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REPORT

on the nomination of Leo Brincat as a Member of the Court of Auditors
(C8-0185/2016 – 2016/0806(NLE))

Committee on Budgetary Control

Rapporteur: Igor Šoltes

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PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the nomination of Leo Brincat as a Member of the Court of Auditors (C8-0185/2016 – 2016/0806(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 (C8-0185/2016),
 - having regard to Rule 121 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0257/2016),
- 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 5 September 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 Leo Brincat 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 LEO BRINCAT

EDUCATION:

- Qualified as an Associate of the Chartered Institute of Bankers London. Elected Fellow of the same Institute, which is now called the Institute of Financial Services. The course subjects included among others: Law Relating to Banking; Finance of Foreign Trade; Economics; The Practice of Banking
- My mother tongue is Maltese, am proficient in English and Italian, and have very basic knowledge of French

PROFESSIONAL POLITICAL ACTIVITY:

- Minister for Sustainable Development, the Environment and Climate Change: March 2013 – April 2016
- Member of the Environment & Development Committee: House of Representatives: December 2010 – January 2013
- Member of the Foreign and European Affairs Committee: House of Representatives: June 2008 – January 2013
- Member of the Foreign and European Affairs Committee: House of Representatives: October 2003 – February 2008
- Member of the Foreign Affairs Committee: House of Representatives: June 2003 – October 2003
- Chairperson of the National Audit Office Accounts Committee: March 1999 – February 2003
- Chairperson of the Public Accounts Committee: House of Representatives: October 1998 – February 2003
- Minister for Finance and Commerce: March 1997 – September 1998
- Minister for Commerce: October 1996 – March 1997
- Member of the Public Accounts Committee: House of Representatives: April 1995 – July 1996
- An active member of the pre-accession Malta-EU Joint Parliamentary Committee (JPC) since its inception in July 1992. The committee stopped functioning upon Malta's accession to the EU
- Parliamentary Secretary at the Office of the Prime Minister: 1986 – 1987

PROFESSIONAL CORPORATE ACTIVITY:

- Management Consultant in the Corporate Sector (mainly in tourist related leisure and hospitality areas) on financial internal controls and compliance: January 2007 – March 2013
- Head Corporate Research, Corporate Strategy Department, HSBC Bank Malta plc: September 1998 – December 2006
- Joined Barclays Bank DCO in 1966, which subsequently became Barclays Bank International, Mid-Med Bank Ltd and HSBC Bank Malta plc: during which period I was employed in various areas of banking activities that included Retail, Foreign Exchange, Lending and Executive Management

RELATED EXPERIENCES:

- Member of the first ever national cross-party committee set up in 1995 to introduce transparency and regulation of Political Parties' Financing, known as the Galdes Commission. This committee involved various stakeholders and paved the way for the eventual Political Parties' Financing legislation 20 years later
- During my term of office as Minister of Finance and Commerce, the National Audit Office assumed its full independence by becoming part of the Office of the Parliament of Malta (the functions and powers of the Auditor General and the role of the NAO are defined by Section 108 of the Constitution of Malta and the Auditor General and National Audit Office Act of 1997)
- Founder member and Chairperson of the Public Accounts Committee within the House of Representatives, which is a body that strengthens the relationship between the National Audit Office and the Parliament
- During the formative days of the Public Accounts Committee, I visited and had meetings with officials of the National Audit Office of the United Kingdom and the Public Accounts Committee within the UK Parliament
- Drew up Malta's first ever Strategy and Action Plan on Green Growth - GREENING OUR ECONOMY: ACHIEVING A SUSTAINABLE FUTURE - which is currently subject to an economic evaluation following extensive consultations
- Introduced Climate Action legislation in Malta that caters for the establishment of the first ever Climate Action Fund in Malta
- Was directly engaged in COP21 process, from the informal pre-COP Ministerial meetings to the signing of the Paris Accord in New York City, with emphasis on Climate Finance. I was also involved in negotiations and consultations with the European Commissioner for Climate Action in Paris COP21 on Loss and Damage associated with climate change impacts

- Participated actively in preparatory work for the Maltese Presidency of the Council of the EU, including good governance in the environment sector, while also engaging myself in various technical meetings linked to the Trio Presidency together with the Netherlands and Slovakian counterparts
- Was instrumental in setting up the new Environment and Resources Authority in Malta, which is a regulatory watch dog. For the first time, this new Authority, which used to be merely a Directorate for Environment, includes representation chosen by environmental NGOs and the Opposition Party
- During my term of office, Malta ranked 9th in GLOBAL METRICS FOR THE ENVIRONMENT – The Yale Centre for Environmental Law & Policy ENVIRONMENTAL PERFORMANCE INDEX on high priority environmental issues

ANNEX 2: ANSWERS BY LEO BRINCAT 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.

As Minister in two different Administrations, I have dealt with public finance issues both during my tenure as Minister for Finance and Commerce, and more recently, as Minister for Sustainable Development, the Environment and Climate Change.

Throughout the years, I have been responsible for, inter alia, resource mobilisation, prioritisation of programmes and the budgetary process, always insisting on efficient management of resources and controls. Budget planning, compliance, implementation and control were pivotal.

When responsible for Finance I had actively engaged myself in setting budget objectives together with key ministry officials, led discussions geared at translating objectives into quantifiable targets, oversaw follow up action to ensure that budget limits were adhered to, took corrective action to deal with any excess spending, while reporting to Parliament on the achievement of set budgetary objectives. These multifaceted tasks provided an excellent opportunity for me to harness the budget management process.

In 1997 I was instrumental in my role as Minister of Finance in tabling in Parliament the bill granting autonomy to the National Audit Office (NAO). The Constitution and the Act empower the Auditor General to audit the accounts of all Departments and Offices of the Government of Malta, and of such public authorities or other bodies administering, holding, or using funds belonging directly or indirectly to the Government of Malta.

The NAO has continued to develop ever since and has earned the respect of the Maltese Parliament. As a Member of Parliament for many years, I have also sat on the Public Accounts Committee (PAC), a prestigious Committee I also had the privilege to Chair for four and a half years throughout a whole legislature.

In line with the NAO Annual Report, this Committee scrutinises the value for money – the economy, efficiency and effectiveness – of public spending and generally holds the government and its public officers to account for the delivery of public services. As delivery models for public services have changed over the years, so has the reach of the Committee, as it has spread beyond government departments in scrutinising also state entities providing public services.

Throughout my terms on the said Committee I had several occasions to question thoroughly various Ministers, senior public service and public sector Officials as well as Advisors and Consultants to key Ministries on identified key areas of concern.

As founder member of the PAC within the House of Representatives (which is a body that strengthens the relationship between the National Audit Office and the Parliament), during its formative years, I visited and had meetings with Officials of the NAO of the UK and the Public Accounts Committee within the UK Parliament. I have always embraced and strictly observed the principles of prudent public finance management and control as well as good

public and corporate governance.

Though structures and processes are important for good corporate governance, Ministerial oversight is critical. In my experience, Ministerial oversight can take various forms: informal and formal; and strategic. It should oversee the implementation of laws, the application of the budget, the strict adherence to legislation and the Constitution, and the management of public finances in the pursuit of improved service delivery for the achievement of a better quality of life for all citizens. While admittedly rising aspirations of citizens are placing more demands on financial resources, I have always argued that the emphasis of the citizenry is on value for money; thus, making the scrutiny of public finance increasingly vital.

Many of my Ministerial roles went beyond the mere legislative process as they often entailed budgetary planning and decision making concerning large scale projects, financed through substantial public and/or EU funds, as well as maintaining control over the management of both projects and funds. My Ministerial duties, mainly in Finance but also in the environmental and waste management sectors, brought me in constant and regular contact with the most senior Ministry of Finance Officials as well as, in the latter case, with the Planning and Priorities Coordination Division (PPCD, which was set up in March 2001 as part of the administrative infrastructure required to manage the pre- and post-accession funds allocated to Malta by the EU). The PPCD aims to ensure the efficient absorption and management of European assistance, particularly in relation to Cohesion Policy, through effective co-ordination across government Departments, Authorities, Agencies and other stakeholders.

During my Ministerial tenure my main focus was always on ensuring that the allotted budgets were implemented in a lawful and regular manner according to sound financial management.

As Main Opposition Spokesperson for the Economy and Finance between September 1998 – May 2004, I continued to keep myself abreast in a practical manner through the exercise of my duties and the shouldering of my responsibilities linked to good financial governance and oversight. In the EU pre-accession period I attended various seminars and conferences in Brussels, in my capacity as member of the House of Representatives, including specific orientation and briefing sessions on OLAF, amongst other thematic areas, for a better understanding of how the EU functioned as well as for a clear picture of the reality on the ground within the EU's major structures and mechanisms.

Such knowledge will no doubt prove to be very useful should I have the honour to be chosen as a member of the Court of Auditors. Similar orientation visits had been organised for me and a restricted number of members of my parliamentary group by political foundations like the German FES that further facilitated the enhancement of my background from a broad theoretical one to a rich practical background.

During my days at Mid Med Bank - one of Malta's leading Banks - I had spent a long period at Head Office on Credit, where my responsibilities included: the assessment of accounts and projections of corporate sector clients, including feasibility studies and business plans; as well as proper control over the utilisation of their banking facilities while ensuring that they were applied strictly prior to the approval stage.

Through management consultancy in the Corporate Sector mainly in the tourist related

leisure and hospitality areas which posed no conflict of interest with my part-time parliamentary duties, I also ensured that financial internal controls and compliance were adhered to in the companies to whom I had offered freelance consultancy services.

For ten years I served as a Senior HR/Administration Executive of a leading export oriented manufacturing company on the island with a Group labour force of circa six hundred employees. My experience as a senior banking official was useful in helping me understand the challenges that industrial enterprises have to face on a daily basis, particularly during difficult restructuring periods.

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

I have contributed to and overseen various projects for my Country. What gave me most personal satisfaction during my tenure as Minister of Finance was undoubtedly having piloted and obtained the necessary support of the House of Representatives to hive off the National Audit Office (NAO) from under Ministerial responsibility. The appropriate legislation granted the NAO full independence, by becoming part of the Office of the Parliament of Malta with its functions and those of the Auditor General clearly set out in the new legislative body.

While nowadays Public Accounts Committees exist in most member states, it was indeed a rewarding experience to have been a founding member of the PAC of the Maltese Parliament, particularly as both we (its founding members) and a high number of Government Officials and Entities went through the crucial and pivotal learning curve that over the years helped it develop its own niche and modus operandi within our Parliament's structures.

Another personal milestone, this time during my tenure as Minister for Sustainable Development, the Environment and Climate Change, was the work carried out in the setting up of the Environment and Resources Authority. Given that the Environment Directorate that formed part of the Malta Environment and Planning Authority did not have its own structures and financial set up as well as fully fledged separate and distinct regulatory powers, I am proud to have been instrumental in setting up Malta's first ever Environment and Resources Authority which, apart from being a fully fledged regulatory watch dog manned by qualified persons of high integrity including eNGO and Opposition Party nominee representation, is now geared to address Malta's EU, multilateral and national obligations.

Under my Ministerial watch, Wasteserv Malta Ltd (a 100% Government owned company responsible for the waste management infrastructure on the Maltese Islands) managed to complete a number of national, EU funded projects under the 2007-2013 programming period. The projects that had to be successfully completed by the end of 2015 include the Malta North Mechanical and Biological Treatment Plant, a Gozo Waste Transfer Station as well as the construction of an Autoclave plant that was constructed to complement the existing incinerator which is used for abattoir and medical waste. Apart from the successful completion of these projects, the company employed stricter housekeeping procedures and also underwent a massive re-branding exercise which served to review its core philosophy to one that advocates the concept of 'creating resources from waste.' The shift was critical for the company to help it achieve its pivotal role in society. Making Wasteserv a viable organisation to deal with the disposal and recycling of waste involved changes in the

governance of the company and the setting of concrete strategic objectives for the company to ensure that it fulfilled its mission.

During my term as Parliamentary Secretary at the Office of the Prime Minister in 1986-87 where Housing formed part of my brief, I had been tasked to introduce major reforms in social housing whereby the beneficiaries' area of coverage was extended for the first time ever to single parents and low income groups to ensure more fairness and equity. I had also overseen major projects whereby premises formerly occupied for residential purposes by the British military services posted in Malta were converted into social housing units for families in need of proper, adequate or alternative accommodation.

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

My professional experience spans almost three decades in such activities covering various regions around the world in the process. As former Minister for Sustainable Development, the Environment and Climate Change, during my recent term as Minister I have attended regularly and participated actively in both formal and informal Environment Council Meetings held in the countries of the Presidency in Office as well as in Luxembourg and Brussels.

During Malta's EU accession negotiations, through my regular attendance and strong input into the workings of the Malta-EU Joint Parliamentary Committee (JPC) together with other eminent Members of the House of Representatives, we were instrumental in establishing the first formal links between Malta's Parliament and the European Parliament.

Over the years I have attended various overseas conferences, seminars and congresses at a ministerial, government and even think tank level as well as on various fact finding missions. I have:

- attended and even chaired UNEP MAP Meetings in various Mediterranean countries, IMF and Commonwealth Finance Ministerial meetings (USA, Mauritius, Hong Kong);
- represented my country at the first ever Ministerial Meeting of the World Trade Organisation in Singapore (1996), a WTO Geneva Summit attended by amongst others the President of the USA in 1998; Green Growth and Green Economy seminars in the Gulf countries (Abu Dhabi, Dubai);
- participated in conferences on sustainability in India (2015) attended by Heads of State, Government and eminent specialists in the field;
- attended the COP Climate High Level Segments in Poland and France together with various pre-COP Ministerial Meetings leading up to them;
- chaired a part session of a PRE COP Ministerial working group as well as part Chairmanship of the Special Executive Session on Climate Action at CHOGM 2015;
- finalised negotiations of MoUs with the Governments of Austria and Israel in the respective host countries (2015);
- participated in fact finding missions in the M East where I had met key regional global

players while visiting Tel Aviv, Amman and Gaza; as rapporteur of the Council of Europe Parliamentary Assembly in Beirut to foster stronger links between the CoEPA and the Lebanese Parliament;

- attended UN Climate Summits including the recent New York signing ceremony of COP21 and various WILTON PARK seminars in the UK and Denmark.

Moreover, in 1980 I attended the prestigious US International Visitor Program, as a guest of the US Government, visiting Washington DC, New York, Portland, San Francisco and Dallas together with a number of participants from all over the world who went on to make a name for themselves in their native countries. Visits to various US institutions and discussions with participants and organisers provided me with insights and best practices which I adopted throughout my professional career, particularly for meetings which I later attended with senior USG officials at State Department and the US Treasury during my stint as Minister of Finance.

An invitation by the British Government to visit the UK on a sponsored visit in the 1980s had brought me in touch with key government exponents in the foreign affairs, educational, financial and information technology sectors – strategic areas many of which I ended up covering at a later stage during my parliamentary activities.

When heading Ministerial delegations or forming part of parliamentary delegations, I had the occasion to meet major exponents of various leading government entities and key private sector players and stakeholders including those linked to finance and investment promotion across various continents through visits to the USA, France, Italy, Austria, Israel, the UAE, Saudi Arabia, Kuwait, the People's Republic of China and the Russian Federation as well as to neighbour N African countries.

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

The procedure of discharge referred to herein does not apply in my case.

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

As explained in my detailed CV I have been Minister for Sustainable Development, the Environment and Climate Change; Finance and Commerce, as well as a Parliamentary Secretary at the Office of the Prime Minister with communications strategy and social housing as my main briefs.

Due to the part-time status of Maltese Parliamentarians while carrying out my duties as Chair person of the National Audit Office Accounts Committee, Chairperson of the Public Accounts Committee as well as member of the Environment and Development Committee and the Foreign and European Affairs Committee I was still entitled to derive my main income – as in the case of all other parliamentarians – through my employment in the banking sector as well as through my subsequent consultancy services in the corporate sector and previous full time employment in the manufacturing sector.

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

During my career in politics and public administration I was party to several important decisions:

- As Minister for Finance and Commerce, I have taken initial steps towards implementing solutions suggested in reports that I had commissioned and publicised, identifying financial and organisational problems in several of the largest enterprises on the island while making reform of such enterprises a key plank of Government's medium-term fiscal adjustment programme – as outlined in the IMF Staff Country Report on Malta 99/72 on Selected Issues. The same report bears testimony to the fact that whereas previous subventions to these entities amount to 6.4% of total government expenditure; by 1998 I had managed to help reduce them to 4.8%.
- It was a historical milestone to have joined more than 120 World Trade Organisation Ministers of Trade, Foreign, Finance and Agriculture and from those in the process of acceding to the WTO, by participating in the first ever WTO Ministerial Conference in Singapore in December 1996 – the first Conference since the WTO entered into force on 1 January 1995. Throughout my meetings in Singapore I had participated actively in plenary meetings as well as various multilateral, plurilateral and bilateral sessions that had examined issues related to the work of the WTO's first two years of activity and the implementation of the Uruguay Round Agreements.
- There is no doubt that the third important event was my having piloted a raft of financial legislation in the Maltese Parliament that inter alia included the establishment of the autonomous NATIONAL AUDIT OFFICE.

In addition to these three important progressions, I am proud to have contributed until the relinquishing of my Ministerial portfolio, to the preparatory work for Malta's EU Council Presidency in the first half of 2017 in the areas for which I was responsible – Sustainable Development, the Environment and Climate Change – given the complexity of these policy areas: a daunting task and major challenge for both my country and for me personally.

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?

As a member of the Court of Auditors, I will carry out my duties independently, meaning that I will neither seek nor take any instructions from any Government or from any other Body, and I will refrain from taking any action which is not compatible with the actions of the Court.

Apart from such independence being unequivocally provided for by the Treaty whereby Members' independence must be beyond doubt, these crucial principles are also further laid down in the Court's Ethical guidelines and Code of Conduct for ECA Members as well as in the Rules of Procedure and in the Rules Implementing the Rules of Procedure. Equally important, is that any conclusions drawn during the course of my work would be based on an in-depth audit based on facts and figures. It is also necessary to remain strictly within my remit as a member of the Court of Auditors. This also applies to contacts with any other institutional entities, agencies or authorities. The relationship should be strictly professional

and where necessary the presence of another official of the Court of Auditors would be advocated. The Code of Conduct for Members of the ECA needs to be respected as it entails very specific provisions relating to independence. It is based on the International Organisation of Supreme Audit Institutions (Intosai).

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?

None.

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

Yes - without any hesitation. For years I have always complied promptly with the requirements of the current Declaration of Assets and Ethics Code for Maltese Ministers and Members of Parliament to publicly disclose any such interests, holdings or commitments.

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

I am not a party to any legal proceedings that could in any way conflict with my duties as a Member of the Court.

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 presently do not have any executive role in politics but was Minister for Sustainable Development, the Environment and Climate Change until last month – which post I gave up in view of my ECA nomination after having occupied it since April 2013.

Although I am still a member of the House of Representatives ever since my nomination as a Member of the European Court of Auditors I have freely taken a unilateral decision to refrain from any political activity, statements or comments both within the House itself or else in the printed and or social media where I used to write regularly as an opinion maker.

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 have already stepped down from being a Cabinet Minister. I am committed to instantly give up my seat in the House of Representatives – the Parliament of Malta, should I be appointed to the ECA. I hold no role or responsibilities within the structures of the party in government in Malta.

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 would deal with any major case of irregularity/fraud/corruption in the same way for all cases irrespective of whether they may be related to my Country or else to any other EU Member State. Given that as a Member of the Court my first duty would be towards the Court of Auditors and its respective functions, I will also ensure that the Court carries out a full investigation to establish all the relevant information regarding the extent of the

irregularity/illegality while endeavouring to identify the players that may be involved. In consultation with the Members of the Court and upon scrutinising the resultant findings, the case would then be instantly referred to OLAF. Where warranted I will also discuss with the President of the Court. To perform my function with due independence, impartiality, integrity, diligence and rigorous scrutiny as in cases involving any other Member State is a sine quo non for any member of the European Court of Auditors. To fail to do so would not only undermine the ECA itself while jeopardising my own position, but it will also facilitate, rather than address, misallocation of resources and moral hazard. Since I have always believed in a pro-active approach in all the fields of activity in which I have been involved over the years, I think that what is further needed is a series of well thought out general systemic preventive actions to enhance the Court's effectiveness while decreasing and minimising the prospects of the occurrence of such major irregularities.

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?

The main features of a sound financial management culture should be based on three aspects: effectiveness, economy and efficiency.

Performance audit, therefore, should seek to analyse the operations of any agency in line with regulations, identify the outcomes achieved by a programme, and recommend improvements especially where weak internal controls prevail, or where action is deemed fit in the event of fraudulent practices. Because of the knowledge and experience gained over the years, the ECA is uniquely placed to carry out performance audits as I have just described and these audits can help improve both the performance and the efficiency of the agencies responsible for executing EU programmes. In essence Performance Audits must represent Value for Money Audits as well as Operational Audits while providing management with information on adequate and inadequate management measures by means of a structured reporting process. This in itself should provide an opportunity for improvements where necessary after determining what the effects or impact of the inadequate management measures were on service delivery. Performance audit in the public sector as well as at an institutional level provides the authorities with an avenue to demonstrate to the public whether they have fulfilled their responsibilities with regard to accountability of resources. In contrast with conventional auditing, performance audit helps in finding alternative solutions through recommendations for improvements to policies, procedures and structure which could help in reducing wastage and inefficiencies. It equally assists in obtaining a critical view of compliance with legal requirements, policies, objectives and procedures. Equally so performance audits may serve as a basis of decisions on future funding and priorities. Clear guidelines on performance audits are crucial.

An important development has been the publication by the ECA of the landscape reviews. Not only do these landscape reviews help to assess risk, but they provide a comprehensive review of agencies by linking compliance with outcomes of programmes. I have already stressed the importance of a strong link between resource management and the delivery of quality services to citizens. The effectiveness of this link, however, can only be determined if the information provided by agencies is complete and relevant. Our objective is to improve public services. We do this by recommending specific actions that will address the issues we

raise, and by providing valuable information to the public, programme leadership and elected officials.

Together with the experience I have gained over the years as both Minister and spokesperson for the Opposition I am also familiar with the ‘Good Governance in the Public Sector’ document issued by the International Federation of Accountants (IFAC) and the Chartered Institute of Public Finance and Accountancy (CIPFA). Efficiency and effectiveness must be well calibrated. While the former must ensure cost effectiveness of current operations and management decisions, effectiveness needs to evaluate the degree of success of the entire cost and management system, particularly in the attainment of the intended outcomes. This will not succeed through proper management structures alone, but needs to be complimented by the highest quality capacity building as well as a result of clearly defined objectives and tasks resultant from appropriate and professional strategic planning. Without appropriate internal controls, professional risk assessments and effective internal audit systems in place, only partial success can be aspired to or attained.

Particularly in this day and age of financial volatility and vulnerability, financial reporting must not only be accurate but also timely in a manner that it will reach external stakeholders without any undue delay.

While the increased emphasis on reporting on sound financial management through performance audits is positive and most encouraging, mainly thanks to the strong push from the European Parliament itself as well as the Court of the Auditors and even the Commission, this process needs to be accelerated and stepped up further in order to eliminate any arbitrariness in the decision making process, potential conflicts of interest, while enhancing transparency and tightening controls even further.

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?

In my view there should not be a static, one dimensional template but this should be part of a constantly evolving process that takes into account new challenges, threats and opportunities as they may arise. Rather than reacting to evolving situations, an optimal scenario should always see the Court one step ahead, harnessing creative and innovative ways as to how to enhance this process while strengthening its own dynamics. Unless the dialogue is continuous and regular there will always be a risk of growing complacency seeping in, that would in itself weaken the much needed detailed and constant understanding of the Parliament’s ever changing needs. As a result of the internal reform of the ECA that was implemented with effect from 1 January 2016 that set out to convert it to a task based organisation, it should be guided by the following maxims:

- a) Agile response to a rapidly changing environment,
- b) Directing resources flexibly to priority audit tasks,
- c) Delivering timely products and better communication of its role and work.

As a Member of the Court my duty would be to ensure that Parliament is presented with the findings of the Court in a spirit of open dialogue and collaboration. Through the presentation of audit methodologies, results, opinions and appraisals one should facilitate the process for Parliament to execute its function in relation to the budget in a more effective and timely manner, while constantly enhancing and refining the EU's own regulatory framework. The increasing importance given by Parliament itself to the Court's findings can only bolster and strengthen future exchanges of views and better appreciation of each other's functions as respective key institutions within the Union itself. The success rate of these endeavours can only be gauged if and when the legislative work of Parliament will effectively reflect the main conclusions and recommendations of the ECA, even at the level of ECA special reports that may be presented to the European Parliament's sector policy committees. While the relationship should be one of equals between entities, the main thrust should be that of assisting better Parliament itself. Such endeavours must not only be felt but must also be seen in a manner that fair judgement can be passed on them even by external stakeholders.

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

A performance audit is deemed relevant and valid if it is comprehensive, objective and independent. As I have explained, it needs to assess whether agencies are operating in line with the three principles I referred to earlier. A performance audit will also need to assess outcomes and identify weaknesses and risks as the case may be. The main focus will of course be on whether policies and programmes are being delivered as they were intended. This should be kept in mind at all times in any judgement made by the ECA Member. In all probability no case will be alike and therefore judgement plays a key part in conducting a performance audit that is relevant and objective.

Sound judgement on the part of the ECA should also result in recommendations to review management systems and internal processes. This is an important component of the performance and one that should be followed up by the agencies concerned. As a member of the ECA I would of course refer to the ECA's Manual on Performance Audit. Through my experience serving on the Public Accounts Committee I am very familiar with the way the NAO in Malta had conducted a number of very effective performance audits. I am also familiar with the ISSAI 3100 guidelines that set out Performance Audits' principles as well as the resultant benefits from reliance on them.

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?

Constant and heightened interaction is of the essence. One should maximise the opportunities presented for enhanced bilateral and multilateral cooperation to truly reflect the spirit and the substance of what the Treaty itself stipulates when it states that 'in the Member States the audit shall be carried out in liaison with national audit bodies.' The process should not be a one way process since I am of the opinion that the constructive feedback from Parliament itself can gauge the effectiveness and result orientation of such enhanced cooperation levels. On the other hand, the cooperation between the Court of Auditors and the National Audit institutions needs to be raised to even higher levels. Supreme Audit Institutions (SAIs), as fully independent entities, should cooperate with the

ECA as well as with the European Commission, within, however, the ambit of Article 287(3) of the Treaty, namely that there should be cooperation in a spirit of trust while at the same time maintaining their independence. This is important as SAIs (both in their countries, as well as with their international counterparts) must be, and seen to be, fully independent from other authorities in order to show that they can conduct their audit duties without any undue interference. Nonetheless, at the same time, cooperation is very useful and gives value added to the entities concerned as those involved can learn from each other and gain insight into the developments of each others' activities.

Being aware that the EU Contact Committee, which is the network of EU member States SAIs, have established a form of "early warning system" in order to support an effective and efficient operation of the Contact Committee to the benefit of all its member SAIs by identifying developments at an early stage and enabling a timely reaction thereto, I am of the opinion that it is a good and efficient way for the ECA and EU MS SAIs to monitor developments and changes within the financial management of the EU that may be of interest to them, including also to monitor any relevant decisions that may be taken by the EP CONT.

I believe that further cooperation between the ECA, EU MS SAIs and the EP CONT can also be further enhanced through having representatives of these three parties meeting on a periodical basis, say twice or three times a year, to discuss any developments of mutual interest with the purpose of assisting in ensuring that auditing of the EU budget can be continuously improved. The inbuilt flexibility in this set up should facilitate the taking on board of new topical issues particularly since the financial landscape continues to evolve both within the EU itself as well as globally as a result of emerging megatrends. The new function of a Member of the Court of Auditors being responsible for institutional relations should further strengthen and facilitate such cooperation since it provides an already existent institutional structure.

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?

I believe that as an ECA member I should support what is in my view the main objective of the ECA: to ensure that national reporting systems function as should be, highlighting risks and failures in detecting deficiencies in the national reporting systems. It is imperative that this must be complemented by the constant flow of information and recommendations to the European Parliament as to how to address and remedy such situations. Increased frequency of meetings between the Court of Auditors and Parliament's Committee on Budgetary Control is in my view another important prerequisite. All this must be reflected strongly in the Annual Report of the ECA that should form the strong basis for the debates in the Parliament itself. Stronger efforts are needed to ensure that accuracy of data provided by the Member States as well as in the verifications by the Commission is strengthened through more emphatic highlighting by the ECA itself of such inherent weaknesses. It remains incumbent on the Commission itself to ensure that engagement and close cooperation with Member States is further enhanced in order to ensure that the latter will be able to provide information on their governance, internal controls, internal audit systems and financial management in full and in the most timely of manners.

Only such further tightening up of the system can offer increased reassurance that the

Commission will be better placed than ever before to assess Member States' systems in order to reassure it that they are more than adequate to facilitate the correct implementation of the EU budget. Data overload might not suffice. What is vital and essential is the utilisation of it to derive maximum benefit from it. Improvement in the estimated error rate reported by the Court should not leave any room for complacency. On the contrary further annual enhancement of such error root causes must be sustained consistently in a robust manner. This is not an issue that the ECA can address in a standalone manner particularly since it ultimately reflects on the future role that the Commission and the ECA need to play regarding relations to the Member States and the National SAIs.

Other questions

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

I would review my nomination, taking into full account the deliberations that would have taken place and reasons adduced by the Committee for its recommendation.

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Partial renewal of members of the Court of Auditors - MT nominee
References	08699/2016 – C8-0185/2016 – 2016/0806(NLE)
Date of consultation / request for consent	17.5.2016
Committee responsible Date announced in plenary	CONT 25.5.2016
Rapporteurs Date appointed	Igor Šoltes 25.5.2016
Date adopted	5.9.2016
Result of final vote	+: 11 –: 9 0: 1
Members present for the final vote	Nedzhmi Ali, Inés Ayala Sender, Zigmantas Balčytis, Martina Dlabajová, Luke Ming Flanagan, Dan Nica, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Igor Šoltes, Bart Staes, Marco Valli, Derek Vaughan, Joachim Zeller
Substitutes present for the final vote	Brian Hayes, Karin Kadenbach, Julia Pitera, Miroslav Poche, Patricija Šulin
Substitutes under Rule 200(2) present for the final vote	Anne Sander, Alfred Sant
Date tabled	8.9.2016