

WEDNESDAY, 21 JUNE 2017

9.00 - 12.30 and 15.00 - 18.30

THURSDAY, 22 JUNE 2017

9.00 - 12.30

Room: Altiero Spinelli (3E-2)

1. ADOPTION OF THE AGENDA

The draft agenda was emailed to Members on 14 June 2017 and is in the [file for the meeting](#).

2. CHAIR'S ANNOUNCEMENTS

The Chair draws attention to the following points:

Languages available

FR, DE ,IT ,NL ,EN ,ES ,CS ,ET ,HU ,PL ,BG ,RO.

Webstreaming

The CONT meeting is webstreamed on the [Europarl web-site](#).

Please be aware that each time a speaker activates the microphone to make an intervention, the camera will be automatically directed to the speaker.

3. APPROVAL OF MINUTES

- 22-23 March 2017
- 27 March 2017
- 12 April 2017
- 3-4 May 2017

If no objections are received before the end of the meeting, the minutes will be deemed approved.

WEDNESDAY, 21 JUNE 2017

9.00 - 12.00

PUBLIC MEETING

4. THE OLAF SUPERVISORY COMMITTEE ANNUAL REPORT

CONT/8/10198

SUPERVISORY COMMITTEE



Exchange of views with *Jan Mulder*, Chairman of the OLAF Supervisory Committee

Administrator: Christian Ehlers

On this occasion the Supervisory Committee (SC) of the European Anti-Fraud Office (OLAF) will present their Annual Activity Report (AAR) 2016.

In 2016, the OLAF-SC work focused on the assessment of the investigative independence and the immunity of the OLAF Director-General; on OLAF's performance indicators as presented by OLAF in its Activity Report 2015; the qualitative and quantitative control over duration of investigations; the follow-up of disciplinary recommendations; the follow-up given to OLAF's recommendations; and the implementation of the Committee's recommendations by the Director-General of OLAF.

In general, the OLAF-SC was of the opinion that limited access to information implied that it could not fully perform their duties.

The presentation of the AAR is followed by an exchange of views.

The AAR was sent to Members on 31 May 2016. It can also be found here: http://europa.eu/supervisory-committee-olaf/sites/default/files/scaar_2016_-_finalannex.pdf_0.pdf

5. LEGITIMATE MEASURES TO PROTECT WHISTLE-BLOWERS ACTING IN THE PUBLIC INTEREST WHEN DISCLOSING THE CONFIDENTIAL INFORMATION OF COMPANIES AND PUBLIC BODIES

CONT/8/07746



Consideration of draft opinion

Rapporteur: [Dennis de Jong](#) (GUE/NGL)

Administrator: Hrvoje Svetic

Main Committee: JURI

Shadow Rapporteurs: Julia Pitera (EPP), Catalin Ivan (S&D), Hannu Takkula (ALDE), Benedek Javor (Greens/EFA), Marco Valli (EFDD)

The protection of whistle-blowers, who play an important and sometimes even a crucial role in reporting irregularities, illegalities, fraud, corruption and any other breaches of the rule of law at European and national levels, depends on national legislation and varies from one Member State to another. This is why Mr De Jong calls on the Commission to submit legislative proposals aimed at establishing a minimum level of protection for European whistle-blowers and at establishing an effective and comprehensive European whistle-blower protection programme. As the Parliament recently adopted a motion for a resolution on the role of whistle-blowers in the protection of EU's financial interests, Mr De Jong points out that the term 'financial interests' should be interpreted in the widest possible manner, by including those cases which affect the financial interests only indirectly.

In addition, Mr De Jong considers that the Commission should establish an independent information-gathering, advisory and referral EU body, with offices in Member States, which would be in place to receive reports of irregularities and would have sufficient resources to help internal and external whistle-blowers in using the right channels to disclose their information.

The draft opinion is available on the [CONT website](#).

CONT Timetable:

Event	Body	Date
Deadline for amendments	CONT	27 June
Adoption in CONT	CONT	12 July
Adoption in JURI	JURI	28 September

6. RULES AND PRACTICES PREVENTING CONFLICTS OF INTERESTS OF SPECIAL ADVISERS

CONT/8/10199



Exchange of views with European Ombudsman, *Emily O'Reilly*, on the recommendations and outcome of the strategic inquiry

Administrator: Tereza Pinto De Rezende

The "Special Advisers" provide direct assistance to Commissioners and may work outside the Commission during their time in this role. While this is not in itself an obstacle, it implies that the necessary rules and procedures are in place to prevent Special Advisers being used to exert undue influence on the Commission in favour of vested interests.

The Ombudsman strategic inquiry examines how the Commission is applying its existing rules and also the question whether it would be advisable for the Commission to amend its current rules and practices, in line with principles of good administration.

Ombudsman comes to CONT to present the conclusions of this inquiry.

WEDNESDAY, 21 JUNE 2017

12.00 - 12.30

IN CAMERA

7. COORDINATORS' MEETING



Meeting held in Camera

WEDNESDAY, 21 JUNE 2017

15.00 - 18.30

PUBLIC MEETING

8. HEARING ON "IS EU INVESTMENT MOVING RESEARCH, INNOVATION AND BUSINESS FORWARD? MID-TERM (COST-EFFECTIVENESS) ASSESSMENT OF HORIZON 2020"

CONT/8/10197



Co-Rapporteurs: [Andrey Novakov](#) (EPP) and [Martina Dlabajová](#) (ALDE)

Administrator: Christian Ehlers

With a budget of almost EUR 80 billion for the period 2014-2020, Horizon 2020 is the EU's most powerful public investment tool for research, innovation and technology. The vast scale and scope of the financing include 26 managing and implementing bodies, 28 Member States, countries outside the European Union and hundreds of thousands of potential beneficiaries of different sizes and from different areas. The success of EU budget investments via Horizon 2020 and the realization of EU 2020 political objectives depends on the effective and efficient implementation of available funding.

This public hearing aims at delivering input to a mid-term assessment of Horizon 2020's cost-effectiveness by discussing the challenges ahead with representatives of all EU institutions involved, as well as with stakeholders, beneficiaries and academics. The purpose is to highlight achievements, identify weaknesses and propose improvements with the view to enhancing the cost-effectiveness of EU budget investments.

The draft programme and the briefing are available on the [CONT website](#). Presentations will be uploaded after the hearing.

THURSDAY, 22 JUNE 2017

9.00 - 12.30

PUBLIC MEETING

9. GENERAL BUDGET OF THE EUROPEAN UNION FOR THE FINANCIAL YEAR 2018

CONT/8/09504



Consideration of draft opinion

Rapporteur: [Joachim Zeller](#) (EPP)
Administrator: Philippe Godts
Main Committee: BUDG

In his draft opinion, Joachim ZELLER appreciates that the Budget Focused on Results approach has, for the first time, been integrated into the internal budgetary preparation of the Commission in order to review the expenditure based on experience achieved so far and identify possible adjustments. He calls on the Commission to provide the budgetary authority with the specific information used in the preparation of the draft budget 2018 on the areas where EU spending programmes bring positive results or, on the contrary, where

implementation is lagging behind or the programme architecture is not adequate for the delivery of the expected results.

The draft opinion contains also specific views concerning sectorial policies. In particular, the rapporteur recalls that the Commission considered that it is difficult if not impossible to provide an estimated cost paid for migrants/asylum seekers country by country as the management of migratory flows comprises a wide range of activities. He would therefore like to be informed on how the Commission had been able to draft precise estimates regarding this policy area.

The rapporteur also calls on the Commission to present a detailed estimate including an explanation of the method of calculation, for the costs generated by the decision of the UK Government to leave the European Union

The EN version of the draft opinion is available on the [CONT website](#). All other languages will be available as of 29 June.

CONT Timetable (tbc):

Event	Body	Date
Deadline for amendments	CONT	12 July 2017
Adoption in CONT	CONT	4 September 2017

10. ECA SPECIAL REPORT N°7/2017 (2016 DISCHARGE) ON “THE CERTIFICATION BODIES’ NEW ROLE ON CAP EXPENDITURE: A POSITIVE STEP TOWARDS A SINGLE AUDIT MODEL BUT WITH SIGNIFICANT WEAKNESSES TO BE ADDRESSED”

CONT/8/09380



Presentation of the Special Report by the Member of the European Court of Auditors responsible, *João Figueiredo*, and consideration of a working document

Rapporteur: [Petri Sarvamaa](#) (EPP)
 Administrator: Tereza Pinto De Rezende

Shadow Rapporteurs: Karin Kadenbach (EPP), Martina Dlabajova (ALDE)

The Financial Regulation requires the Commission, in entrusting the Payment Agencies (PA) with budget implementation tasks for the Common Agricultural Policy (CAP) under shared management, to ensure that the EU’s financial interests are protected to the same standard as though the Commission were performing these tasks itself. In the case of the CAP, appropriate control and audit responsibilities at Member State level are assumed by the certification body (CB).

The CBs have been required to issue a certificate concerning the compliance of the PAs’ accounts and internal control procedures with internationally accepted audit standards. Since the 2015 financial year, they have been also asked to provide an opinion stating whether the expenditure for which reimbursement has been requested from the Commission is legal and regular. The aim of the CBs’ work on legality and regularity is to increase DG AGRI’s assurance on the legality and regularity of expenditure.

At the end of this audit, the Court concluded that although the CBs’ new role is a positive step towards a single audit model, the Commission could take very limited assurance from the CBs’ work on legality and regularity. In addition, the CBs’ opinions do not fully comply with the applicable standards and rules in important areas due to the significant weaknesses in the framework designed by the Commission for the first year of implementation of their new work. The Court also observed that the CBs were required to use an inappropriate tool, the accreditation matrix, for legality and regularity purposes, which may increase the level of assurance the CBs derive from PAs’ internal control systems without due justification. The risks entailed by the method of selection of Integrated Administrative and Control System (IACS) transactions must be subject to re-verification.

The Commission limited the CBs’ substantive testing to re-evaluate the PAs’ initial checks, which were only of administrative nature in the majority of Member States visited. This stipulation often prevented the CBs from obtaining sufficient and appropriate audit evidence to form a reasonable assurance opinion.

The Court also concluded that the Commission incorrectly envisaged using the incompliance rate (IRR) instead of the error rate (ERR) in the calculation of the adjusted error rate. On the other hand, the ERR has been wrongly used by both the CBs and the Commission to form a view on the completeness, accuracy and veracity of the PAs’ accounts. Also, owing to the CBs’ sampling scheme and an overrepresentation of the transactions which had previously been subject to PA on-the-spot checks, levels of error reported by the CBs were underestimated.

The Rapporteur’s working document is available on the [CONT website](#).

The Rapporteur endorses the Court's remarks and recommendations. He regrets that the single audit scheme is still not functioning up to its full potential and calls on the Commission to improve the CAP control mechanisms by supporting the certification bodies in improving their work. The Commission should also reinforce the guidance of the payment agencies and make sure they provide reliable data. The Rapporteur considers that new technology could be better taken advantage of in the control of CAP expenditure. He stresses that the single audit model should be able to provide less layers in the control system and less expenses for the EU, the Member States and the beneficiaries. More emphasis should be put on the reliability of the overall control system of the Member States.

The Rapporteur's recommendations will be included in the 2016 Commission discharge report.

The Members of the AGRI committee were invited to the exchange of views.

11. FOLLOW-UP ON THE EXCHANGE OF VIEWS ON ALLEGATIONS MADE BY THE PRESIDENT OF MOLDOVA ON THE MISUSE OF EU FUNDS IN HIS COUNTRY

CONT/8/09834

Exchange of views with Mr Pirkka Tapiola, Head of the EU Delegation to Moldova. In Association with the Delegation to the EU-Moldova Parliamentary Association Committee

Administrator: Olivier Sautière

Following allegations on the misuse of EU funds made in February 2017 by the President of Moldova, Mr Dodon, a first exchange of views was held in CONT committee on 3 May with the Commission's services. These allegations are related to billions of euros in the Moldovan banking system financed by the EU and that more than half of the €782 million allocated to Moldova between 2007 and 2015 was affected by fraud (<http://orf.at/stories/2386240/>).

This issue was also raised during the fourth meeting of the EU-Moldova Parliamentary Association Committee held on 22 May 2017 in Chisinau.

The Commission explained that it had applied strict measures to ensure that EU Funds to Moldova have been spent correctly and based on results. The Commission clarified that the amount of € 782 million, referred to by President Dodon, was in fact the amount allocated to Moldova during 2008 to 2015, but so far, the Commission has paid € 363 million. Out of the allocated € 782 million, 63% is implemented in the form of budget support and 37% through projects by ways of grants. The Commission invited President Dodon to inform relevant institutions, including the EU, if he has actual evidence of wrongdoing, in such cases, the Commission would take all necessary mitigating actions such as the suspension of related payments.

At the request of the CONT committee, the Commission provided more information about this file, namely on the number of performed audits over the last years, precise figures on the EU budget support in Moldova, legal and political tools at hand to obtain full transparency.

The ECA carried out an audit on the EU support to Moldova, which was discussed in CONT on 8 December 2016 (the working document and recommendations from the CONT Rapporteur, Mr Zdechovsky, are available on the [CONT website](#)).

12. THE OLAF REPORT 2016 - SEVENTEENTH REPORT OF THE EUROPEAN ANTI-FRAUD OFFICE, 1 JANUARY TO 31 DECEMBER 2016

CONT/8/10196



Exchange of views with *Giovanni Kessler*, Director-General of the European Anti-Fraud Office (OLAF)

Administrator: Christian Ehlers

In 2016 OLAF opened 219 investigations after a detailed process of analysing incoming information in 1157 selections. During the same time span, OLAF concluded 272 investigations, following which it issued 346 recommendations to the competent authorities at EU and national level. As a result of the investigations it concluded in 2016, OLAF recommended the recovery of EUR 631 million, money which will gradually be returned to the EU budget to fund projects that stimulate growth and jobs. In 2016, OLAF has also succeeded in further reducing the duration of its investigations, to 18.9 months.

For the first time, the OLAF Report presents trends in fraud with EU funds. OLAF's analysis uncovered, for example, that public procurement is still an attractive marketplace for fraudsters, who use corruption and off-shore accounts as fraud facilitators. Research and employment grants constitute a similarly lucrative fraud business, with double-funding and employment subsidy fraud becoming increasingly popular.

In addition to its investigation and coordination cases, in 2016 OLAF co-organised or supported 12 successful Joint Customs Operations (JCOs) and has made progress in its efforts to fight the illicit trade in tobacco products, helping national authorities seize 469 million cigarette sticks.

In the past years, OLAF has significantly invested in the most innovative investigative techniques and tools. This helped the Office acquire state of the art forensic and analytical tools, which ensure that OLAF continues to remain at the forefront of the global fight against fraud. In 2016, OLAF used these tools to analyse the Panama Papers, which led to the Office opening a number of investigations.

In 2016, OLAF also supported the European Commission in making progress on two important policy initiatives. In one case, it was decided that serious VAT offences would be included in the scope of the Directive on the fight against fraud to the Union's financial interests by means of criminal law (so-called "PIF directive"). At the same time, it became clear that the European Public Prosecutor's Office (EPPO) would be established under an enhanced cooperation procedure.

Finally, the Director General will also report on a case, in which UK customs' negligence allegedly deprived the EU of EUR 2 billion of revenue in lost duties and VAT on Chinese imports.

The presentation will be followed by an exchange of views.

The OLAF Annual Report 2016 was sent to Members on 1 June 2017. It can also be found here: https://ec.europa.eu/anti-fraud/about-us/reports/olaf-report_en

13. ANY OTHER BUSINESS

14. NEXT MEETINGS

- 26 June 2017, 15.00 - 18.30 (Brussels)
- 12 July 2017, 9.00 - 12.30 and 15.00 - 18.30 (Brussels)
- 13 July 2017, 9.00 - 12.30 (Brussels)

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PAPERLESS PROGRAMME (INTERNAL USERS ONLY)

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