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*Plenary sitting*

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**A8-0057/2016**

17.3.2016

# REPORT

on the nomination of Jan Gregor as a Member of the Court of Auditors  
(C8-0412/2015 – 2015/0815(NLE))

Committee on Budgetary Control

Rapporteur: Igor Šoltes

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## PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### on the nomination of Jan Gregor as a Member of the Court of Auditors (C8-0412/2015 – 2015/0815(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 (C8-0412/2015),
  - having regard to Rule 121 of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control (A8-0057/2016),
- 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 opinion on the Council's nomination of Jan Gregor 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 JAN GREGOR

### EMPLOYMENT DETAILS

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<b>6/2014 – present</b>	<b>Czech-Moravian Guarantee and Development Bank Vice-Chairman of the Supervisory Board</b>
<b>2/2014 – present</b>	<b>General Medical Insurance Company of the Czech Rep. Board of Directors, Financial Committee</b>
<b>5/2013 – present</b>	<b>European Investment Bank Board of Directors, Remuneration Committee</b>
<b>4/2012 – present</b>	<b>Czech Export Bank Vice-Chairman of the Supervisory Board</b>
<b>9/2010 – present</b>	<b>Ministry of Finance Deputy Minister of Public Budgets Section State Budget, Local and Municipal Budgets, Debt management, State Treasury and Accounting, EU funds, EU Budget, Multiannual Financing Framework</b>
2/2001 – 8/2010	Ministry of Finance National Fund Department <i>Director, Deputy National Authorizing Officer</i> Financial management and Certification of EU funds, Competent Authority in the CAP, Financial Perspective and EU Budget, Own Resources
10/1998 – 1/2001	Ministry of Finance European Integration Dept., Horizontal Relations Unit <i>Head of Unit</i> Co-ordination of financial and economic topics within accession negotiations, mainly Regional Policy, Common Agricultural Policy and EU Budget
6/1998 – 9/1998	Ministry of Finance European Integration Dept., Horizontal Relations Unit <i>Administrator</i>
4/1998 – 5/1998	Ministry of Finance Financial Policy Dept., Unit for European Co-operation <i>Administrator</i>
3/2007 – 11/2007	Ministry for Regional Development Member of the Governmental Negotiation Team (National Strategic Reference Framework – financial issues)

## FOREIGN LANGUAGES

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	Understanding	Speaking	Writing
English (CAE)	proficient	proficient	proficient
Slovak	proficient	independent	independent
German	independent	basic	basic
French	independent	basic	basic
Italian	basic	basic	basic
Russian	basic	basic	basic

## EDUCATION DETAILS

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10-12/1998	Joint Vienna Institute, CERGE-EI Prague, macroeconomics, microeconomics, international trade, accounting and financial analysis (in English)
1996 - 1998	Prague University of Economics major specialisation International Trade, minor specialisation European Economic Integration
1993 - 1996	Prague University of Economics bachelor studies, International Trade, Scientific Assistant (Mathematics).
1989 - 1993	Secondary School, Žďár nad Sázavou,
1982 - 1989	Primary School, Žďár nad Sázavou,

## PROFESSIONAL ACTIVITIES

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2004-2015	preparation of EU Budget, Budget ECOFIN, mostly head of delegation
2011, 2014	Examination of the Czech economic development, head of delegation, EDRC, OECD
2011-2013	negotiation of Multiannual Financial Framework 2014-2020
2009	Short-Term Twinning Expert (monitoring of the Accreditation of the CAP Paying Agency), Ministry of Agriculture, Bulgaria
2008	Peer Review of Croatian management and control system (EU funds), Sigma, OECD, Croatia
2007	Management of EU funds, Own resources, OECD, Macedonia
2007	member of Government Negotiation Team for NSRF with the responsibility for financial issues
2006	preparations for euro adoption, Head of taskforce Public finance and administration
2004-2005	negotiation of EU Financial Perspective 2007-2013

2001-2004	preparation of the financial management and control system for EU funds (Phare, ISPA, SAPARD; Structural&Cohesion funds)
2000-2002	EU Accession Negotiator (EU Budget – negotiation chapters Regional Policy, Agriculture, Budget and Financial issues)
2000-2001	negotiation of international agreements for pre-accession funding
1999	pre-accession legislative screening (Regional Policy, Own Resources, Financial Control, partially CAP),
1998-1999	Examinations of Economic development of Central and Eastern European Countries, EDRC, OECD,
1998	short-term stay, European Commission, TAIEX,

## **ANNEX 2: ANSWERS BY JAN GREGOR 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.**

Let me highlight the following from my Curriculum Vitae or provide additional information:

#### **Budgetary planning**

- Negotiation of allocations and international agreements for pre-accession assistance (Memorandum of Understanding on the establishment of the National Fund, Memorandum of Understanding on the use of the National Fund for ISPA, Multiannual financial agreement for SAPARD, Annual financial agreements for SAPARD)
- EU accession negotiation - budgetary impact, simulation of the Own Resources, Adjustment of the Financial perspective for the programming period 2004-2006
- Negotiation of the Financial Perspective 2007-2014 and relevant regulations
- Negotiation of the Financial Perspective 2013-2020
- Negotiation of the EU Energy Investment Package during the Czech Presidency (2009)
- National Calculation of EU allocation methodologies (pre-accession assistance, Berlin methodology, rural development allocation methodology)
- Preparation and negotiation of the annual EU Budget (2004-2016), participation at the Budget ECOFINs - mostly as a Head of the Czech delegation, including the Conciliation procedure with the European Parliament
- Preparation and negotiation of the Czech State Budget and Medium Term Budget Frameworks (2011-2017)
- Adjustments of the system of budgetary distribution of taxes as a part of fiscal decentralization - rebalancing between central government and regional budgets
- Participation in the preparation of the Operational Budgets of state companies or international institutions (Czech Export Bank, Czech Moravian Guarantee and Development Bank, European Investment Bank and General Health Insurance Company)

#### **Budget implementation**

- implementation of pre-accession assistance (Phare, ISPA, SAPARD) including EDIS (Extended Decentralized Implementation System) and SAPARD accreditation
- Introduction of the new state treasury system (2013)
- National Budget implementation including budget changes, monthly reporting, semi

annual reporting, State Final Account

- Realization of the financing operations of the state (bond programmes, bond auctions, EUR syndicated transactions, citizen bonds, EIB loans)
- Introduction of the new legislation on budgetary responsibility including the new Constitutional Act on Budget Responsibility

### **Budget management/control**

- function of Deputy National Authorizing Officer and National Authorizing Officer as a prolonged arm of the Authorizing Officers of the EC for pre-accession assistance
- Establishment and development of internal management and control system of the National Fund in line with the EU good practices
- Preparation for EDIS Phare/ISPA - ensuring compliance audits of all involved institutions
- Preparation for the conferral of management of aid - ensuring compliance audits of the Sapard agency and the National Fund
- Head of the Paying Authority for structural funds - programming period 2000-2006
- Head of the Certifying Authority for structural funds - programming periods 2007-2013 and 2014-2020
- Head of the Competent Authority for SAPARD and the Common Agriculture policy - responsibility for accreditation of the Paying Agency

### **Auditing**

- Establishment of the internal audit function at the National Fund (in advance of the general requirement in the Czech legislation)
- Responsibility for the annual Certification process of the Common Agricultural Policy - based on the audit work of an auditing company, supervision on the quality of the audit work
- Responsibility for public administration controls as a part of the Certification process of structural and cohesion funds
- Cooperation with the Czech Supreme Audit Office on the EU report
- Active cooperation with the EC audit service, European Court of Auditors and OLAF
- Very good understanding of the audit process "from the other side (auditee)" - the National Fund Department was subject of numerous EU and national audits in the years 2001-2016

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



I am very proud of having actively participated in the **process of negotiation of the EU accession** from very early stages, e.g. screening of the national legislation and its compliance with the EU legislation, through negotiation of number of negotiation chapters, to very final meeting at the 2002 Copenhagen European Summit between Czech and Danish Prime Ministers during Danish presidency.

Together with my team at the National Fund Department I have served as a **prolonged arm of the European Commission**, be it in the role of the Paying or Certifying Authority or of the Competent Authority. The Commission has over the years appreciated the stability and reliability of the National Fund team.

Together with the Debt Management Department I have **substantially improved the Czech bond market** and optimized state debt structure and refinancing cost. The measures included an upgrade in the cooperation with the primary dealers of the Czech bonds, introduction of MTS (secondary market trading platform), reorganization of the Department according to EU best practice and introduction of fully transparent execution of individual transactions and selection of the counterparts for EUR denominated transactions.

During my almost 18-year service at the Ministry of Finance I have **step-by-step built and developed my managerial skills**. I started to work at the Ministry as a state official in the European Integration Department in 1998, shortly afterwards I was appointed as the Head of Horizontal Unit (5 colleagues), which coordinated budgetary aspect among number of EU accession negotiation chapters. In 2001, I was in charge of establishing the National Fund Department (started with 18 and has grown to around 60 colleagues) and concentration roles of different units into one single department. In 2010, I was nominated for the post of Deputy Minister for public budgets (220 colleagues) with a very broad responsibility - State Budget and other public budgets, local and municipal budgets, EU funds, state debt management and fiscal policy.

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

Such an experience includes the following:

- participation in the Economic Development Committee (OECD) in the years 1998-1999 and heading the Czech delegations in the years 2011, 2014 and 2016
- short term assistance/twinning/peer reviews in Croatia (Sigma, OECD), Bulgaria (Austrian Paying Agency) and Macedonia (OECD)
- Participation in the Council working groups, such as Structural Actions Working Party or Budget Committee
- Participation in the Budget ECOFINs and mostly as a head of the Czech delegation
- Member of the EIB Board of Directors, member of the Remuneration and Budget Committee (2013-2016)
- Presidency role in the first half of 2009 including the EU Budget Discharge

- Active cooperation within the network of Certifying Authorities
- Various presentations and seminars at international fora

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

Such a procedure is not foreseen by the Czech Budgetary Rules. Nevertheless, from an institutional perspective it may be comparable to the preparation of the State Final Account. It has to be submitted to the Chamber of Deputies of the Czech Parliament until the end of April of the following year after the Budget implementation. The State Final Account is subject to reading in the Budget Committee and also the Supreme Audit Office provides an opinion on regularity of the final account. The Chamber of Deputies takes it into account and may provide an opinion. The Ministry of Finance has not faced any major deficiencies or objections.

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

None.

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

It is very difficult to select three out of thousands individual decisions, be it factual or related to my professional career.

I value quite high my decisions in the area of the complex multiparty negotiations such as the process of the Czech accession to the EU where I covered overall budget implications or Financial Perspectives/Multiannual Financial Frameworks negotiation.

The preparation and introduction of the new treasury system was also very important to the improvement of the Czech public finance. It included many decisions in the area of legislation, parliamentary negotiation, methodology or design of the IT system.

The decision to accept the post of Deputy Minister of Finance with the wide and important responsibility for public finance definitely ranks among top decisions in my professional life.

**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?**

I have always taken my decisions after having considered all available facts and figures and I will continue to do that in my prospective role. From the audit perspective, I find it very crucial to consider facts and figures that were relevant at a time of the audited procedures or actions.

In the performance of my duties, I will neither seek nor take instructions from any government or any other body. I will also refrain from any action incompatible with my duties.

Having in mind that I was involved in the implementation of the EU Budget in the two biggest policies, I am prepared to discuss the selection of the Chamber with the President of the Court.

**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?**

No.

**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 am prepared to follow the Code of Conduct for the Members of the Court, and any changes thereof, and make the Declaration of Interest public.

Furthermore, I have recently received prolonged security clearance for the level Secret (national and EU level). In my view, it provides strong assurance of personal integrity.

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

No, I am not.

**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.**

No, I do not have any role in politics and I have never held any political position.

**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?**

Not applicable as I have never held any politically elected office or political position. Nevertheless, I am prepared to step down from all the functions. On top of that, after the end of the office, I am prepared to report any intended occupation or function to the President of the Court within the 3-year period.

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

I find this question as a sub-question of no. 7, therefore my answer is also valid in the case of the Czech Government or any other Czech bodies or persons. In case of irregularities, be it minor or major, that were found or will be found by the Court audit work, it is up to responsible Authorizing Officers to deal with such irregularities. When it comes to any suspicion of fraud, corruption or other illegal activity affecting the EU's financial interests, I will ensure that these cases are forwarded to the European Anti-Fraud Office in line with the current practice of the Court of Auditors.

#### **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?**

According to the Financial Regulation applicable to the general budget of the Union, the concept of sound financial management comprises the principles of economy, efficiency and effectiveness and shall be implemented in compliance with effective and efficient internal control as appropriate in each method of implementation - direct, shared or indirect. These principles are best implemented in a transparent environment with clear segregation of powers which enables reconciliation and verification by sufficient audit trail.

The European Court of Auditors has a unique opportunity to point out weaknesses in management and control systems within the EU institutions and recommend improvement. The landscape reviews as a new product enable the Court of Auditors to share accumulated knowledge and experience and to make observations on important matters which might not ordinarily be subject to audit. It may be used as a tool to provide, for example, an overview of EU financial flows and a summary of issues to be addressed to ensure better spending.

### **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 would focus on continuing regular cooperation with the committees of the European Parliament, in particular the Committee for Budgetary Control, mainly on annual audit planning and annual reports. In my opinion, this is well covered and coordinated by the relatively new function of the Member of the Court of Auditors responsible for institutional relations. At the same time, there is an opportunity for improvement to increase cooperation with sector specific committees of the European Parliament.

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

According to the Court's Performance Audit Manual, audit is defined as an independent, objective and reliable examination of whether undertakings, systems, operations, programmes, activities or organizations are operating in accordance with the principles of economy, efficiency and effectiveness, and whether there is room for improvement.

Performance auditing is focused on policies, programmes, organizations, activities and management systems rather than on individual financial transactions, accounting and key control procedures. Audit criteria are more open to auditors' judgment and may be set in a unique way for individual audits. Audit methods may also vary from audit to audit.

The above is, in my view, a prerequisite to its preventive role and solid identification of the room for improvement. It is also in many ways comparable to evaluations though more selective.

Identification of the room for improvement is an elegant way of guiding authorizing officers to adjust design of their policies and their implementation systems. It has to be noted that design and purpose of the EU policies may be bound by the EU Treaties or Member States' decisions.

**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 Contact Committee framework already provides solid basis for cooperation of the Court of Auditors with national supreme audit institutions. It includes an annual meetings and various working groups, networks and task forces set up to address specific issues of common interest. I think this set-up is flexible enough to take on board any topical issues.

I would focus on continuing regular cooperation with the committees of the European Parliament, in particular the Committee for Budgetary Control, mainly on annual audit planning and annual reports. This is well coordinated by relatively new function of the Member of the Court of Auditors responsible for institutional relations. At the same time, there is an opportunity for improvement to increase cooperation with sector specific committees of the European Parliament.

**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?**

The European Court of Auditors should continue to provide assurance that national reporting systems function or highlight any deficiencies and weaknesses or the European Commission's failure to detect systemic weaknesses in the reporting systems. The ECA should continue to inform the European Parliament in this respect and recommend ways to remedy the situation.

**Other questions**

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

I am prepared to consider the withdrawal of the candidacy after having understood the reasons which lead to Parliament's opinion and after having consulted the Czech Government.

## RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	15.3.2016
<b>Result of final vote</b>	+: 15 -: 3 0: 8
<b>Members present for the final vote</b>	Louis Aliot, Inés Ayala Sender, Zigmantas Balčytis, Ryszard Czarnecki, Tamás Deutsch, Martina Dlabajová, Jens Geier, Ingeborg Gräßle, Bogusław Liberadzki, Monica Macovei, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Igor Šoltes, Bart Staes, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Tomáš Zdechovský, Joachim Zeller
<b>Substitutes present for the final vote</b>	Richard Ashworth, Karin Kadenbach, Andrey Novakov, Julia Pitera, Miroslav Poche
<b>Substitutes under Rule 200(2) present for the final vote</b>	Xabier Benito Ziluaga