

MONDAY, 29 JANUARY 2018

15.00 - 18.30

Room: József Antall (4Q1)

1. ADOPTION OF THE AGENDA

The draft agenda was emailed to Members on 23 January 2018 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, EL, ES, FI, CS, ET, HU, LT, PL, SL, BG, RO, SK, and PT.

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.

MONDAY, 29 JANUARY 2018

15.00 - 18.30

PUBLIC MEETING

3. ANALYTICAL STUDY: ASSESSMENT OF THE 10 YEARS' COOPERATION AND VERIFICATION MECHANISM FOR BULGARIA AND ROMANIA"

CONT/8/12099

Presentation of Policy Department D Study

Administrators: Jean-Jacques Gay (PolDep), Tereza Pinto De Rezende (CONT)

The Cooperation and Verification Mechanism (CVM) was set up by the European Commission upon the accession of Bulgaria and Romania to the EU in 2007 to support these two countries in the reforms of their judicial sector and in the fight against corruption.

The study will analyse the method used by the Commission to take stock of the Cooperation and Verification Mechanism (CVM) over the 10 years it has been in operation, and try to suggest ways to improve it for the years to come. As a first step, the study will carry out an in-depth analysis of the main results achieved during the 10 years the CVM has been in operation, highlighting successes and failures in each country. Then, the study will try to present some ideas on objectives to be achieved for the next stages, for each of the two countries. It will then try to highlight the main improvements - and in which sectors - for each state, and attempt to estimate the deadlines to achieve the expected improvements in order to bring the Cooperation and Verification Mechanism to an end.

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

Short presentation of the recently published ECA Special Reports:

4. ECA SPECIAL REPORT 2/2018 (2017 DISCHARGE): THE OPERATIONAL EFFICIENCY OF THE ECB'S CRISIS MANAGEMENT FOR BANKS

CONT/8/12036



Presentation of the Special Report by the Member of the European Court of Auditors responsible, Kevin Cardiff

Rapporteur: [Inés Ayala Sender](#) (S&D)

Administrator: Christian Ehlers

Shadow Rapporteurs: Wolf Klinz (ALDE), Miguel Viegas (GUE/NGL)

The ECB assumed extensive responsibilities for banking supervision in 2014. There are now around 120 banks in the euro area under its remit. Recent legislation provides for increasingly intensive supervisory attention from the ECB when a "systemically important" bank in the EU exhibits signs of being in difficulty. Should a bank reach the point where it is failing or likely to fail, it is then for the Single Resolution Board to take charge of its resolution. The European Court of Auditors (ECA) found that the ECB has in fact established a substantial framework for crisis management within its supervisory remit.

The Court however identified also significant improvements which should be made and recommended that:

- the ECB should enhance its cooperation with external actors by (a) pursuing its efforts to conclude Written Coordination and Cooperation Arrangements (WCCA) for all supervisory colleges for which the ECB is the consolidating supervisor and improving information exchange with the Single Resolution Board (SRB). The latter should be addressed in the current process of revising the memorandum of understanding between the two institutions and (b) adopting internal framework for the supplementary supervision of Financial Conglomerates (FICOs).
- for recovery planning, the ECB should (a) improve its consistency of approach in relation to banks with similar business models and/or operating in common jurisdictions through additional guidance including for the calibration of indicators and (b) target additional outputs in the form of summary reports and make arrangements for Joint Supervisory Teams (JSTs) to systematically use recovery plan assessments in crisis identification and management;
- the ECB should (a) further develop its guidance on early intervention assessments and define a set of indicators with clear thresholds for determining a potential deterioration in the financial condition of a bank, making use of some of the indicators and triggers that have been assessed as suitable in the context of the assessment of the bank's recovery plan, and link them to clear escalation processes to allow for the operationally efficient use of the available information; (b) promote the rapid and systematic use of early intervention assessments as soon as there is evidence of material deterioration in a bank's financial condition and (c) emphasise the quality assurance of early intervention assessments in order to ensure that its internal processes and guidance are being followed.;
- the ECB should streamline its processes for dealing with all information (including information on systemic risk) so as to maximise its capacity to identify banks in crisis at an early stage; this should include introducing a management information system for the systematic reporting of breaches and near-breaches of regulatory requirements, and implementing centralised checks;
- the ECB should (a) further develop its early intervention guidance in order to ensure that all relevant supervisory findings are quantified before response measures are considered; (b) establish clear processes for obtaining assurance about the asset quality of institutions whose financial condition has markedly deteriorated, where uncertainty persists regarding the valuation of assets. In particular, it should have on-site inspection teams on hand to carry out a detailed analysis of asset quality for crisis banks and (c) produce regular progress reports to senior management summarising in a systematic, comprehensive and forward-looking manner how banks with identified asset quality problems are being addressed through on-site inspections or other means.
- the ECB should further develop its operational guidance on early intervention assessments in order to (a) address the difficulties identified in the application of its powers by inviting the Commission to consider legislative changes to address potential weaknesses in the existing framework and (b) introduce a comprehensive description of specific actions to be considered in a range of scenarios and the legal powers to be applied. To this end, it should make systematic use of the insight it has gained through the assessment of banks' recovery plans and previous crisis situations.
- the ECB should further develop its operational guidance for "failing or likely to fail" (FOLTF) assessments, in particular by elaborating further on the use of the objective elements described in the European Banking Authority (EBA) guidelines;
- the ECB should grant the Court of Auditors access to all documents or information requested in order to carry out its task, in the interests of accountability.

The ECA Special report is available on the [CONT website](#).

As a follow-up, a succinct working document with the recommendations of the rapporteur will be sent to CONT Members. The rapporteur's conclusion will form part of the Commission's discharge report.

5. ECA SPECIAL REPORT 3/2018 (2017 DISCHARGE): AUDIT OF THE MACROECONOMIC IMBALANCE PROCEDURE (MIP)

CONT/8/12037



Presentation of the Special Report by the Member of the European Court of Auditors responsible, *Neven Mates*

Rapporteur: [Inés Ayala Sender](#) (S&D)
Administrator: Tereza Pinto De Rezende

Shadow Rapporteurs: Brian Hayes (EPP), Nedzhmi Ali (ALDE), Miguel Viegas (GUE/NGL)

According to the European Court of Auditors (ECA) the European Commission is not implementing the Macroeconomic Imbalance Procedure (MIP) in a way which ensures effective prevention and correction of imbalances. The auditors concluded that the MIP is generally well-designed and based on good-quality analysis. But at some important stages, the process is political rather than technical. The auditors note that the Commission has never recommended activating the excessive imbalance procedure.

Country-specific recommendations issued by the Commission are a key tool to address macroeconomic imbalances. However, the Court is of the opinion that very few of these have been substantially implemented.

According to the Court's analysis the recommendations do not stem from identified imbalances and analysis of possible policy options to reduce these within a reasonable timeframe. Instead, various reforms stemming from the Europe 2020 agenda are identified as relevant to reducing imbalances. As a result, some recommendations are related to macroeconomic imbalances only vaguely, if at all. This makes it harder to get public support in Member States for remedial action. In addition, MIP recommendations do not consider fiscal policy despite its relevance to external imbalances and competitiveness.

The Commission's in-depth reviews (IDRs) were of good quality, said the auditors. However, replacing full IDRs with a summary in country reports has reduced the overall visibility of the MIP process.

The Court recommend that the Commission:

- clearly link MIP recommendations to specific macroeconomic imbalances;
- in its IDRs, clearly characterise the severity of the imbalances that Member States are facing;
- unless there are specific circumstances, recommend activating an excessive imbalance procedure when there is evidence that a Member State is facing excessive imbalances;
- use the MIP to make fiscal recommendations to Member States when fiscal policy directly affects external imbalances and competitiveness;
- give explicit consideration in the MIP process to policies with cross-country impact that can enhance symmetric rebalancing within the euro area;
- when it assesses imbalances as excessive, make the relevant Commissioners available to Member State parliaments to explain the MIP related policy recommendations;

The ECA Special report is available on the [CONT website](#).

As a follow-up, a succinct working document with the recommendations of the rapporteur will be sent to CONT Members. The rapporteur's conclusion will form part of the Commission's discharge report.

6. ECA SPECIAL REPORT 1/2018 (2017 DISCHARGE): JOINT ASSISTANCE TO SUPPORT PROJECTS IN EUROPEAN REGIONS (JASPERS) - TIME FOR BETTER TARGETING

CONT/8/11965



Presentation of the Special Report by the Member of the European Court of Auditors responsible, *Oscar Herics*

Rapporteur: [Derek Vaughan](#) (S&D)

Administrator: Christian Ehlers

Shadow Rapporteurs: Joachim Zeller (EPP), Nedzhmi Ali (ALDE), Younous Omarjee (GUE/NGL)

An EU initiative managed by the European Investment Bank (EIB) to help Member States apply for Cohesion and Regional Funds suffers from significant weaknesses, according to the European Court of Auditors. The Court is of the opinion that support under JASPERS should be

better targeted.

At the start of the 2014-2020 period, JASPERS also began to support delayed major projects, which needed to be carried over from the previous programme period, and encouraged Member States to make increasing use of free-of-charge assistance during project implementation, even though neither was a priority.

There were significant weaknesses in the setting-up of the new independent quality review function for 2014-2020. The fact that the same person was responsible for signing off both the quality reviews and the advisory work detracted from the independence of JASPERS' quality reviews, say the auditors, who noted a high risk of a lack of impartiality in relation to JASPERS' advisory function.

The assistance provided by JASPERS was relatively comprehensive, contributed to quicker project approval, and, in general, had an impact on the quality of the major projects audited. However, the auditors found it to have only little or no impact on the planned scope, results and implementation timeline of these projects. In the period 2007-2013, the Commission needed less time to approve major projects if they had been assisted by JASPERS. But, JASPERS could generally not have an impact on the absorption of EU funds. This was mainly because implementation delays occurred at project level.

The observed weaknesses, combined with significant shortcomings in the planning, monitoring and evaluation of JASPERS activities, put at risk the successful operation of the initiative, particularly in terms of efficiency and effectiveness.

The Court recommend that the Commission:

- take more control over the strategic planning of JASPERS, allowing it to be phased out when its main objectives have been met;
- take immediate action to mitigate the high risk of a lack of impartiality when JASPERS independently reviews projects which have received advisory support;
- obtain full access to verify the quality of JASPERS' independent review procedures;
- target JASPERS assistance according to the project's development and maintain its focus on advice for major projects;
- integrate JASPERS activities into its own technical assistance strategy;
- adjust JASPERS' capacity-building activities in Member States over time to provide incentives for them to reach a sustainable level of administrative capacity;
- introduce comprehensive monitoring and evaluation;
- ensure JASPERS' costs are reasonable and reflect the actual costs incurred.

The ECA Special report is available on the [CONT website](#).

As a follow-up, a succinct working document with the recommendations of the rapporteur will be sent to CONT Members. The rapporteur's conclusion will form part of the Commission's discharge report.

7. CONT MISSION TO GREECE (13-15 FEBRUARY 2018)

CONT/8/12100



Exchange of views in preparation for the Committee mission

Rapporteur: [Ingeborg Gräßle](#) (EPP)

Administrator: Michal Czaplicki

From 13 to 15 February, the European Parliament's Committee on Budgetary Control will hold an official delegation visit to Greece. The delegation will follow up the CONT mission of September 2015 and will allow checking the progress with regard to the implementation and financing of EU funded priority projects shortlisted by the Task Force for Greece. This is particularly necessary given the long history of ill-managed EU-funded projects, which has been aggravated by the Greek financial crisis (weakening economy and diminishing projected profitability of major infrastructural projects).

The mission will focus on the 181 priority projects Greece has been implementing using EU funds. The Committee visited some of these projects in September 2015 and would like to see now whether they have been fully completed as indicated in the documents sent to the European Commission by the Greek authorities.

The delegation will also look at the EU funds Greece is obtaining for agriculture and will visit a refugee camp on the island of Lesbos.

The mission includes 5 MEPs from 3 political groups. Mr Nikolaos Milionis, Member of the Court of Auditors, will also accompany the mission.

The languages of the mission will be Greek and English. A detailed draft program of the visit of the delegation can be found in [the dossier of the meeting](#).

8. CONT MISSION TO HUNGARY (18-20 SEPTEMBER 2017)

CONT/8/10252



Presentation of the mission report

Rapporteur: [Ingeborg Gräßle](#) (EPP)

Administrator: Evelyn Waldherr

From 18 to 20 September 2017, the European Parliament's Committee on Budgetary Control held an official delegation visit to Hungary. The delegation focused on the use of cohesion policy funds, especially on the performance of the projects financed by them, whether they contributed to the EU2020 targets and whether there was any evidence of misuse of the EU funds. The CONT delegation also visited the European Institute of Innovation and Technology (EIT), based in Budapest, whose discharge is within CONT's prerogatives. Despite initial difficulties, the Hungarian side lastly cooperated well which allowed the mission to take place according to the programme decided by CONT.

The mission included 9 MEPs from 5 political groups. Ms Iliana Ivanova, Member of the Court of Auditors, also accompanied the mission.

The feedback report of the delegation can be found in the [dossier of the meeting](#).

9. EUROPEAN COURT OF AUDITORS - RAPID CASE REVIEW ON IMPLEMENTATION OF THE 5% STAFF REDUCTION OF STAFF POSTS

CONT/8/12101



Presentation of the Special Report by the Member of the European Court of Auditors responsible, *Pietro Russo*

Rapporteur: [Richard Ashworth](#) (ECR)

Administrator: Olivier Sautière

Shadow Rapporteurs: Patricija Sulin (EPP), Nedzhmi Ali (ALDE), Dennis de Jong (GUE/NGL)

A rapid case review is not an audit report but a new audit product establishing and presenting the underlying facts on a particular subject, without making recommendations.

In that case review, the Court reviewed how the European Union institutions, bodies and agencies implemented the commitment made in the Interinstitutional Agreement of 2 December 2013 to cut 5 % of the staff in their establishment plans during the period 2013-2017. ,

The Court found that the 5% reduction target was achieved by most EU institutions, bodies and agencies by 2017 albeit with delay. This was achieved by eliminating vacant posts and not replacing staff that left. However, during the same period of reference 2013-2017 , the review revealed that the budgetary authority granted new staff posts in the framework of the annual budgetary procedure. As a consequence, the total number of staff posts in the establishment plans decreased 1.1% between 2012 and 2017, with significant variations between the institutions, bodies and agencies. During the period 2012-2017, the total budget for contract staff increased by 33.4% in number and 47.4% in cost. There are currently 46,373 staff posts in the establishment plans of the EU institutions, the decentralised agencies and the executive agencies.

The ECA rapid case review is available on the [CONT website](#).

10. ANY OTHER BUSINESS

11. NEXT MEETINGS

- 1 February 2018, 9.00 - 12.30 (Brussels)
- 19 February 2018, 15.00 - 18.30 (Brussels)
- 20 February 2018, 9.00 - 12.30 and 15.00 - 18.30 (Brussels)

FORTHCOMING EVENTS

ANNUAL MEETING BETWEEN CONT COMMITTEE AND ECA MEMBERS

Coordinators have decided to invite the **Court of Auditors** to the European Parliament's premises in **Brussels** to a **CONT meeting - 1st February 2018 - 11:00 - 13:00 - PHS4B001**

WATCH LIVE

Watch the CONT committee meeting live on the [EP website](#) or on [Europarl TV](#)

PAPERLESS PROGRAMME (INTERNAL USERS ONLY)

Access CONT committee meeting documents on [eMeeting](#) or any CONT committee information on [eCommittee](#)

FOR FURTHER INFORMATION

Contact the CONT Secretariat or visit the website of the CONT committee

NEWS FROM POLICY DEPARTMENT - BUDGETARY AFFAIRS

FORTHCOMING EVENTS

EUROPEAN PARLIAMENTARY WEEK - BUDG/ECON/EMPL

19 February 2018 - Discussion on *Post-2020 MFF* and *Own Resources - Hemicycle*

JOINT BUDG/ECON Workshop on "A fiscal capacity to strengthen and enlarge the euro area" - **21 March 2018** - **14h30 - 17h00** - **PHS3C050 (tbc)**

CONT Workshop on "How to better combat the fraud? Follow up of the Commission's anti-corruption sharing programme" - **June 2018** - **Room TBC**

POLICY DEPARTMENT PUBLICATIONS

Recent publications

BUDG

Briefing - [Other Revenue in the European Union Budget](#)

Briefing - [Assigned Revenue in the Budget of the European Parliament](#)

Briefing - [Assigned Revenue in the European Union Budget](#)

Briefing - [Resources for the funding of the Research Fund for Coal and Steel](#)

CONT

Study - [Transitional Allowances for former EU office holders - too few conditions?](#)

Forthcoming publications:

CONT

Study "10 years cooperation and verification Mechanism (Bulgaria and Romania) - Analyse of the Reports: evaluation and achievements" - **Study Presentation 29 January 2018 PM - JAN4Q1**

Study "Oversight and Management of the EU Trust Funds" - **Study Presentation TBC**

Disclaimer

The items contained herein are drafted by the secretariat of the European Parliament and are provided for general information purposes only. The opinions expressed in this document are the sole responsibility of the author(s) and do not necessarily represent the official position of the European Parliament. This document may contain links to websites that are created and maintained by other organizations. The secretariat does not necessarily endorse the view(s) expressed on these websites.