



Plenary sitting

A9-0197/2023

25.5.2023

REPORT

on the nomination of Ildikó Gáll-Pelcz as a Member of the Court of Auditors
(C9-0126/2023 – 2023/0803(NLE))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

CONTENTS

	Page
PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION.....	3
ANNEX 1: CURRICULUM VITÆ OF ILDIKÓ GÁLL-PELCZ	4
ANNEX 2: ANSWERS BY ILDIKÓ GÁLL-PELCZ TO THE QUESTIONNAIRE	7
INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE	15

PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

**on the nomination of Ildikó Gáll-Pelcz as a Member of the Court of Auditors
(C9-0126/2023 – 2023/0803(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 (C9-0126/2023),
 - having regard to Rule 129 of its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A9-0197/2023),
- A. whereas, by letter of 3 April 2023, the Council consulted Parliament on the nomination of Ildikó Gáll-Pelcz as a Member of the Court of Auditors;
- B. whereas Parliament's Committee on Budgetary Control then proceeded to evaluate Ildikó Gáll-Pelcz's credentials, in particular in view of the requirements laid down in Article 286(1) of the Treaty on the Functioning of the European Union; whereas in carrying out that evaluation, the committee received a curriculum vitae from Ildikó Gáll-Pelcz, as well as the replies to the written questionnaire that she had been sent;
- C. whereas the committee subsequently held a hearing with Ildikó Gáll-Pelcz on 24 May 2023, at which she made an opening statement and then answered questions put by the members of the committee;
1. Delivers an unfavourable opinion on the Council's nomination of Ildikó Gáll-Pelcz as a Member of the Court of Auditors, and asks the Council to withdraw its nomination and submit a new one to Parliament;
 2. Instructs its President to forward this decision to the Council and, for information, the Court of Auditors, the other institutions of the European Union and the audit institutions of the Member States.

ANNEX 1: CURRICULUM VITÆ OF ILDIKÓ GÁLL-PELCZ

EXPERIENCE

EUROPEAN COURT OF AUDITORS

Member 2017 –

Chamber IV (Regulation of markets and competitive economy) (2017 –)

Audit Quality Control Committee (Chamber III – External action, security and justice) (2021 – 2022)

Chair of the Internal Audit Committee (2019 – 2020)

Member of the Internal Audit Committee (2018 – 2019)

Foresight Task Force (2018 – 2019)

K2 Steering Committee (ECA renovation project) (2019 –)

Published reports:

- *Annual report on EU Joint Undertakings for the financial year (2017, 2018, 2019, 2020, 2021)*
- *SINGLE RESOLUTION BOARD Report on any contingent liabilities arising as a result of the performance by the Single Resolution Board, the Council or the Commission of their tasks under this Regulation for the financial year (2018)*
- *E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved (2019)*
- *Risks, challenges and opportunities in the EU's economic policy response to the COVID-19 crisis (2020)*
- *TDI: system for protecting EU businesses from dumped and subsidised imports functions well (2020)*
- *Exchanging tax information in the EU: solid foundation, cracks in the implementation (2021)*
- *EU intellectual property rights Protection not fully waterproof (2022)*
- *European statistics: Potential to further improve quality (2022)*

Ongoing reports:

Authorised Economic Operators, Smart Cities, Recovery and Resilience Facility- Digital transformation, Harmful Tax Competition, Digital Payments, Geoblocking, Annual report on EU Joint Undertakings for the financial year 2022

EUROPEAN PARLIAMENT

Vice President 2014 – 2017

Chair of the Audit Panel 2014 – 2017

Member 2010 – 2017

Committee on Economic and Monetary Affairs (ECON) (2010 – 2017)

Committee on Internal Market and Consumer Protection (IMCO) (2014 – 2017)

Committee on Women's Rights and Gender Equality (FEMM) (2010 – 2017)

Committee of Inquiry into Emission Measurements in the Automotive Sector (EMIS)

(2016 – 2017)

Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion (PANA) (2016 – 2017)

Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect (TAXE2) (2015 – 2017)

Special Committee on Tax Rulings and Other Measures Similar in Nature or Effect (TAXE) (2015)

Special Committee on Financial Economic and Social Crisis (CRIS) (2010 – 2011)

HUNGARIAN NATIONAL ASSEMBLY

Deputy Speaker 2009 – 2010

Member 2006 – 2010

Committee of EU Affairs (2006 – 2010)

Chair of the Committee of Inquiry to Investigate the use of EU funds (2008 – 2010)

UNIVERSITY OF MISKOLC

Director of Institute of Business Science, Head of Department of Business Economics, Associate Professor 2000 – 2010

Deputy Head of Department of Business Economics, Associate Professor, Assistant Professor, Lecturer 1992 – 2000

Deputy Director, Computer Center 1989 – 1992

Systems, Coding and Research Engineer 1985 – 1989

QUALIFICATIONS, ACADEMIC DEGREES

Habilitation (2016)

“Taking advantage of the potential of the Single Market”

Ph.D. (1997)

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

Dr Univ (1997)

“Role of accounting information systems in the operation of companies”

Engineer specialised in Economics, University of Miskolc (1991)

Qualified Mechanical Engineer, Process Design Branch Technical University of Heavy Industry, Miskolc (1985)

LANGUAGE SKILLS

Hungarian (Native proficiency)

English (Professional working proficiency)

German (Limited working proficiency)

Russian (Limited working proficiency)

QUALIFICATIONS

Qualified Tax Expert International Taxation (2004)

Chartered Auditor and Tax Consultant (1996)

Chartered Accountant (1993)

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

Performance of duties: lessons learnt and future commitments

1. What are your main achievements as a member of the ECA? What were the biggest setbacks?

My main achievements as a member of the ECA include the introduction and the continuous development of the single consolidated annual report on Joint Undertakings, which play a key role in advancing and accelerating the uptake of innovative solutions throughout the Union in important areas. This development is not a replacement of the former separated statements of assurance, but an expansion of the audit focus to include horizontal issues and to enable us to propose actions to be taken, which contribute year by year to the visibly improving performance of the Joint Undertakings. This innovative, now standardised product has been well received both by the European Parliament and the Joint Undertakings themselves.

During my mandate, I was lucky enough to be member of various committees in crucial moments of their existence and thus part of core developments. For instance, I was one of the four members of the Foresight Task Force which put the basis for integrating foresight into the ECA's work, setting up the 2020+ multi-annual strategy, launching the digital transformation process of our financial audits, and ultimately led to the adoption of the ECA Strategy 2021-2025.

I was member and then Chair of the Internal Audit Committee, paving the way for the revision of its Rules of Procedure, further specifying the roles and responsibilities, which are now presented in a list to ensure completeness and transparency.

Finally, I was also member of the Audit Quality Control Committee when the Court had started its NGEU/RRF audits and my proposal to designate the Chair of the AQCC as the Member responsible for performing all quality review work for NGEU/RRF-related tasks has been unanimously supported by my colleagues and led to a more consistent and coherent review process.

As regards setbacks, I am fortunate to not have personally experienced any, possibly also due to my positive mindset and my ability to see challenges as opportunities to learn, grow and improve.

2. What are the main lessons learnt in your field of competences / results achieved in your duties and audit tasks?

I was reporting member for various financial and performance reports:

- Annual report on EU Joint Undertakings for the financial year 2017, 2018, 2019, 2020, and 2021
(see question 1)
- Special report 12/2019 on “E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved

Through this report we made recommendations which could help the Commission and the Member States better address challenges such as insufficient EU controls to prevent fraud and detect abuse, or ineffective enforcement of VAT collection.

- Review 06/2020 on “Risks, challenges and opportunities in the EU's economic policy

response to the COVID-19 crisis”

Through this review we identified opportunities which have already helped reflect on permanent improvements to the EU’s budgetary capacity to react to major economic shocks and mitigate ensuing economic divergence across its Member States, as well as on the potential to promote EU priorities such as sustainable development and digitalisation.

- Special report 17/2020 on “TDI: system for protecting EU businesses from dumped and subsidised imports functions well”

Through this report we made recommendations which shall help raise awareness on trade defence instruments, document some checks better, and improve the policy’s overall effectiveness.

- Special report 03/2021 on “Exchanging tax information in the EU: solid foundation, cracks in the implementation”

Through this report we made recommendations which shall help the Commission enhance the coverage of the EU legislative framework, and develop monitoring and guidance, and the Member States make better use of the information they receive.

- Special report 06/2022 on “EU intellectual property rights - Protection not fully waterproof”

Through this report we made recommendations that shall help complete and update the regulatory framework, assess the governance arrangements and methodology for determining fees, and improve the geographical indications systems. Our recommendations shall also help the European Union Intellectual Property Office improve its accountability framework and its financing, control and evaluation systems.

On a side note, this report has won the ECA’s annual Clear Language Awards in 2023 for best title, best executive summary, and best conclusions and recommendations.

- Special report 26/2022 on “European statistics: Potential to further improve quality”

Through this report we made recommendations which shall help better meet user needs, address data gaps in important statistical areas such as labour, business, or health, and prioritise EU funding for innovative projects.

- Special report 13/2023 on “Authorised Economic Operators – Solid customs programme with untapped potential and uneven implementation”

Through this report we made recommendations which have already made a positive impact in helping the Commission make improvements to the regulatory framework and the monitoring of its implementation. The recommendations were addressed right in time for the publication of the Customs Reform Package on May 17.

As for my ongoing reports, they include smart cities, harmful tax competition, RRF digital transformation, digital payments, geo-blocking, as well as the annual report on EU Joint Undertakings for the financial year 2022.

3. What added value could you bring to the ECA on your second term and/or particularly in the area you would be responsible for? Would you like to change your area of responsibility? What motivates you?

My potential to bring further added value to the ECA on a second term builds on the last six years, i.e. a genuine understanding of the institution’s modus operandi, including

operations, processes, and mandate. I have always been actively involved in all the phases of the audits under my responsibility, which constitutes an experience and a know-how to be leveraged.

While I am generally open to change, I would prefer not to change my area of responsibility, as I consider that my experience, knowledge and expertise can bear most fruit in Chamber IV, where I sincerely feel that my work makes a positive impact as per the recognition of colleagues, auditees and stakeholders.

In terms of motivation, there is already a strong sense of duty and responsibility to serve the European Union and its citizens. This motivation is underpinned by a desire to build upon the experience gained during my first term and to further contribute to shedding light on areas where the EU's financial management could be improved.

4. How do you make sure to reach the planned audit objectives of an audit task? Have you ever been in the situation where you could not realize the audit task and for which reasons? How do you operate in such controversial situations?

In the case of the audits for which I am reporting member, reaching the planned audit objectives is possible thanks to careful planning and preparation, active participation of both myself and my cabinet in the various phases of the audit work, and constructive engagement with our auditees in the spirit of our no-surprise approach.

For my audit tasks, we have not encountered controversies or challenges that could have prevented us from completing the audit task. It is my usual practice to fully participate in all phases of the audit, from issue analysis to drawing conclusions and formulating recommendations. Good cooperation within and outside the audit team, regular and ad hoc state-of-play meetings, feedback from all parties concerned make it possible to identify and address the problems before they can materialize.

5. If you were reconfirmed for a second mandate and hypothetically, if you were elected Dean of a Chamber in the ECA, how would you steer the work to define its priorities? Could you give us two or three examples of areas to focus on in the future?

As Dean, one would be responsible not only for coordinating the Chamber's work and defining its priorities, but also for ensuring that these priorities are aligned with the broader objectives of the ECA.

On one hand, a balanced coverage of the relevant thematic areas is needed (with active participation of both Members and auditors in strategic discussions on the Chamber's current and future audit portfolio, as well as bottom-up input on tailoring the work approach to be followed) and, on the other hand, such coverage needs to remain flexible as to being able to accommodate any pressing issues (such as the COVID-19 pandemic, the war in Ukraine, or the energy crisis) that might emerge at any time. In this sense, being more focused, and faster for some of our audits could require in the programming and planning stages to have a better defined and/or reduced audit scope, while larger audit subjects could also be split up into a smaller - and faster - sequential audits.

Some examples of strategic areas where I see need for particular focus, deployed through our multi-annual programming approach, cover new initiatives such as the management of 'Next Generation EU' (NGEU), and cross-cutting topics, such as new technologies and climate change.

6. If you had to manage the selection of audit tasks in view of the preparation of the ECA annual working programme, on which basis would you make your choice among the list

of priorities received from the Parliament and/or the CONT committee?

What would you do if a political priority does not correspond to the ECA risk assessment of the Union's activities?

Managing the selection of audit tasks requires a careful and systematic approach for identifying and addressing the most significant risks in a timely and effective manner. To this end, the ECA considers a range of factors, including the input provided by the EP through the Conference of Committee Chairs, and our annual work programme is established in complete independence, based on the ECA's own risk assessment of the Union's activities, and the availability of resources.

We have received 131 proposals from 20 committees for our 2023 work programme, and 77 proposals from 18 committees for our 2024 work programme. For 2023, 64% of our newly added audit tasks related to proposals made through the CCC, which in my view reflects a good balance between our own risk assessment and Parliament's wishes.

Nevertheless, I can see conducting a separate audit on urgent political priorities as an open option.

Management of portfolio, working methods and deliverables

7. Producing high quality, robust and timely reports is key:

- How would you ensure that the data used in an audit are reliable and that the findings are not outdated?

Proper audit evidence is a pre-requisite for our audits. The ECA relies on a range of sources for its data, including data provided by the EU institutions and Member States, and it is crucial to check the accuracy and completeness of these data, to ensure that our findings are based on reliable information. This is guaranteed by strong internal procedures for quality control, stemming from understanding the data sources and identifying any potential errors or inconsistencies.

Ensuring that our findings are not outdated requires us to stay up to date with the latest trends and developments in the areas that we audit. We also need to be prepared to adapt our audit approach in response to new information or changing circumstances. For instance, the ECA has very quickly reacted to the COVID-19 crisis by issuing two timely and topical reviews, one on economic response (for which I was reporting member), and one on health response, which identified not only the existing challenges, but also the underlying opportunities. By means of comparison, if the RRF can be a model for future instruments, rapid reactive audits could also be a model for ECA's response to auditing such instruments.

- How would you improve the quality and pertinence of the recommendations?

Our audit work is intended to add value. In the case of the audits for which I am reporting member, we constantly aim at recommendations that provide relevant, practical, and cost-effective suggestions to remedy the weaknesses. When I was member of the Audit Quality Control Committee, we reflected on the potential benefits of introducing a typology of recommendations, for instance according to the level to which they apply (e.g., operational, managerial, and strategic). Such a typology could clarify the object of recommendations and it could help stakeholders identify what interests them most.

I also see the follow-up of recommendations, both at the level of EU institutions and

bodies, and at the level of the Member States, as a crucial element, not only because it provides us with feedback on whether our auditees have implemented the actions recommended, but it also gives an incentive to our auditees to react adequately to our recommendations, and it helps us identify the areas and topics for which we can add most value.

8. The aim of the ECA's reform is to establish a stronger accountability relationship between the audit team and the rapporteur member:

- Given your experience, do you think that the role of a member is to be more involved in the audit work?

Yes, I think - and my experience proved it - that members' involvement can lead to a deeper understanding of the audit process and enable them to provide valuable insights and perspectives to the audit teams. By being involved in the planning process, we can ensure that the audit approach is aligned with the ECA's strategic priorities. Beyond engaging in constructive dialogue with the audit team and providing feedback on the audit approach and findings, we as members can also provide insights into relevant policy and legislative developments and share knowledge and experience from our previous work.

- Would you change the way you work with an audit team? If yes, how?

No, I would not change the way I work with my audit teams. My involvement in the audit, which follows a collaborative and constructive approach, is a rewarding and valuable experience for me, and sends a strong signal on working together to the team. It also allows monitoring the audit throughout the process.

9. What would be your suggestions to further improve, modernise the ECA functioning, programming and work (audit cycle)? After your first mandate, could you give us a positive aspect of the ECA working and a negative one?

While the ECA has made significant progress in improving its audit cycle, with the introduction of our multi-annual work programming, there is always room to further modernize our work and processes. For instance, I see a huge potential in digitalisation, as embracing new technologies and data analytics tools can help us further streamline our audit work and improve the accessibility of our audit reports.

A most positive and visible aspect of our work is that it makes a difference for the better. Our audit reports are not only highly respected by the EU institutions and Member States, but our recommendations have led to significant improvements in the management and use of EU funds.

A negative aspect could be that our reports are sometimes criticized for being too technical and difficult to understand for non-experts. To address this issue, we could consider developing more user-friendly and accessible formats for our audit reports, such as summary reports or infographics, to help communicate our findings and recommendations more effectively to a wider audience.

10. Under the Treaty, the Court is required to assist Parliament in exercising its powers of control over the implementation of the budget in order to enhance both the public oversight of the general spending and its value for money:

- With the experience of your first term, how could the cooperation between the Court of Auditors and the European Parliament (Committee on Budgetary Control) on auditing the EU budget be further improved?

The ECA sees CONT as a key contact point within the Parliament and we aim to work together in mutual respect of each other's role. I think that we are very good partners in ensuring accountability and transparency in the use of EU funds by working together closely and thus leveraging our respective strengths and expertise.

This cooperation is already defined by regular meetings between the two institutions, sharing relevant audit findings and reports, or involving CONT in the ECA's audit planning process. As for the discharge procedure, the necessary dialogue and accountability - which are crucial, welcome and in the interest of our citizens - take place within the limits set by the Treaties and the applicable legislation and with due regard to our independence.

- Similarly, how to strengthen relations between ECA and national audit institutions?

Beyond our regular exchanges with Member States' audit institutions in the framework of the Contact Committee of the EU's supreme audit institutions, strengthening relations with the NAIs could involve exchanging information and best practices between the ECA and the NAIs, providing training support to NAIs, and exploring opportunities for joint audits, or collaboration in specific areas of audit.

By working together more closely, the ECA and the NAIs can enhance the quality and effectiveness of their audit work and provide a more comprehensive and integrated oversight of the EU budget. This can help identify and address issues and risks at an early stage, and thus improve the management and use of EU funds.

In my case, for instance, we have very constructive exchanges with various national authorities in the preparatory phases of our reports, discussing good practices and possible challenges in the relevant thematic areas.

11. How will you support the Parliament in the achievement of the shortening of the discharge procedure? What actions can be undertaken from your side?

The ECA is committed to meeting the discharge deadlines set by the legislator. We strive to present our annual reports even earlier where possible, without compromising the quality of our audit work. The speed of the process also depends on the auditee, and whether we receive supporting information, such as financial statements, on time. We also need to give sufficient attention to the clearing of our preliminary observations with our auditees and to the post-audit process, including translation.

While shortening this procedure is challenging, I have always supported its streamlining, and I am glad that the ECA has already taken visible actions to this end. Last year, we published our annual report on October 13, and this year we will publish even sooner, on October 6, which is more than one month prior to the legal deadline (November 15).

Independence and integrity

12. What guarantees of independence are you able to give the European Parliament, and how would you make sure that any past, current or future activities you carry out could not cast doubt on the performance of your duties at the ECA?

The guarantee of independence I can give to the European Parliament is my first term as Member of the ECA. During the last six years, I have proven my independence, integrity, and impartiality through my work.

I stand by the compliance with the ECA's core ethical values, and I fully abide by our Code of Conduct, which prohibits Members from engaging in any activity that may compromise their independence.

13. How would you deal with a major irregularity or even fraud in EU funds and/or corruption case involving persons in your Member State of origin? Were you in this situation during your current mandate?

As a Member of the ECA, it is crucial to maintain impartiality and integrity when dealing with any irregularities, fraud, or corruption cases that may arise in the EU funds. To my eyes, there is no difference whether such irregularity or fraud case involves persons in my Member State of origin or any other Member State. I would report any such case I become aware of. I was not in this situation during my current mandate.

14. The existence of conflict of interests can trigger a reputation risk for the ECA. How would you manage any conflict of interest?

I would disclose any potential conflicts of interest and request to be recused as needed from an audit task or any decision-making process related to it.

15. Are you involved in any legal proceedings? If so, what kind?

No, I am not.

16. What specific commitments are you prepared to make in terms of enhanced transparency, increased cooperation and effective follow-up to Parliament's positions and requests for audits?

I will continue to actively engage with CONT and other relevant committees to ensure that the ECA's audit priorities align with the Parliament's needs and concerns, while promoting our independence as EU watchdog. This would involve regular meetings with MEPs, exchanging information on audit planning and results, and working together on joint initiatives.

I will furthermore advocate for streamlining the structure of our follow-up reports and include all necessary responses while providing detailed and concrete explanations on the implementation of Parliament's recommendations.

Other questions

17. Will you withdraw your candidacy to a renewal of mandate if Parliament's opinion on your appointment as Member of the ECA is unfavourable?

Yes, as is essential for my work that Parliament have confidence in me. Parliament gave a favourable professional opinion on my appointment six years ago, and I hope that the performance of my duties during the first mandate provides Parliament a sound basis to reiterate this opinion for the renewal of my mandate.

18. Being appointed Member of the ECA requires full attention and dedication to the institution itself and to ensure trust for the Union among its citizens:

– What are your views on the best way to assume these professional duties?

As a Member of the European Court of Auditors, it is essential to be fully committed to the role and responsibilities of the position. This involves having a clear understanding of the mission of the institution, being knowledgeable about the workings of the European Union, and being committed to the highest standards of professionalism, ethics, and integrity.

ECA Members should always act in the best interest of the EU and its citizens, making sure that public resources are used effectively and efficiently. We should also work to enhance the visibility of the institution, communicate the results of our audits, and engage with the public and stakeholders to build trust.

- What are your current personal arrangements in terms of number of days of presence in Luxembourg? Do you plan to change these arrangements?

In terms of personal arrangements, I live in Luxembourg, and I do not plan to change these arrangements.

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	24.5.2023
Result of final vote	+ : 13 - : 13 0 : 0
Members present for the final vote	Olivier Chastel, Ilana Cicurel, Ryszard Czarnecki, José Manuel Fernandes, Luke Ming Flanagan, Daniel Freund, Monika Hohlmeier, Jean-François Jalkh, Joachim Kuhs, Alin Mituța, Jan Olbrycht, Markus Pieper, Sándor Rónai, Eleni Stavrou, Lara Wolters
Substitutes present for the final vote	Maria Grapini, Hannes Heide, Niclas Herbst, David Lega, Ryszard Antoni Legutko, Marian-Jean Marinescu, Míkuláš Peksa, Sabrina Pignedoli, Ramona Strugariu, Viola von Cramon-Taubadel
Substitutes under Rule 209(7) present for the final vote	Attila Ara-Kovács