, 38th Symposium on modern methods in accounting, finances and auditing. Ljubljana: Union of Economists of Slovenia in Association of Accountants, Financiers and Auditors of Slovenia, 2006, pp. 47–78.
- 9) Jereb Samo: Audit in public companies. Collection of papers, 34th Symposium on modern methods in accounting, finances and auditing. Ljubljana: Union of Economists of Slovenia and Association of Accountants, Financiers and Auditors of Slovenia, 2002, pp. 263–284.

Article published in the manual Public-Private Partnerships:

Jereb Samo: (Un)viability of infrastructure ownership transfer to the utility sector. Manual Public-private partnerships – Professional guidance and useful solutions for the successful realisation of public-private partnerships projects. Maribor: Založba Forum Media d. o. o., 2009, Chapter 16, 56 pages.

Articles published in the *Gospodarski vestnik* journal:

- 1) Jereb Samo: Small Tools (Part One). *Gospodarski vestnik* journal – appendix Adviser, no. 7, Vol. 45. Ljubljana: *Gospodarski vestnik* journal, 1996, pp. 65–68.
- 2) Jereb Samo: Small Tools (Part Two). *Gospodarski vestnik* Journal – appendix Adviser, No. 8, Vol. 45. Ljubljana: *Gospodarski vestnik* journal, 1996, pp. 61–64.

ANNEX 2: ANSWERS BY SAMO JEREB TO THE QUESTIONNAIRE

Professional experience

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

I have dedicated my entire professional life (20 years) to auditing. Immediately after graduating, I joined a private audit firm in November 1995 and went through all the phases of audit education and the practical work of an auditor. During the first 9 years, I audited different auditees from industry and commerce and studied to become an auditor and certified auditor at the Slovenian Institute for Auditing. In accordance with the Companies Act, a certified auditor is empowered to issue a report about capital contribution in kind. So I also enrolled in the educational process to become a certified business valuator (appraiser) to obtain the necessary knowledge about appraisal methods. I successfully passed all the exams, but decided not to defend my thesis, as I did not intend to pursue this practice. An important part of my work in that time was dedicated to auditing public utility providers. For representatives of municipalities and utility providers, I have also organized seminars, consultations and published several articles about practical problems and solutions in public utilities related to accounting, reporting, the legal and management issues of organising a public utility, forming and determining prices and taxes, etc.

Because of my work with public utility providers and municipalities, I was invited to the Court of Audit of the Republic of Slovenia (hereinafter: COARS) as a Supreme State Auditor, managing the Audit Department for public services auditing, environmental audits, privatisation audits, audits of public agencies and funds (hereinafter: Department). The Department carried out audits of financial statements and the regularity of operations, but most audits were conducted as performance cross audits of ministries¹, local communities and public services². The Department also audited investment operators of the Republic of Slovenia (Slovenian Restitution Company, Slovenian Sovereign Holding, etc.) regarding the management of their financial assets and obligations and privatisation processes. I successfully fulfilled those tasks while leading the Department with 15 to 20 auditors for 9 years (reference: Mr. Igor Šoltes, former president of COARS). We performed all possible kinds of public sector audits – regularity and performance audits with opinions on economy, efficiency and effectiveness. Since the findings of our audits were not always appropriately addressed by the auditees, we also performed several follow-up audits and contributed to important financial and organisational changes in public management. Because I wanted to make changes in public management for the better, in our audits we delved into every audit objective and made several recommendations and usually demanded several corrective measures. My interest for improving public management through the work of COARS also resulted in my thesis for obtaining the title of verified state auditor: “Measurement of the Financial Performance of the Work of the Court of Audit of the Republic of Slovenia”.

In addition to managing the Audit Department for public utilities, I was also acting as the deputy of the Supreme State Auditor in managing the department responsible for auditing governmental and non-governmental budget users, judicial users of the state budget and political parties in 2013. In that time I led the audit of the state budget for 2012 (statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions).

¹ Especially the Ministry of Finance, the Ministry of the Environment and Spatial Planning, the Ministry of Agriculture, the Ministry of Transport and the Ministry of the Economy or Infrastructure.

² DARS, Motorway Company in the Republic of Slovenia, Slovenian Railways, ELES Electricity Transmission System Operator, SODO Electricity Distribution System Operator, GEN energija, gas suppliers, water suppliers and waste water dischargers, waste water management, etc.

As of December 2013, I was elected by the Slovenian Parliament as the Second Deputy President of COARS. I am responsible for decision-making in the COARS Senate in all audits of the Court where an objection to an audit report has been proposed, regardless of the scope of audit. Most of my work now consists of: making proposals to carry out audits; issuing consents to detailed audit plans, drafts and proposals of audit reports; participating in training programmes for auditors and thesis defence committees for certified state auditors; presenting audit reports to the National Assembly of the Republic of Slovenia and other interested publics, including the media. The scope of my work is not limited and applies to all COARS jurisdictions and all types of audits (financial audits, regularity/compliance audits or performance audits), while directly monitoring and controlling half the work of the COARS. In 2015, I was specifically responsible for closely monitoring the implementation of the audit of the regularity and efficiency of the establishment and operation of the Bank Assets Management Company and the performance audit of the largest investment in recent years (the construction of Unit 6 at the Šoštanj Thermal Power Plant) in terms of the consequences for the profit or loss and cash flow of Holding Slovenske elektrarne (the biggest Slovenian organisation in the area of power generation) and the Slovenian Sovereign Holding.

As a Supreme State Auditor competent for conducting environmental audits, I have managed several international environmental audits in collaboration with international supreme state institutions (climate change, management of protected areas (landscape parks, etc.), water basins, forests, conservation of large carnivores, etc.) in English. Some of those audits were performed as joint audits with European SAIs and others as parallel audits with European and other SAIs, so I am familiar with international cooperation with the SAIs. As I was responsible for privatisation audits, I was a representative of COARS in the INTOSAI working group for privatisation and public-private partnerships. I prepared an article in English and gave a presentation at a conference organised by Bundesrechnungshof for SAI representatives in Bonn on the subject of public-private partnership – “PPP and Public Sector Auditing” – in February 2011. I am also very interested in the project EPSAS. I attended a meeting of European supreme audit institutions on establishing European Public Sector Accounting Standards (EPSAS) as well as the ECA seminar on “Better Accounts, Better Budgets, Better Spending” in January 2016.

Besides obtaining certificates for (Certified) Auditor, Verified State Auditor and Verified State Internal Auditor, I am also very interested in transferring my acquired knowledge to others, so I have not only organised several seminars and educational programmes, but actively participated in lecturing to the auditors, managers, mayors, accountants, students, etc. For better performance in transferring knowledge, I have acquired teaching qualifications as a high school lecturer. I have also obtained the title of high school lecturer for the course/programme Financing Schemes of the Municipal Economy. In 2009 and 2012, at the COARS, I was organiser and lecturer of “Accounting in the Public Sector” as part of the programme for obtaining the title of State Auditor. As a member of the commission, I participated in a number of thesis defence committees for candidates seeking the title of State Auditor and the title of Certified State Auditor.

I believe that my substantial experience in public sector auditing, my management and lecturing experiences, and performing joint or parallel audits with SAIs are definite assets to the work carried out by the European Court of Auditors (hereinafter: ECA).

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

I have worked my entire professional career in auditing, and I have always tried to use my auditing experience to enhance accountability and transparency, to encourage continuous improvement and to sustain stakeholder confidence in the appropriate use of public funds and assets and the performance of public administration. This is why I have decided to present three areas from public sector auditing.

a) **Raising awareness of state aid rules, utility price and taxes forming and determination and demands for repayment of funds**

Since most of the wrongdoings of auditees are usually corrected just for the future, I have invested quite some efforts in raising the awareness among the COARS, parliament and auditees that there is an obligation to repay funds that were charged to citizens without legal grounds as well as an obligation to charge fees or taxes for previous years, if those were not collected. This is why we have performed audits of:

- overcharging taxes: the Municipality of Maribor and most other municipalities have overcharged citizens with environmental taxes for disposing waste into landfills because the Ministry of the Environment and Spatial Planning has not done any controls over charging any environmental taxes. We have demanded that the Municipality of Maribor return overcharged taxes and that the Ministry of the Environment and Spatial Planning insure that all of the 8 million euro of overcharged environmental taxes in Slovenia in the audited year would be returned to taxpayers. The Minister of the Environment and Spatial Planning did not execute the demanded measures, so we issued a first appeal for dismissal from the position as minister, according to provisions in the Court of Audit Act in the history of the COARS.

- charging of concession fees: the Ministry of the Environment and Spatial Planning should grant concessions to the companies that use water for industrial or any other commercial purposes under the Water Act that was adopted by the Parliament in 2002 and defined the transition period until the end of 2004. The Ministry of the Environment and Spatial Planning did grant some concessions in 2005 and those companies started to pay concession fees for water, but that represented only a smaller part of the companies that were using water. We conducted an audit for the year 2006 and demanded that the Ministry grant all the concessions and charge the concession fees to all the companies that were using water. When we performed a follow-up audit for the years 2010–2012, we disclosed that the Ministry hadn't issued any additional concessions, so most of the companies were using water without paying concession fees. Such non-activity of the Ministry caused competition benefits for all companies that were not paying concession fees for using the water. With reference to Competition and State aid regulation, we demanded that the Ministry of the Environment charge concession fees for the whole period in which those companies did use water. After a huge effort invested into defending our position, the Parliament accepted the Amending Water Act, in which the obligation for paying concession fees for the entire period of using water was clearly stated. The potential benefits for the state budget because of that audit were 25 million euro, but the Parliament lowered the concession fees, and the real benefits were 9 million euro.

- utility price forming and determination: we have performed several audits of utility price forming and determination. We have achieved the highest effects for the users of such services when auditing the transmission network operator for electricity. In that audit, we demanded a recalculation of the price with 17 million euro corrections in operator costs in benefit to the users. We also demanded from the Constitutional Court of the Republic of Slovenia to assess whether the Energy Act is compliant with the Constitution. Currently, I am investing a great deal of effort to convince the Ministry of the Environment and municipality utility providers that the European Commission has adopted new rules on State aid for services of the general economic interest (SGEI) and that they must apply them.

In my opinion, I have made a valuable contribution to enhancing the awareness of legal and effective charging of taxes, fees and prices in benefits to the citizens.

b) **Public Debt**

One of the most important issues for COARS in recent years was public debt. Even if Slovenia had a low public debt ratio before the crisis (33% of GDP at the end of 2007), we have revealed with our audits that some of the state- or municipality-owned companies were incorrectly used with the purpose

of excluding debt for public investments from the budget. After some of those audits, COARS decided to give more focus to the questions of public debt, so we have monitored and audited public debt from all perspectives before and during the economic and fiscal crisis. Unfortunately, the politics did not act upon our warnings with serious reforms in the public sector, so the public debt of Slovenia has risen to more than 80 percent of GDP.

Under my lead, the Department audited companies such as the Slovenian Restitution Company (now transformed into Slovenian Sovereign Holding) that was responsible for State restitutions from the privatisation processes in 1991, World War II and post-war damages, privatisation of the telecommunication operator, etc. We also audited infrastructure companies that were building the water infrastructure (infrastructures for river regulations, river basins, etc.), Slovenian Motorway Company, the air navigation control services provider and some public-private partnerships (hereinafter: PPP) for building infrastructure and providing utility services.

As Second Deputy President, I was specifically responsible for closely monitoring the implementation of the audit of the regularity and efficiency of the establishment and operation of the Bank Assets Management Company, which was an instrument for insuring the stability of the banking sector, but has raised public debt together with bank recapitalisation for an additional 5 billion euros or 13% GDP.

Our recommendations and demands for corrective measures resulted in better accounting for public debt, issued guidance for accounting of PPP and public awareness of negative impact of high public debt. We still have not succeeded to persuade the Ministry of Finance to implement accrual accounting in order to provide a more relevant position on public debt, especially regarding the PPPs that are still sometimes not accounted in any balance sheets (off-off position).

I believe that my endeavours have contributed to better budget disclosures of public debt and to an awareness of the dangers threatening from the high amount of public debt that exceeds the Maastricht criteria. Quite some work still has to be done in that area, especially regarding accrual accounting, PPP disclosures and mostly on performing reforms in the public sector and of pension schemes.

c) Developing the environmental auditing

COARS had made some attempts to perform environmental auditing before 2004, but with my support and guidance, the auditors have recognised the importance of this area and the possibilities of the environmental audit achievements. During the nine-year time of my mandate as Supreme State Auditor we audited most of the environmental issues (mitigation of climate change, municipal waste management and recycling of packaging waste, illegal waste disposal, trans-boundary waste shipments, constructing waste water treatment facilities, recycling of end-of-life vehicles, etc.). Many of those audits were performed as cross-cutting audits, assessing performance of the Ministry of the Environment and Spatial Planning, the municipalities and utility providers or other recipients of public funds. Such audit approaches enabled auditors to perform an in-depth examination of all aspects and problems regarding organisation, managing and financing of selected areas of environmental issues, and give the possibility to form recommendations that are sound and well appreciated. Because of that work, COARS enjoys a great reputation among all the stakeholders, from the Ministry of the Environment to NGOs, and also plays an active role in the INTOSAI and EUROSAI working group of environmental auditing.

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

Slovenia was a part of the former Yugoslavia and our everyday life includes interaction with people of different nationalities, religions and languages of all of the ex-Yugoslav republic. Despite the similarities of our languages (South Slavic linguistic group), there are still subtle cultural differences

that must be considered when working with organisations and institutions based in other ex-Yugoslav republics, despite our “common” past. To work in any culturally diverse environment takes interpersonal skills, namely, a willingness to listen as well as a good dosage of respect, patience, understanding.

In addition, as mentioned above, as Supreme State Auditor I have managed several international environmental audits in collaboration with international supreme state institutions in English. Some of those audits were performed as joint audits with European SAIs and others as parallel audits with European and other SAIs, so I am familiar with international cooperation with the SAIs. Beyond that scope, I have limited other professional experience in multicultural and multilingual organisations. I am looking forward to working in European Court of Auditors in order to further my experience on the wider European level.

I consider myself as a person open to different ideas and I don't have any hesitations at all to working with peoples of different nationalities, religious, sexual orientations, etc. I believe that working and discussing solutions with different individuals enables us to form and accept the proper solution for the broader community. This is why I strongly believe that working in such an organisation will help upgrade my skills and knowledge on different views of life and approaches to solving professional problems, growth and learning that can only be gained through life experiences.

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

Such a procedure does not apply in Slovenia.

Nevertheless, the closest thing to a discharge of my management duties would be (a) a proposal from the President of the Republic of Slovenia for the Second Deputy President of the Court of Audit and election in Slovenian Parliament for that position, which was based on my work as the Supreme State Auditor and (b) a nomination for the Member of European Court of Auditor without any objections from the Government or the Parliament based on my work as Supreme State Auditor and Deputy President of COARS.

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

My current position (Second Deputy President of COARS) is a result of a political nomination as well as the candidacy for the nomination for a Member of the ECA.

For my current position there was a public call in 2013, issued by the President of the Republic of Slovenia. He chose me from among 9 candidates and made a proposal (nomination) to the Slovenian Parliament, where on a secret ballot I was elected as the Second Deputy President.

The candidacy for the nomination for the Member of the ECA was the result of a public call, issued by the Minister of Finance. I was chosen from among 7 candidates and proposed for the candidacy to the Government. The Government confirmed my candidacy for nomination, and the Committee of EU Affairs of Slovenian Parliament voted for my candidacy and give a positive opinion to the Government's decision.

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

Since my most important decisions mostly overlap with the three most significant achievements described in answer to Question 2, I am shortly summarizing them here:

- decisions regarding proper charging of taxes, fees and prices for previous periods (returning overcharged taxes to citizens, charging of concession fees for whole period of using water, recalculation of electricity supply price from system operator, etc),
- limiting the incorrect avoidance of public debt through state and municipality owned companies,
- developing the environmental auditing.

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?

Independence is one of the most important provisions in the INTOSAI Lima Declaration of Auditing Precepts, the additional principles of the Mexico Declaration on Independence and is included also in article 286 of Treaty on the Functioning of the European Union (hereinafter: Treaty). The Treaty provides basic guidelines for the independence of the Members of the Court of Auditors who “*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.*”

In the performance of these duties, the Members of the Court of Auditors shall neither seek nor take instructions from any government or from any other body. The Members of the Court of Auditors shall refrain from any action incompatible with their duties.

The Members of the Court of Auditors may not, during their term of office, engage in any other occupation, whether gainful or not. When entering upon their duties they shall give a solemn undertaking that, both during and after their term of office, they will respect the obligations arising therefrom and in particular their duty to behave with integrity and discretion as regards the acceptance, after they have ceased to hold office, of certain appointments or benefits.”

In addition, Article 1 of the Code of Conduct for Court Members states that Members of the Court shall act in accordance with the provisions of the Treaties as well as the legislation arising on the basis of these provisions. Their relationship with authorities and interest groups must comply with the principle of maintaining independence.

Since the Court of Auditors is an independent institution, the independence of the Members of the Court of Auditors is a vital precondition for the Court’s ability to operate. Performing my prospective duties as a Member of the ECA, I will continue to abide in the same ethical standards that I am currently subject to at the COARS. This is why I have never been a member of a political party or any other political or managerial related group. All my lecturing so far has been refrained to open seminars on a principled level and has never been performed as an advisory for a single party in a specific case.

When carrying out my mandate as a Member of the ECA, I would avoid any situation that might lead to a conflict of interest and I would act independently in relations with other institutions or bodies. This means that I would not take any instructions from governments or any other body. In carrying out my duties, I would take a neutral position irrespective of the country in which an audit is taking place (including my country of origin). I would base my activities and audit opinions only on facts, data, appropriate, sufficient and reliable evidence, audit standards and my professional knowledge and experience. I would also refrain myself from any professional or even political activities. I would stop lecturing and refrain just to presentations of findings in the ECA audit reports to the European and Slovenian parliament, to the Slovenian government, to COARS and other interested parties

(universities, etc.) if that would be compliant with the ECA rules and regarding the prior authorisation of the content that would be presented.

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?

Neither I nor my close relatives have business or financial holdings or any commitments which might conflict with my prospective duties.

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

I have no hesitations and I will disclose all my financial interests and other commitments to the President of the Court and to the public. In the previous 11 years, I had (and fulfilled) a legal obligation to report about my financial interests and obligations to the Commission for the Prevention of Corruption in Slovenia, and that obligation remains even for the time of performing the duties as a Member of the ECA.

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

I am not involved in any legal proceedings.

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 provide us with details.

I do not have any executive role in politics.

I have never been a member of any political party and I have also never had any political position or executive role in politics.

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?

I do not hold any elected office or any active function with responsibilities in a political party. I am not, and I have never been, a member of any political party.

After my appointment as a Member of the ECA, I will step down from the position of the Second Deputy President of COARS, for which I was elected in Slovenian Parliament on the proposal of the President of the Republic of Slovenia in 2013.

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

In performing the duties of the Supreme State Auditor (9 years) and duties of the Second Deputy President of COARS (the last 2 years) I often came across major irregularities, several times also on cases that showed signs of fraud and/or corruption. In all those cases, I never hesitated to report them internally and to the law enforcement authorities (and I was also cooperating with the police or prosecutors in their procedures when needed) or other authorities (such as the Commission for the Prevention of Corruption, Office for Prevention of Money Laundering, etc.). Regarding to the possibilities in the Court of Audit Act, I suggested to the President of the Court to issue the call for the

dismissal of the officer responsible from his position in seven cases. I hope that this shows my understanding that a public sector auditor must look after public finances and not after the persons in charge regarding their political orientation, nationality, sex, religion or any other characteristics. I strongly advocate the principle of zero-tolerance against fraud and corruption.

I intend to do the same as a Member of the ECA in auditing the European budget (issuing a statement of assurance) and regularity (compliance) or performance auditing of how the money from the European budget was spent. If I would have to deal with a major irregularity, fraud and/or corruption case, I would report such cases internally and to the OLAF (European Anti-fraud Office) following the procedures of the ECA. I would do so irrespective of the person or Member State concerned. If I am ever assigned to cooperate with the OLAF in its investigations to combat fraud, corruption and other illegal activities detrimental to the financial interest of the Union, I will give full support to the investigation.

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?

Sound financial management culture in any public service should be based on awareness that governments and other public-sector entities are responsible for the economic, effective and efficient use of public finances derived from taxes and other sources in delivering quality services to the citizens and other recipients. The highest goal of any public service shall be customer (public) satisfaction.

For delivering such a result, every organisation needs to establish “soft” and “hard” elements of sound financial management culture. “Soft” elements should be linked to the general political and administrative culture such as a democratic way of acting and thinking, which leads to transparent and predictable acting and reporting, promoting ethical values and enabling oversight. “Hard” elements should include clear and operational objectives and strategies, clearly defined areas of authority and responsibilities, information and training of employees, efficient management information and a reporting system that enables transparent reporting and the publication of the results achieved and effective internal and external control system. Every organisation should focus on the legality and economy of spending as well as on achieving value for money.

The ECA’s mandate in performance auditing, demands (with regard to the selected objectives) that auditors examine especially “hard” elements of sound financial management culture. In audit reports the ECA points out the disadvantages of an auditee’s business process and makes recommendations about improving those parts of the process; that is the basic precondition for improving sound financial management. Reporting must enable the reader of an audit report to clearly understand where the performance of the auditee could be improved and how. On the basis of the audit report, the ECA could, with presentations to the stakeholders (European Parliament, especially CONT, National Parliaments, National SAIs, media, ...), get the right support to enforce given recommendations, if they are not taken into account from the auditee. If even that course of action doesn’t help, the ECA has the possibilities to repeat warnings in other reports to the Parliament (cumulative reports, landscape reports,...) or to perform a follow-up audit and point out again what should be corrected.

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?

The ECA's mandate, as established under the Treaty, provides the framework for the ECA to fulfil its role as the independent external auditor of the EU budget. While the mandate leaves the ECA a significant level of flexibility on how best to fulfil its role and maximise its impact. An important objective for the ECA is to provide audit reports to European Parliament that reflect important topics for the Parliament, that are timely and relevant and includes recommendations that could help to add value in the spending of the EU budget.

But cooperation between the ECA and European Parliament, especially the Committee on Budgetary Control (hereinafter: CONT) goes beyond reporting, and starts in selecting audit topics. CONT should have the opportunity to propose audit topics that are important for control over the budget (even though such proposals that are not mandatory are usually followed by the SAI). The ECA could give support to the CONT on the explanatory meeting between CONT members and the ECA, before the audit report is discussed at the CONT public session. The ECA could prepare a list of questions based on audit findings for the auditees that would help CONT members to spend less time in preparing for the session. CONT members on the other hand could help the ECA by endorsing recommendations in audit reports, especially when there would be a need for changes in legislation. In order to help endorse the implementation of the ECA recommendations, auditees usually need repeated sessions of the CONT after some time. Auditees are obligated to report what has been done regarding the recommendations either to the ECA or directly to CONT. Such an obligation is very good stimulation for the auditees to seriously discuss the recommendations and, more importantly, to implement them. One way of doing that is also performing follow-up audits, with which the ECA informs the CONT about changes made as a result of previous ECA audit and CONT conclusions that were accepted regarding the recommendations of the ECA. That would give information about whether auditees respect findings in the audit report or if there is need for stricter measures or activities such as debate in the plenary session or preparing changes in the legislation.

As the Supreme State Auditor and the Second Deputy President, I have participated in all of the abovementioned activities between COARS and the Committee for Budgetary Control and other bodies in the Slovenian Parliament and I will fully endorse such activities between the ECA and CONT.

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

Performance auditing is an independent, objective and reliable examination of whether government or EU undertakings, systems, operations, programmes or activities are operating in accordance with the principles of the economy, efficiency and effectiveness (the 3 Es) and whether there is room for improvement. The benefits or added value of performance audits are the recommendations to the auditees about how to improve their business process. For that, an auditor must examine the specific business process in detail, choose a comparable best practice for such a process and/or find out what could be done better. With the recommendations made in audit reports, SAI recommends to auditees not only how to improve the business process in order to avoid some potential risks (non-financial benefits), but also where there are potential savings (or how to achieve better results) for the auditees (financial benefits). The potential savings for auditees could be evaluated as the financial added value derived from an audit. One of the first methodologies of how to measure the financial added value of SAI's audit was developed by the National Audit Office of Great Britain, its weaknesses later led to the abandonment of measuring or at least reporting of such results. Despite this, my thesis for obtaining the title of verified state auditor was titled: "Measurement of the Financial Performance of the Work of the Court of Audit of the Republic of Slovenia" and proposes the methodology for assessing financial effects of audit work which upgrades the NAO methodology and is adapted to Slovene Court of Audit Act. I believe that it is important for the SAI to show the taxpayers that the activities of auditees that have been derived from their audits could contribute to potential savings that – at a minimum – are bigger than the costs of financing the operations of SAI itself. But with regard to

the limited powers of SAI to execute recommendations, it is necessary to understand that the responsibilities for implementing the recommendations and realising potential savings as real savings remains on the auditees. Thus, as an added value of the SAI, it is possible to observe just the potential savings of public funds or better results (revenues, outputs or outcomes).

In public sector auditing, the 3 Es are defined as follows:

- The principle of economy means minimising the costs of resources (material, services, labour costs, depreciation,...), with due regard to quality. The resources used have to be available in due time, of the appropriate quantity and quality, and at the best price.
- The principle of efficiency means getting the most from the available resources. It is concerned with the relationships between resources employed and outputs delivered in terms of quantity, quality and timing.
- The principle of effectiveness concerns meeting the objectives set and achieving the intended results.

Auditing economy in the public sector is strongly connected to the rules of public procurement processes or rules for employment and salaries. Because public procurement regulations are (among other principles) based upon and include an economy principle, the question of economy is usually audited with regularity (compliance) audits.

Auditing efficiency on the other hand is the widest objective in performance auditing, since it includes an examination of the ratio between inputs and outputs (outcomes) and, as such, includes findings about economy and also about meeting the objectives set. But when an (un)favourable ratio is examined, the auditor must examine the whole process of the auditee's operations to find out where the reasons for poor performance are hidden. Such an audit consumes more audit time, but enables the auditor to recommend important improvements in the audited process that influence either the eliminations of risks, improvement in purchasing process with rationalising quantity of inputs or their price or improvements in the process itself that could affect a higher, better or even different output that improves the outcome of the process.

Auditing effectiveness measures the objectives set as the output or outcome of the process. For evaluating the quality of the objectives set, Sir John Whitmore introduced a model of mnemonic acronyms as SMART (Specific, Measurable, Achievable, Relevant, Time-bound), PURE (Positively stated, Understood, Relevant, Ethical) or CLEAR (Challenging, Legal, Environmentally sound, Appropriate, Recorded). The ECA and COARS usually use SMART criteria for assessing the appropriateness of the objectives set, and RACER (Relevant, Accepted, Credible, Easy, Robust) for evaluating the quality of indicators. In measuring objectives the outcomes are more important than the outputs, since the ECA, as well as COARS, has established that outputs are often achieved (sometimes even not properly defined), but the expected outcomes are not met. One such typical finding in Slovenia is that all the available money for agriculture from the EU budget was spent, the objectives in "numbers of new tractors" (output) were met, but the added value on the subsidised farms (outcome) were lower than before the tractors were bought. Focusing on the outcome instead on the output is probably the reason (besides the fact that period 2007–2013, with the rule of n+2, has come to an end) that the ECA's audit programme for 2016 consists mainly of audits with an objective to examine the effectiveness of EU programmes, especially Cohesion funds.

I am also familiar with the 6E principle, which also includes more social or environmental and less economic objectives (Equality, Ecology & Ethics). Audit objectives are usually defined as Economy, Efficiency or Effectiveness, since those objectives reflect the input/output model of any business process. But Equality, Ecology & Ethics could be implemented as:

- part of the objectives set by the auditee; so, for instance, auditing effectiveness of achieving gender equality (men/women) between the employees on leading positions. The same approach could be used for auditing effectiveness of ecology and ethics;
- in auditing efficiency of business process (project management); for instance, in auditing the process of building a highway, SAI could examine if an auditee had taken into account questions about animal migration, preserving endangered species, cleaning waste water from roads, possibilities of floods, reduction of emissions of greenhouse gases, etc....;
- in auditing economy and/or efficiency of procurement; for instance, auditing whether ethics and ecology were taken into account in public procurement as for regulations about green procurement, goods from fair trade or local farms, etc.

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?

Article 287(3) of the Treaty states that, where an audit is carried out in Member States, the Court of Auditors and national audit bodies shall cooperate in a spirit of trust while maintaining their independence. The ECA has the sole mandate to deliver an independent opinion on the EU financial statements and to report on issues of sound financial management and legality and regularity of the transactions underlying the accounts, as well as on reliability of the accounts. Meanwhile, the SAIs operate according to their mandates within national legal frameworks, are accountable to National Parliaments and fully independent of EU institutions. Eighty percent of the EU budget is spent under shared management between the Commission and the Member States, which makes the cooperation between the ECA and national SAIs essential, but there is no shared responsibility for the audit of the EU budget between the ECA and SAIs. The asymmetry is aggravated by the diversity of SAIs in regards to their audit approaches and roles in national accountability systems. In my opinion, the Contact Committee of the European SAIs provides a good platform for such cooperation. Such common audit approaches are discussed in Contact Committee, such as the ongoing discussion on audit cooperation in the context of the Europe 2020 Strategy. The main objective is to align the work done by EU institutions and SAIs in auditing EU funds. However, further discussions about questions of introducing the single audit approach or national declarations are still in progress and have not yet been decided. I believe that better cooperation is closely related to the understanding of national parliaments, governments and SAIs, that a more effective use and control of EU funds also reflects their own aspirations and interests. And vice versa, an understanding of national interests and concerns is needed by EU institutions. There is already some cooperation between the ECA and SAIs related to sending the work programme of the ECA to SAIs, enabling the possibilities to SAIs that their representatives are included into an audit, what helps to sharing knowledge, best practices and creates possibilities to understand each other better. SAIs do audit EU funds that are included into national budgets to some extent, but approaches are still not comparable enough. Nevertheless, it enables the ECA to use the most relevant findings of SAI's audit for programming, special reports and certain aspects of statement of assurance (DAS).

However, there is always room for improvement. Europe is heading towards common accounting standards for the public sector (EPSAS) and the European Commission is strengthening alignment of the budgetary process and reporting of Member States with the European semester. The ECA and the National SAIs could enhance cooperation on sharing knowledge, performing parallel budgetary audits, especially in the phase of planning, designing common samples for budget audits regarding EU funds, sharing audit experiences and audit results between the audits. Learning from each other's experiences would be very beneficial in order to convey best practices to all SAIs and to produce timely, relevant and comparable information to stakeholders.

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?

This is probably one of the most important questions for the future role of the European Commission and the ECA regarding relations to the Member States and National SAIs and is not something that the ECA can improve on its own. As mentioned in previous answer, SAIs are independent and the ECA is not in the position to dictate their work. Voluntary-based cooperation in performing audits is possible, but it is not likely to include all the SAIs in a coordinated audit. But through the role of the Contact Committee, some steps forward have been achieved.

Regardless of the efforts of the Contact Committee and further discussions about the questions of introducing the single audit approach or national declarations that are still in progress, it is obvious that some sort of enhanced cooperation between the ECA and SAIs will be necessary. Developing the ECA capacity to perform audits of Member States reporting parallel to National SAI, would not reflect a sound financial management, so in my view, that is not the proper solution.

In my opinion, and in light of the fact that the European Commission (and not the ECA) has the obligation to demand and receive accurate data from the Member States, the European Commission is in a position that it could suggest to the European Parliament to accept regulation that all Member States must provide yearly reports on the accuracy of data sent to the European Commission by their SAIs. Perhaps it is not necessary to provide such a report of all the data sent to the European Commission every year (because the capacity of National SAIs is not large enough to do that), but instead only those reports that would be selected each year and demanded from Member States, according to risks identified by the European Commission, the ECA work programme and suggestions from the European Parliament.

The role of the ECA should be in aligning the audit approaches of SAIs for compiling the demanded reports, which could be done in the framework of the Contact Committee. But in the first place, the role of the ECA is to audit the European Commission's ability to receive accurate data from Member States and perform internal controls on the accuracy of the data received within the procedures of the European Commission. The ECA selects samples of the Member States and performs audits with ex-post control of accuracy of the data, but with that, the ECA just confirms if the ex-ante controls of the European Commission are properly working and does not have the purpose of substituting the work of the European Commission.

Other questions

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

Yes, I would withdraw my candidacy. I believe that trust and respect between the Members of the ECA and the European Parliament (especially with the CONT) is a necessary precondition for good cooperation in fulfilling our common tasks.

Nevertheless, I trust that, on the basis of my career so far (which reflects my commitment to independent and professional public auditing), the unanimous support of the Slovenian Government and Committee of EU Affairs of Slovenian Parliament, my written answers herein and my committee hearing will convince the European Parliament to give a favourable opinion on my candidacy and support my appointment as a member of the ECA.