

NEWSLETTER

COMMITTEE MEETING

THURSDAY, 17 OCTOBER 2019

9.00 – 12.30

Room: Paul Henri Spaak (PHS) 4B001

Brussels

1. ADOPTION OF AGENDA

2. CHAIR'S ANNOUNCEMENTS

The draft agenda and meeting documents are available in the [meeting file](#).

Interpretation

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

[Webstreaming](#)

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

THURSDAY, 17 OCTOBER 2019

9.00 - 12.30

PUBLIC MEETING

3. ANNUAL REPORT 2018 ON THE PROTECTION OF THE EUROPEAN UNION'S FINANCIAL INTERESTS- FIGHT AGAINST FRAUD



Presentation of Commissioner *Günther Oettinger*, EU Commissioner responsible for Budget and Human Resources

Rapporteur: [Joachim Kuhs](#) (ID)
Administrator: Olivier Sautière

Shadow Rapporteurs: Jeroen Lenaers (EPP), Caterina Chinnici (S&D), Ramona Strugariu (RE), Luke Ming Flanagan (GUE/NGL)

Commissioner Günther Oettinger will present the Annual Report 2018 from the Commission to the European Parliament and the Council on the Protection of the European Union's financial interests - Fight against fraud ([COM\(2019\)0444](#)).

The Commission presents, in cooperation with the Member States, the Annual Report under Article 325 of the Treaty on the Functioning of the European Union. The purpose of the report is both to assess to what extent the EU funds or revenue of the EU budget are at risk of misuse due to fraudulent or non-fraudulent irregularities and to describe the actions taken to address the issue. It presents the anti-fraud measures at EU level and by the Member States, with a focus on the PIF directive, the EPPO and the role of OLAF.

This is the Commission's 30th annual report on the protection of the EU's financial interests and the fight against fraud (PIF Report) and the last one adopted under the Juncker Commission.

In 2018, a total of 11 638 fraudulent and non-fraudulent irregularities were reported to the Commission, 25% fewer than in 2017. They involved approximately EUR 2.5 billion, stable in comparison with the previous year (EUR 2.58 billion in 2017).

The number of detected fraudulent cases in 2018 was almost stable with +0.4% in comparison to the previous year, at 1152 (or 10% of all reported irregularities) but their financial impact (about EUR 1197.2 million) was higher (+183%) on both the revenue and expenditure side of the budget.

Detected non-fraudulent irregularities (i.e.10487) significantly declined both in number (27% less than in 2017) and in value (decrease by 37% to EUR 1.3 billion).

In 2018, OLAF opened 219 investigations and concluded 167, recommending financial recoveries worth EUR 371 million. At the end of the year, 414 investigations were ongoing.

4. DISCHARGE 2018: GENERAL BUDGET OF THE EU - EUROPEAN COMMISSION

[Procedure file](#)



Exchange of views with Commissioner Phil Hogan, Commissioner responsible for Agriculture and Regional Development, in the presence of Nikolaos Milionis, reporting ECA Member

Rapporteur: [Monika Hohlmeier](#) (EPP)
Administrator: Philippe Godts / Christian Ehlers

Shadow Rapporteurs: Tsvetelina Penkova (S&D), Olivier Chastel (RE), Viola Von Cramon-Taubel (Greens), Luke Ming Flanagan (GUE/NGL)

The transactions subject to audit by the European Court of Auditors (ECA) in chapter 7 "Natural Resources" of its Annual Report 2018 represent EUR 58 Billion:

- European Agricultural Guarantee Fund (EAGF): market related expenditure and direct payments: EUR 44.2 Billion;
- European Agricultural Fund for Rural Development (EAFRD): EUR 12.5 Billion;
- European Maritime and Fisheries Fund (EMFF) and others EUR 1.3: Billion.

The ECA estimates the level of error for "Natural Resources" as a whole to be 2.4% (direct support: below 2%; rural development and market support: above 2 %).

The documents of particular relevance for the exchange of views as regards the 2018 Commission discharge are:

- The ECA's 2018 Annual Report, Chapters 1, 2 and 7.
- The Commission's follow-up report COM (2018) 334 final
- The respective Annual Activity Report of the Director General.

These documents are available on the [CONT website](#).

In accordance with the timetable for the discharge procedure, the written questions for this meeting were sent to the Commission on 8 October 2019 and emailed to Members on 9 October 2019. Questions concern, in particular, the situation in Slovakia, the annual activity report of the Director General, the reliability of the data communicated by the Member States, Special reports of the of the Court, Greening, fair CAP. The answers from the Commission are expected on 15 October 2019 and will be emailed to Members on the same day.

It is proposed that the hearing with the Commissioner Hogan shall proceed as follows:

- Introduction by the Member of the European Court of Auditors, who will present the findings of the respective chapters of the Annual Report 2018;
- Commissioner Hogan will reply to this introduction;

- CONT Rapporteur will put questions to the Commissioner and the Court;
- Other Members will question the Commissioner and/or the Court;
- Closing remarks by the CONT Rapporteur.

CONT Timetable:

Event	Body	Date
Consideration of draft report	CONT	20-21 January 2020
Deadline for amendments	CONT	29 January 2020
Adoption in CONT	CONT	19-20 February 2020
Adoption in Plenary	Plenary	March II 2020

5. ECA BRIEFING PAPER ON DELIVERING PERFORMANCE IN COHESION



Presentation of the briefing paper by ECA reporting Member, Iliana Ivanova

Rapporteur: [Ryszard Czarnecki](#) (ECR)
 Administrator: Olivier Sautière

Shadow-rapporteurs: Tsvetelina Penkova (S&D), Katalin Cseh (RE)

Among the ECA's product range, a briefing paper is not an audit report as such but a review based on both publicly available information and data collected by the Court itself, presenting the underlying facts on a particular subject.

The aim of the European Union's (EU's) Cohesion policy is to reduce disparities between EU regions in order to achieve balanced economic, social and territorial development. Approximately €350 billion, one third of the EU budget for 2014-2020, is devoted to cohesion policy.

If compliance with relevant rules was historically the focus in budget spending, the EU recently moved to improve performance orientation in its policies. According to the European Commission, ensuring that cohesion spending is performance-oriented is one of the cornerstones of the 2014-2020 programme period. It is also one of the main objectives underpinning the Commission's legislative proposals for 2021-2027.

The overall objective of this briefing paper is to look at the evolution of the EU's efforts to make cohesion spending more performance-oriented from the previous programme period through to the Commission's proposals for 2021-2027. Based on the Court of Auditors performance audits through the years (i.e. 69 reports), the Court identified in this briefing 14 guiding principles considered necessary to make Cohesion policy performance-oriented and relating the full cycle of managing the cohesion policy, from planning to evaluation on completion.

The Court found that over these programme periods, the Commission has taken steps to include key design features for an effective system of performance management in both the general financial legislative framework and in the legislation specifically governing Cohesion in the 2014-2020 period.

However, this legislation has not always been translated into effective implementation on the ground.

Furthermore, the Court pointed out that seeking simplification, one of the objectives of the proposed legislation for 2021-2027, included the risk of reducing the focus on performance and that there was also an absence of an EU wide strategy to succeed the Europe 2020 strategy.

If the legislative framework has globally evolved positively, a number of areas, such as the strategic planning, the implementation of policies, the generation and use of performance information in the monitoring/reporting and evaluation phases and ensuring sustainability, could be further improved.

The Court also stressed the importance of the legislative framework for the next programming period being adopted in good time by the European Parliament and the Council. Cumulative delays in implementation, together with overlapping eligibility periods, tend to shift Member States' focus away from performance considerations towards spending EU money quickly so that they do not lose it.

Finally, the Court recalled in particular some of its key recommendations made in previous reports:

The need for clear EU priorities - with associated targets - to which the Cohesion spending should contribute, to streamline and simplify the strategic frameworks in order to achieve a coherent set of high-level objectives that are translated into operational objectives;

Revisions of programmes should take account of performance considerations, including better results.

The ECA briefing paper is available on the [CONT website](#).

6. ECA SPECIAL REPORT 6/2019 (DISCHARGE 2018): TACKLING FRAUD IN EU COHESION SPENDING: MANAGING AUTHORITIES NEED TO STRENGTHEN DETECTION, RESPONSE AND COORDINATION



Presentation of the Special Report by reporting ECA Member, Henri Grethen

Rapporteur: [Lefteris Christoforou](#) (EPP)
Administrator: Christian Ehlers

Shadow-rapporteurs: Caterina Chinnici (S&D), Ramona Strugariu (RE)

Over 4,000 potentially fraudulent irregularities affecting the EU's financial interests were identified between 2013 and 2017. These represented almost €1.5 billion of EU support, 72% of which concerned cohesion policy, including the European Regional Development Fund, the Cohesion Fund and the European Social Fund. Responsibility for fighting fraud in these areas lies primarily with the Member States.

Committee on Budgetary Control

For the 2014-2020 programming period, the auditors found that managing authorities had better assessed the risk of fraud in the use of cohesion funding and improved their fraud prevention measures. However, some of these analyses were not sufficiently thorough and Member States generally have no specific anti-fraud policy.

The auditors also point out the lack of significant progress towards proactive fraud detection. Moreover, the impact of prevention and detection measures often remains insufficiently monitored and evaluated.

The auditors also note that Member States have not been responsive enough to all detected cases of fraud in EU cohesion spending and that corrective measures, when applied, have a limited deterrent effect. Reporting arrangements are also unsatisfactory. Cases are under-reported, which affects the reliability of fraud detection rates published by the European Commission. Additionally, suspicions of fraud are not systematically communicated to the appropriate bodies, and coordination with other anti-fraud bodies is insufficient.

The auditors recommend that Member States:

- adopt formal strategies and policies to combat fraud against EU funds;
- make fraud risk assessment more robust by involving relevant external actors;
- improve detection measures by generalising the use of data analytics tools;

The auditors also ask the European Commission to:

- monitor fraud response mechanisms in order to ensure they are consistently applied;
- encourage Member States to expand the functions of their Anti-Fraud Coordination Services.

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.

10. ANY OTHER BUSINESS

11. NEXT MEETINGS

- 11 November 2019, 15.00 – 18.30 (Brussels)
- 12 November 2019, 9.00 – 12.30 and 15.00 – 18.30 (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