

**MONDAY, 21 JANUARY 2019**

15.00 - 18.30

**TUESDAY, 22 JANUARY 2019**

9.00-12.30 and 15.00 - 18.30

Room: Altiero Spinelli (ASP) 3E-2, Brussels

## 1. ADOPTION OF THE AGENDA

The draft agenda was e-mailed to Members on 15 January 2019 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 and RO

### Webstreaming

The CONT meeting is webstreamed on the [Europarl website](#).

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, 21 JANUARY 2019**

**15.00 - 18.30**

**PUBLIC MEETING**

### **3. DISCHARGE 2017: GENERAL BUDGET OF THE EU - EUROPEAN PARLIAMENT**

CONT/8/14103



#### **Consideration of draft report**

Rapporteur: [Claudia Schmidt](#) (EPP)  
Administrator: Tereza Pinto de Rezende

Shadow Rapporteurs: Gilles Pargneaux (S&D), Ryszard Czarnecki (ECR), Nedzhmi Ali (ALDE), Benedek Jávor (Greens/EFA), Dennis de Jong (GUE/NGL), Marco Valli (EFDD), Jean-François Jalkh (ENF)

The European Parliament draft discharge report for the financial year 2017 is based on a wide range of information, which is available on the [CONT website](#):

- Parliament's accounts for the financial year 2017,
- the report on budgetary and financial management,
- the Secretary-General's Statement of Assurance,
- the Annual Activity Reports by the Authorising Officers,
- the European Court of Auditors' Annual Report 2017,
- the follow-up report drawn up by the Administration in response to the previous year's discharge resolution,
- the questionnaire with the Secretary-General's replies, emailed to Members on 20 November 2018, and
- the exchange of views in CONT on 26 November 2018 with the Vice-President responsible for budgetary affairs, the Secretary General, the Court of Auditors and the Internal Auditor.

The Rapporteur, Ms Schmidt, presents her draft report on the Parliament's management during 2017. Her draft report contains comments and recommendations based, inter alia, on the Court of Auditors' and the Internal Auditors' findings, as well as on the result of the extensive discussion process held with the Parliament's Authorising Officers.

She notes that the Court of Auditors found weaknesses in procurement procedures and in the reimbursement of expenses of political groups. Ms Schmidt asks the Court to keep the responsible committee informed on the implementation of its recommendations.

The Rapporteur welcomes the Parliament's work in the area of human resources and of procurement to face the United Kingdom's decision to withdraw from the European Union. At the same time she expresses some concerns with the staff reduction target, and asks for a comprehensive overview of staff reductions since 2014.

Ms Schmidt regrets the geographic dispersion of the Parliament and calls the Council and the Commission to initiate a Treaty change for the Parliament to have one single seat.

Although noting some improvements in the Parliament's communication strategy, the Rapporteur is critical about the progress of the Parliament's public website, the cost of the House of European History and the means available

for the European messages to reach the European citizens. More should be done to combat the distance between the Union and its citizens.

The Rapporteur supports the internalisation of the drivers' service, which increased the quality and the efficiency of the service. At the same time, she expresses some reservations on the price and quality of the food served in the canteens and recalls the need to strengthen ICT security.

The Rapporteur recalls that the openness to the public is a hallmark of the Parliament, and supports a lessons-learned approach to prepare for emergencies which will guarantee a safe working environment for parliamentary activities while retaining Parliament's openness.

Ms Schmidt takes note of the Parliament's building strategy and acknowledges that the building policy will gradually move away from acquisition towards renovations and maintenance.

All language versions of the draft report and the reference documents can be consulted on the [CONT website](#).

### CONT Timetable:

Event	Body	Date
Deadline for tabling amendments	CONT	30/01/2019 at 14.00
Vote	CONT	20/02/2019
Adoption	Plenary	March II 2019

## 4. ECA SPECIAL REPORT 28/2018 (DISCHARGE 2018): H2020 SIMPLIFICATION MEASURES - THE MAJORITY OF SIMPLIFICATION MEASURES BROUGHT INTO HORIZON 2020 HAVE MADE LIFE EASIER FOR BENEFICIARIES, BUT OPPORTUNITIES TO IMPROVE STILL EXIST

CONT/8/15360



### Presentation of the special report by ECA Member responsible, *Alex Brenninkmeijer*

Rapporteur: [Martina Dlabajová](#) (ALDE)  
Administrator: Christian Ehlers

Shadow Rapporteurs: José Ignacio Salafranca Sánchez Neyra (EPP), Inés Ayala Sender (S&D)

Horizon 2020 provides funding to researchers, research institutes, universities, private companies and public bodies, either individually or in consortia as part of collaborative research projects. With a budget of €76.4 billion for the period from 2014 to 2020, it ranks as the world's largest public research and innovation programme.

Simplification and cutting red tape is a central aim of Horizon 2020. The Court of Auditors assessed whether the European Commission's simplification measures had reduced the administrative burden for beneficiaries. It found that most of the measures had been effective, although not all had produced the desired results, and that there was still room for improvement. Stability in the rules is also important, the Court underlined, because beneficiaries can adapt to complexity, but frequent modifications cause confusion and uncertainty.

## Committee on Budgetary Control

The Court found that the Commission had drawn on its experience of managing previous framework programmes. New structures, notably the Common Support Centre, have led to more coherent implementation of the programme. However, the Research Enquiry Service, which provides advice and support to applicants and participants, has not been incorporated into the Support Centre, and the level of support and guidance offered by the National Contact Points varies.

Support tools, such as the Participant Portal, have improved, and the use of electronic signatures has simplified grant award and management. However, some technical upgrades are still required, and the grants manual is difficult to navigate, especially for the inexperienced.

The time from application to signature of a grant agreement has been reduced significantly. But only a fraction of calls for proposals employ a two-stage evaluation, which impacts in particular on unsuccessful applicants. Moreover, the Seal of Excellence, intended to help the best unsuccessful proposals find funding elsewhere, has not yet been effective.

The Court is of the opinion that the rules on personnel costs remain complex, leading to errors in cost declarations. Negative side effects from the new approach have caused some confusion and legal uncertainty. Simplified cost options, such as lump sums and inducement prizes, could reduce the administrative burden but have not yet been sufficiently tested.

The Court recommends that the European Commission should:

- better communicate with applicants and beneficiaries;
- intensify testing of lump sums;
- explore the possibility of making greater use of two-stage proposal evaluations;
- re-examine remuneration conditions for expert evaluators;
- increase recognition of the Seal of Excellence;
- ensure stability of the rules and guidance for participants;
- improve the quality of outsourced audits;
- further simplify tools and guidance for SMEs.

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. PUBLIC HEARING ON EUROPEAN ADDED VALUE

CONT/8/15297



Rapporteur: [Martina Dlabajová](#) (ALDE)

Administrator: Michal Czaplicki

The public hearing will focus on the success stories thanks to the EU and its European added value. The hearing is split in three panels.

The first panel is focused on competitiveness. The Vice-Chair decided to present the example of Fusion for Energy Joint Undertaking, which is the European component of the international ITER project building the biggest nuclear fission reactor in the world. Many European research centres as well as enterprises benefit from this huge project.

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The second panel will focus on cohesion policy. The Chair of the Working Group for EU Structural Policy of the Czech Association of Towns and Communities will present his position on how the EU's added value contributes to development of Czech town and regions.

The third panel will focus on sustainable growth. The Chief Policy Advisor of Copa and Cogeca, the union of two big agricultural umbrella organisations and the strongest interest group for European farmers will present the European added value in agriculture.

All the panels will be assisted by the representatives of the Commission and by the Members of the European Court of Auditors and will be followed by series of questions and answers.

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

**TUESDAY, 22 JANUARY 2019**

**09.00 - 11.30**

**PUBLIC MEETING**

### 6. DISCHARGE 2017: GENERAL BUDGET OF THE EU - EUROPEAN COMMISSION

CONT/8/14083

### 7. DISCHARGE 2017: COURT OF AUDITORS' SPECIAL REPORTS

CONT/8/14385

#### Consideration of draft reports

Rapporteur: [Inés Ayala Sender](#) (S&D)  
Administrators: Philippe Godts and Christian Ehlers

Shadow Rapporteurs: Ingeborg Gräßle (EPP), Ryszard Czarnecki (ECR), Martina Dlabajová (ALDE), Bart Staes (Verts/ALE), Luke Ming Flanagan (GUE/NGL), Jean-François Jalkh (ENF)



In her draft report, Inés Ayala Sender welcomes the fact that the Court of Auditors gave a clean opinion on the reliability of the accounts of the European Union for 2017 and that the Court concluded that the revenue was legal and regular in all material respects. She notes with satisfaction that the Court has issued for a second consecutive year a qualified (rather than an adverse) opinion on the legality and regularity of the payments. Ms Ayala Sender expresses some concern as to the fact that in 2017 the outstanding budgetary commitments increased to a new record of EUR 267,3 billion. She is also deeply concerned by the fact that, according to the Court, 64% of the total value of EFSI contracts that the EIB group had signed by the end of 2017 was concentrated in six Member States: France, Italy, Spain, Germany, UK and Poland.

The Rapporteur points out how the European Parliament contributed, from 2014 to 2018, to establishing sound financial management structures in the Commission and the Member States. She reiterates the Parliament's concerns about the difference between the Commission and the Court's methods for calculating errors and calls on

## Committee on Budgetary Control

the Commission to make a strategy for the active avoidance of conflict of interest as one of its priorities and to ensure that a zero tolerance policy with no double standard will apply regarding conflict of interest.

The draft reports are available on the [CONT website](#).

### CONT Timetable:

Event	Body	Date
Deadline for tabling amendments	CONT	30/01/2019 at 14.00
Vote	CONT	20/02/2019
Adoption	Plenary	March II 2019

## 8. 2017 DISCHARGE: GENERAL BUDGET OF THE EU - 8TH, 9TH, 10TH AND 11TH EDFs

CONT/8/14268

### Consideration of draft report



Rapporteur: [Marco Valli](#) (EFDD)

Administrator: Olivier Sautière

Shadow Rapporteurs: Joachim Zeller (EPP), Iris Hoffmann (S&D), Ryszard Czarnecki (ECR), Gerben-Jan Gerbrandy (ALDE), Indrek Tarand (Verts/ALE), Younous Omarjee (GUE/NGL), Barbara Kappel (ENF)

In the course of the preparation of the European Development Fund (EDF) discharge report for 2017, the Committee submitted written questions to the Member of the European Commission responsible for International Cooperation and Development, Mr Neven Mimica, and to the Director General and Deputy Head of Operations of the European Investment Bank (EIB) for Operations outside the EU, Mr Luca Lazzaroli, on 23 October 2018.

On 8 October 2018, CONT Members held an exchange of views with Commissioner Neven Mimica on the findings concerning the EDF chapter of the Court of Auditors (ECA) 2017 Annual Report, in the presence of Mr Juhan Parts Member of the European Court of Auditors. On this occasion, CONT Members also held an exchange of views with Mr Luca Lazzaroli who has presented the main achievements of the African Caribbean and Pacific (ACP) investment facility for 2017.

In his draft report, the Rapporteur emphasises the following issues: (i) the need to ensure that development aid is pursued in accordance with its original purpose with due consideration of aid effectiveness principles, (ii) a sharper emphasis on performance and visible actions, (iii) the implementation of the EDF development aid following the evaluation of the 11th EDF and the mid-term review of implementation of external financial instruments, (iv) the management of financial instruments outside the budget through EDF contributions to several Union trust funds, (v) the use of effective pre-conditionality to budget support operations and (vi) the African Peace Facility.

All language versions of the draft report and the reference documents can be consulted on the [CONT website](#).

### CONT Timetable:

Event	Body	Date
Deadline for tabling amendments	CONT	30/01/2019 at 14.00
Vote	CONT	20/02/2019
Adoption	Plenary	March II 2019



## DISCHARGE 2017: OTHER INSTITUTIONS

- 9. DISCHARGE 2017: GENERAL BUDGET OF THE EU - COUNCIL AND EUROPEAN COUNCIL**  
CONT/8/14123
- 10. DISCHARGE 2017: GENERAL BUDGET OF THE EU - EUROPEAN EXTERNAL ACTION SERVICE**  
CONT/8/14263
- 11. DISCHARGE 2017: GENERAL BUDGET OF THE EU - COURT OF JUSTICE**  
CONT/8/14147
- 12. DISCHARGE 2017: GENERAL BUDGET OF THE EU - EUROPEAN COURT OF AUDITORS**  
CONT/8/14163
- 13. DISCHARGE 2017: GENERAL BUDGET OF THE EU - EUROPEAN ECONOMIC AND SOCIAL COMMITTEE**  
CONT/8/14183
- 14. DISCHARGE 2017: GENERAL BUDGET OF THE EU - EUROPEAN COMMITTEE OF THE REGIONS**  
CONT/8/14203
- 15. DISCHARGE 2017: GENERAL BUDGET OF THE EU - EUROPEAN OMBUDSMAN**  
CONT/8/14223
- 16. DISCHARGE 2017: GENERAL BUDGET OF THE EU - EUROPEAN DATA PROTECTION SUPERVISOR**  
CONT/8/14243



### Consideration of draft reports

Rapporteur: [Arndt Kohn](#) (S&D)

Administrators: Charlotte Kutzenberger and Olivier Sautière (for EEAS)

Shadow Rapporteurs: José Ignacio Salafranca Sánchez-Neyra (EPP), Raffaele Fitto (except for ECA: Monica Macovei) (ECR), Wolf Klinz (ALDE), Benedek Javor (Greens/EFA), Dennis de Jong (GUE), Marco Valli (EFDD), Jean-François Jalkh (ENF)

The Secretary-Generals of the other Institutions received the questions put by CONT Members on 16 October 2018. The written replies were made available to the Members on 15 November 2018.

The CONT Members held an exchange of views on the main issues concerning the 2017 discharge with the Secretaries General of the Other Institutions (except of the Council) on 27 November 2018.

On 5 December 2018 the answers to the additional questions that were raised during the hearing held in the context of the 2017 Discharge were submitted to the Members.

The Rapporteur prepared the draft reports based on the documents submitted by the institutions, on the exchange of views in CONT and on the replies given by all institutions - except the Council - to the questionnaires.

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During this meeting the Rapporteur will present the draft reports and following the CONT Members will have an exchange of views on the 2017 discharge to Other Institutions.

Concerning the EEAS discharge, replies to the 93 questions submitted to the EEAS were emailed to CONT Members on 8 October 2018.

The hearing held on 8 November 2018 with the High Representative of the Union for Foreign Affairs and Security Policy, Ms Federica Mogherini, in the presence of Mr Pietro Russo Member of the European Court of Auditors, provided to Members an opportunity to address a range of management issues related to the trends for gender and geographical balance, the increased number of seconded national experts, the reinforcement of the EEAS security package, the improvements achieved in the EEAS building policy as well as the impact of Brexit.

All language versions of the draft reports and the reference documents can be consulted on the [CONT website](#).

### CONT Timetable:

Event	Body	Date
Deadline for tabling amendments	CONT	30/01/2019 at 14.00
Vote	CONT	20-21/02/2019
Adoption	Plenary	March II 2019

**TUESDAY, 22 JANUARY 2019**

**11.30 - 12.30**

**IN CAMERA**

## 17. COORDINATORS' MEETING



**Meeting held in camera**



**TUESDAY, 22 JANUARY 2019**

**15.00 - 18.30**

**PUBLIC MEETING**

## **DISCHARGE 2017: AGENCIES**

- 18. DISCHARGE 2017: REPORT ON DISCHARGE IN RESPECT OF THE IMPLEMENTATION OF THE BUDGET OF THE AGENCIES OF THE EUROPEAN UNION FOR THE FINANCIAL YEAR 2017: PERFORMANCE, FINANCIAL MANAGEMENT AND CONTROL**  
CONT/8/14341
- 19. DISCHARGE 2017: AGENCY FOR THE COOPERATION OF ENERGY REGULATORS (ACER)**  
CONT/8/14330
- 20. DISCHARGE 2017: OFFICE OF THE BODY OF EUROPEAN REGULATORS FOR ELECTRONIC COMMUNICATIONS (BEREC)**  
CONT/8/14332
- 21. DISCHARGE 2017: TRANSLATION CENTRE FOR THE BODIES OF THE EUROPEAN UNION (CDT)**  
CONT/8/14285
- 22. DISCHARGE 2017: EUROPEAN CENTRE FOR THE DEVELOPMENT OF VOCATIONAL TRAINING (CEDEFOP)**  
CONT/8/14271
- 23. DISCHARGE 2017: EUROPEAN UNION AGENCY FOR LAW ENFORCEMENT TRAINING (CEPOL)**  
CONT/8/14305
- 24. DISCHARGE 2017: EUROPEAN AVIATION SAFETY AGENCY (EASA)**  
CONT/8/14295
- 25. DISCHARGE 2017: EUROPEAN ASYLUM SUPPORT OFFICE (EASO)**  
CONT/8/14337
- 26. DISCHARGE 2017: EUROPEAN BANKING AUTHORITY (EBA)**  
CONT/8/14323
- 27. DISCHARGE 2017: EUROPEAN CENTRE FOR DISEASE PREVENTION AND CONTROL (ECDC)**  
CONT/8/14299
- 28. DISCHARGE 2017: EUROPEAN CHEMICALS AGENCY (ECHA)**  
CONT/8/14314
- 29. DISCHARGE 2017: EUROPEAN ENVIRONMENT AGENCY (EEA)**  
CONT/8/14281
- 30. DISCHARGE 2017: EUROPEAN FISHERIES CONTROL AGENCY (EFCA)**  
CONT/8/14312

- 31. DISCHARGE 2017: EUROPEAN FOOD SAFETY AUTHORITY (EFSA)**  
CONT/8/14297
- 32. DISCHARGE 2017: EUROPEAN INSTITUTE FOR GENDER EQUALITY (EIGE)**  
CONT/8/14297
- 33. DISCHARGE 2017: EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY (EIOPA)**  
CONT/8/14325
- 34. DISCHARGE 2017: EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)**  
CONT/8/14335
- 35. DISCHARGE 2017: EUROPEAN MEDICINES AGENCY (EMA)**  
CONT/8/14287
- 36. DISCHARGE 2017: EUROPEAN MONITORING CENTRE FOR DRUGS AND DRUG ADDICTION (EMCDDA)**  
CONT/8/14278
- 37. DISCHARGE 2017: EUROPEAN MARITIME SAFETY AGENCY (EMSA)**  
CONT/8/14293
- 38. DISCHARGE 2017: EUROPEAN UNION AGENCY FOR NETWORK AND INFORMATION SECURITY (ENISA)**  
CONT/8/14301
- 39. DISCHARGE 2017: EUROPEAN UNION AGENCY FOR RAILWAYS (ERA)**  
CONT/8/14303
- 40. DISCHARGE 2017: EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA)**  
CONT/8/14328
- 41. DISCHARGE 2017: EUROPEAN TRAINING FOUNDATION (ETF)**  
CONT/8/14291
- 42. DISCHARGE 2017: EUROPEAN AGENCY FOR THE OPERATIONAL MANAGEMENT OF LARGE-SCALE IT SYSTEMS IN THE AREA OF FREEDOM, SECURITY AND JUSTICE (EU-LISA)**  
CONT/8/14339
- 43. DISCHARGE 2017: EUROPEAN AGENCY FOR SAFETY AND HEALTH AT WORK (EU-OSHA)**  
CONT/8/14283
- 44. DISCHARGE 2017: EURATOM SUPPLY AGENCY (ESA)**  
CONT/8/14316
- 45. DISCHARGE 2017: EUROPEAN FOUNDATION FOR THE IMPROVEMENT OF LIVING AND WORKING CONDITIONS (EUROFOUND)**  
CONT/8/14274
- 46. DISCHARGE 2017: EUROPEAN UNION JUDICIAL COOPERATION UNIT (EUROJUST)**  
CONT/8/14289
- 47. DISCHARGE 2017: EUROPEAN UNION AGENCY FOR LAW ENFORCEMENT COOPERATION (EUROPOL)**  
CONT/8/14318

## 48. DISCHARGE 2017: EUROPEAN UNION AGENCY FOR FUNDAMENTAL RIGHTS (FRA)

CONT/8/14276

## 49. DISCHARGE 2017: EUROPEAN BORDER AND COAST GUARD AGENCY (FRONTEx)

CONT/8/14307

## 50. DISCHARGE 2017: EUROPEAN GNSS AGENCY (GSA)

CONT/8/14310



### Consideration of draft reports

Rapporteur: [Petri Sarvamaa](#) (EPP)

Administrator: Cécile Bourgault

Shadow Rapporteurs: Karin Kadenbach (S&D), Ryszard Czarnecki (except for EUROPOL, EUROJUST and EFSA: Monica Macovei (ECR), Nedzhmi Ali (ALDE), Bart Staes (Greens/EFA), Dennis de Jong (GUE/NGL), Barbara Kappel (ENF)

The number of decentralised agencies being subject to discharge for the financial year 2017 is 32, the same as in the previous year. In addition to the draft reports on the decentralised agencies, the Rapporteur, Mr Petri Sarvamaa will present the draft report containing horizontal observations on the agencies. The draft reports are based on the European Court of Auditors' Annual Report on the agencies, and the following documents containing information on the agencies' financial management for the 2017 financial year:

- Reports on the follow-up of the previous year's discharge resolutions;
- Reports on 2017 budgetary and financial management;
- 2017 annual activity reports;
- Answers by the Agencies' Network and by individual agencies to the written questions by the CONT Committee; and
- Oral replies provided in the course of the CONT hearing of 3 December 2018.

Out of the 32 decentralised agencies subject to the discharge procedure, the European Court of Auditors issued a clean opinion on the reliability of the accounts for all agencies meaning that the final accounts present fairly, in all material respects, their financial position at year-end.

The European Court of Auditors issued a clean opinion on the legality and regularity of the transactions underlying the accounts for all agencies, except for one agency, the European Asylum Support Office (EASO), for which the Court issued an adverse opinion on the legality and regularity of the payments underlying the accounts.

The main issues identified regarding EASO were related to material and systematic instances of non-compliance of payments with the Office's Financial Regulation, mainly concerning to public procurement and recruitment procedures underlying payments.

Based on this ground, the Rapporteur suggests to postpone the 2017 discharge on EASO.

The draft reports for other agencies focus, inter alia, on issues related to the reliability of accounts, the legality and regularity of transactions, internal controls, budget implementation, procurement, staff policy, prevention and management of conflicts of interest and transparency.

All language versions of the draft reports and the reference documents can be consulted on the [CONT website](#).

### CONT Timetable:

Event	Body	Date
Deadline for tabling amendments	CONT	30/01/2019 at 14.00
Vote	CONT	20/02/2019
Adoption	Plenary	March II 2019

## DISCHARGE 2017: JOINT UNDERTAKINGS

### 51. DISCHARGE 2017: BIO-BASED INDUSTRIES JOINT UNDERTAKING (BBI)

CONT/8/14371

### 52. DISCHARGE 2017: JOINT UNDERTAKING - AERONAUTICS AND ENVIRONMENT (CLEAN SKY)

CONT/8/14367

### 53. DISCHARGE 2017: JOINT UNDERTAKING - ELECTRONIC COMPONENTS AND SYSTEMS FOR EUROPEAN LEADERSHIP (ECSEL)

CONT/8/14383

### 54. DISCHARGE 2017: JOINT UNDERTAKING - FUEL CELLS AND HYDROGEN (FCH)

CONT/8/14378

### 55. DISCHARGE 2017: JOINT UNDERTAKING - INNOVATIVE MEDICINES 2 INITIATIVE (IMI)

CONT/8/14374

### 56. DISCHARGE 2017: INTERNATIONAL FUSION ENERGY ORGANISATION (ITER)

CONT/8/14362

### 57. DISCHARGE 2017: JOINT UNDERTAKING - SAFETY OF AIR NAVIGATION (SESAR)

CONT/8/14364

### 58. DISCHARGE 2017: SHIFT2RAIL JOINT UNDERTAKING (SHIFT2RAIL)

CONT/8/14380

#### Consideration of draft reports



Rapporteur: [Martina Dlabajová](#) (ALDE)

Administrator: Michal Czaplicki

Shadow Rapporteurs: Tomas Zdechovský (EPP), Miroslav Poche (S&D), Notis Marias (ECR), Indrek Tarand (Greens/EFA), Younous Omarjee (GUE/NGL), Barbara Kappel (ENF)

The Rapporteur, Ms Dlabajova will present the draft reports which focus mostly on the issues identified during the financial year 2017. The reports look at issues and efforts made by the Joint Undertakings (JUs) regarding monitoring, reporting and internal control systems.

Please find below the vital information concerning each of the eight JUs, which the Rapporteur included in her reports:

- *Bio-based Industries Joint Undertaking*: the amount of contributions made by the industry members to cover operational costs were negligible. This prompted the Commission to suspend partially its own cash contributions and upraised the risk of not achieving the required minimum contributions by the end of the Joint Undertaking's programme. Moreover, despite the good level of implementation of its Internal Control Standards, three of them were still pending to implement.

- *Clean Sky 2 Joint Undertaking*: did not present major problems and the budget implementation was really remarkable for 2017.

- As in the previous years, *Electronic Components and Systems for European Leadership Joint Undertaking*: was granted a qualified opinion by the Court on the legality and regularity of the payments. Other major issues detected by the Court of Auditors: one related to the management of the procurement procedures for administrative services; and the other consisting in neither properly registering the exceptions management overrides of controls nor deviations from established processes and procedures.

- *Fuel Cells and Hydrogen Joint Undertaking*: the amount of payment appropriations was highly increased, passing from 115 to 198 million euro (72 %). However not all targets of the third set of 2017 key performance indicators specific to Fuel Cells and Hydrogen 2 Joint Undertaking were met.

- *Initiative on Innovative Medicines*: presented a weak budget implementation, as showed in the low level of payment appropriations implementation rate in 2017 (75 %), especially for the Horizon 2020 funds, and in the high amount (78 million euro) of unused payment appropriations from previous years. Moreover, less than 60 % of the third set of target key performance indicators were reached and the total staff increased significantly, passing from 41 to 49 positions.

- *European Joint Undertaking for ITER and the Development of Fusion Energy*: the Court highlighted that shortcomings in the planning process have led to a significant amount of extra financial needs: additional 280 million euro in 2017 were needed and to additional funding requirements for the construction phase after 2020 that the Court estimated in 5,4 billion euros, phase for which there is a delay of 15 years. Other shortcomings recruitment of staff, declarations of interests by senior management and the internal communication strategies. However, both the Court and the Rapporteur underline the good level of achievement of the targets, delivering seven of the nine planned ITER Council milestones in 2017 and, at the overall ITER Project level, reaching 30 out of the 32 ITER Council milestones.

- *SESAR Joint Undertaking*: low budget implementation rates, especially in SESAR 1 funds; shortcomings in its financial control processes and favourable assessments in the Commission's evaluations.

- *Shift2Rail Joint Undertaking*: minor issues, like the Commission's common Horizon 2020 grant management and monitoring tools which had not finished the specific developments needed for the processing of the Joint Undertaking's in-kind contributions.

The Court of Auditors' reports and other relevant information (including annual reports, final accounts etc.) can be found on the [CONT website](#).

All language versions of the draft report and the reference documents can be consulted on the [CONT website](#).

### CONT Timetable:

Event	Body	Date
Deadline for tabling amendments	CONT	30/01/2019 at 14.00
Vote	CONT	20/02/2019
Adoption	Plenary	March II 2019

## 59. ECA RAPID CASE REVIEW ON "VAT REIMBURSEMENT IN COHESION– AN ERROR-PRONE AND SUB-OPTIMAL USE OF EU FUNDS"

CONT/8/15206



### Presentation of the ECA rapid case review on VAT by ECA Member responsible, Tony Murphy

Rapporteur: [Martina Dlabajová](#) (ALDE)

Administrator: Michal Czaplicki

During various audits, the European Court of Auditors identified several shortcomings and errors in the treatment of value-added tax (VAT) within the frame of Cohesion spending.

According to the 2014-2020 Common Provision Regulation, the VAT amount is considered as eligible to be financed by Union funds when it is not recoverable from the taxation national system. However, in some cases, both the beneficiary bodies and the national tax authorities implemented these regulation otherwise. This implied that the beneficiaries received money from the Union budget when it was the national tax authority who should have reimbursed the incurred VAT.

Additionally, when VAT was not recoverable, the Union reimbursement exceeded the total cost of the project net of VAT, rendering the income to the country higher than its expense. This effect occurred when the proportion of the Union funding over the total cost of the project was over 80% and has been considered by the Court as a sub-optimal use of Union funds - hence undesirable.

Although the Commission already tried to address VAT issues for the CPR 2014-2020, this was omitted by the regulators.

The Court therefore insists on the alternative recommendation already made in its 2017 Annual Report consisting in not reimbursing VAT to public bodies, which would avoid possible errors and would solve the issue of sound financial management at the same time.

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

## 60. ECA SPECIAL REPORT 2/2019 (DISCHARGE 2018): EU FOOD SAFETY POLICY PROTECTS US BUT FACES CHALLENGES

CONT/8/15347



### Presentation of the special report by ECA Member responsible, Janusz Wojciechowski

Rapporteur: [Tomáš Zdechovský](#) (EPP)

Administrator: Tereza Pinto de Rezende

Shadow Rapporteurs: Gilles Pargneaux (S&D)

Food safety is a high priority for the EU, affects all citizens and is closely linked to trade policies. EU food safety policy aims to protect its citizens from three types of hazards in food: physical, biological and chemical.



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The audit concentrated on chemical hazards and its aim is to assess whether the EU food safety model is soundly based and implemented to ensure no chemical hazards emanate from the consumption of products. The Court of Auditors concluded that the model is soundly based and respected worldwide. However, it observed that the model is currently over-stretched, as the Commission and Member States do not have the capacity to implement it fully.

Based on its findings and conclusions, the Court recommends:

1. Reviewing the legislation and improving complementarity between private and public control systems:
  - (a) The Commission should, as a part of the current Regulatory Fitness and Performance Programme (REFIT) exercise on the legal framework governing food, feed, live animals and plants, assess potential changes to the legislation governing chemical hazards in light of the capacity to apply it consistently.
  - (b) The Commission should build upon the work already started to encourage such complementarity identifying the way forward so that Member State public authorities can, where justified, rely more extensively on the checks carried out by the private sector to improve the efficiency of checks and the sustainability of the EU food safety model.
2. Maintaining the same level of assurance for both EU produced and imported food:
  - (a) For pesticide residues in food, the Commission should explain what action it will take to maintain the same level of assurance for both EU produced and imported food while remaining compliant with WTO rules.
3. Facilitating consistent application of EU food law:
  - (a) The Commission should give Member States further guidance on the application of enforcement measures.
  - (b) The Commission should put into action the opportunities it has identified to enhance its procedures for monitoring compliance with EU food rules.

The Commission in its replies procedure accepted all of the Court's 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.

## 61. ANY OTHER BUSINESS

## 62. NEXT MEETINGS

- 29 January 2019, 9.00 - 12.30 and 14.30 – 18.30 (Brussels)
- 20 February 2019, 9.00 - 12.30 and 14.30 – 18.30 (Brussels)
- 21 February 2019, 9.00 - 12.30 (Brussels)

### 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

#### CONT

Workshop "Integrated territorial investments as an effective tool of Cohesion Policy" - 8 April 2019

Workshop "EU Member States declaration" - 11 April 2019

### POLICY DEPARTMENT PUBLICATIONS

#### Recent publications

#### CONT

Proceedings of the Workshop on "[How to better combat fraud? Follow up of the Commission's anti-corruption sharing programme](#)"

In-Depth Analysis "[The effectiveness and visibility of EU funding in the Western Balkan countries with a special focus on the cross-border cooperation](#)"

Proceedings of the Workshop on "[The revision of OLAF Regulation in light of the future cooperation with EPPO](#)"

Study "[EU-funded large-scale infrastructure: deficient project preparation and procurement processes?](#)"

Study "[Ex Ante Conditionality in ESI funds state of play and their potential impact on the Financial Implementation of the Funds](#)"

Study "[Review of status of the Commission's register of expert groups and their composition](#)"

#### BUDG

In-Depth Analysis "[The EU spending on fight against climate change](#)"

Study "[EU funds for migration, asylum and integration policies](#)"

Study "[Potential revenue from the extension of charging fees by EU Agencies](#)"

Study "[Financial Implementation of European Structural and Investment Funds](#)"

#### Forthcoming publications

#### CONT

Study "Transparency of funding for NGOs financed from the EU Budget (update)" - - 29 January 2019 - JAN4Q1 - 16h30/17h30

Study "Good examples of aligning the budget with the 'performance based budgeting' principles in 3 most progressive Member States" - 20/21 February 2019

Study "Key performance indicators for convergence in regional development - how reliable are they to ensure targeted and result-oriented spending?" - March 2019

### CONTACTS

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[http://www.poldepnet.ep.parl.union.eu/poldept/cms/cache/offonce/poldepnet/poldep\\_d/poldepd\\_presentation](http://www.poldepnet.ep.parl.union.eu/poldept/cms/cache/offonce/poldepnet/poldep_d/poldepd_presentation)

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