



**Brussels, 31 March 2015**

**7676/15**

**PE 55  
BUDGET 6  
INST 101  
JAI 205**

**NOTE**

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from: General Secretariat of the Council  
to: Delegations

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Subject: Summary record of the meeting of the European Parliament **Committee on Budgetary Control (CONT)**, held in Brussels on 23 and 24 March 2015

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**At its meeting on 23 March 2015, CONT voted by unanimity to postpone discharge for the financial year 2013 to Council/European Council, as suggested by Mr CZARNECKI (ECR, PL), rapporteur.**

**Among the agencies, the European Institute of Innovation and Technology was the only one whose discharge was postponed. As for the Joint Undertakings, discharge was postponed for Artemis, ENIAC (European Nanoelectronics Initiative Advisory Council), IMI (Innovative Medicines) and ITER (Fusion energy).**

**Ms GEORGIEVA considers dialogue with Member States on reporting already good, but further steps are to be taken towards a single audit chain.**

**ECA representative and Mr SARVAMAA state that CAP requires result-oriented controls. Commissioner HOGAN agrees that control is currently mainly risk-oriented and too prone to reach the materiality threshold of 2%.**

The meeting was chaired by Ms GRÄSSLE (EPP, DE).

\*\*\* *Electronic vote* \*\*\*

***Report on discharge in respect of the implementation of the budget of the European Union agencies for the financial year 2013: performance, financial management and control***

The report was adopted, as amended, by unanimity with 25 votes in favour.

***Discharge 2013 - Agencies***

CONT postponed discharge as regards the **European Institute of Innovation and Technology (EIT)**, by 22 votes in favour and 5 against and postponed the closure of accounts, by 23 votes in favour and 4 against.

CONT voted by a large majority in favour of granting discharge and closing accounts on the following Agencies:

- **Agency for the Cooperation of Energy Regulators (ACER)**
- **Office of the Body of European Regulators for Electronic Communications (BEREC)**
- **Translation Centre for the Bodies of the European Union (CDT)**
- **European Centre for the Development of Vocational Training (CEDEFOP)**
- **European Police College (CEPOL)**
- **European Aviation Safety Agency (EASA)**
- **European Asylum Support Office (EASO)**
- **European Banking Authority (EBA)**
- **European Centre for Disease Prevention and Control (ECDC)**
- **European Chemicals Agency**
- **European Environment Agency (EEA)**
- **European Fisheries Control Agency (EFCA)**
- **European Food Safety Authority (EFSA)**
- **European Institute for Gender Equality (EIGE)**
- **European Insurance and Occupational Pensions Authority (EIOPA)**
- **European Medicines Agency (EMA)**
- **European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)**
- **European Maritime Safety Agency (EMSA)**
- **European Union Agency for Network and Information Security (ENISA)**
- **European Railway Agency (ERA)**
- **European Securities and Markets Authority (ESMA)**
- **European Training Foundation (ETF)**
- **European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (EU-LISA)**
- **European Agency for Safety and Health at Work (EU-OSHA)**
- **Euratom Supply Agency (EURATOM)**
- **European Foundation for the Improvement of Living and Working Conditions (EUROFOUND)**
- **The European Union's Judicial Cooperation Unit (EUROJUST)**

- **European Police Office (EUROPOL)**
- **European Union Fundamental Rights Agency (FRA)**
- **European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (FRONTEX)**
- **European GNSS Agency (GNSS)**

### *Discharge 2013: Joint undertakings*

CONT postponed discharge on:

- **ARTEMIS**, by 16 votes in favour and 12 against and postponed the closure of accounts by 18 votes in favour and 10 against;
- **European Nanoelectronics Initiative Advisory Council - ENIAC**, by 15 votes in favour and 10 against and postponed the closure of accounts by 17 votes in favour and 10 against;
- **IMI - Innovative Medicines**, by 16 votes in favour and 11 against and postponed the closure of accounts by 16 votes in favour and 11 against;
- **ITER - Fusion energy**, by 15 votes in favour and 11 against and postponed the closure of accounts by 16 votes in favour and 11 against.

CONT voted by a large majority in favour of granting discharge and closing accounts on:

- **Clean Sky - Aeronautics and Environment**
- **FCH - Fuel Cells and Hydrogen**
- **SESAR - Safety of air navigation**

### *Discharge 2013: Other Institutions*

CONT voted by unanimity to postpone discharge for the financial year 2013 as regards the **Council and European Council**, as suggested by Mr CZARNECKI (ECR, PL), rapporteur.

CONT voted by a large majority in favour of granting discharge and closing accounts on the following Institutions and bodies:

- **European Commission**
- **European Parliament**
- **European External Action Service;**
- **Court of Justice;**
- **Court of Auditors;**
- **Economic and Social Committee;**
- **Committee of the Regions;**
- **European Ombudsman;**
- **European Data Protection Supervisor.**

## ***EU general budget - 8th, 9th and 10th EDFs***

Discharge was granted by 21 votes in favour, and 6 against.

## ***Court of Auditors special reports on 2013 Commission discharge***

The report was adopted, as amended, by 24 votes in favour and 3 against.

**\*\*\* End of electronic vote \*\*\***

## ***European Fund for Strategic Investments (EFSI)***

Mr LAZAROU, Member of the European Court of Auditors (ECA), referred to the opinion issued to the legislator and stressed that the ECA had found that the draft Regulation prevented the Financial Regulation (FR) from being applied to the EFSI. He felt this was a shortcoming, since the EFSI included a guarantee funded by the EU budget. In his view, since the EU guarantee would be partially lost, an ex-post audit of the results achieved by the EFSI would be needed to assess whether its achievements justified the loss of EU money. Programmes carried out under the EFSI would need to be submitted to such an ex-post audit as a whole, irrespective of the fact that Member States and the private sector participated in their funding, since it would no longer be possible to separate EU and non EU funding. Therefore the Regulation needed to indicate what rules would allow fundamental principles of the FR to apply. Mr LAZAROU also stressed that investments of the MS may also impact on their public finances.

Mr THEURER (ALDE, DE), rapporteur, inquired about the reasons why the guarantee was not completely covered by the FR, as this would be the case of any risk-sharing instrument. He announced some amendments that were designed, in particular, to enhance parliamentary scrutiny, transparency, accountability, non discrimination, the role of SMEs and the single market. Mr VALLI (EFDD, IT), shadow rapporteur at ECON, called for a transparent procedure at the EIB when selecting projects. Ms AYALA SENDER (S&D, ES) welcomed the opinion of the ECA and considered that the EFSI should be submitted to the budgetary procedure. Mr SARVAMAA (EPP, FI) also welcomed the opinion of the ECA and announced a few amendments aiming to submit the instrument to the provisions of the FR.

Mr KRAFF, accounting officer of the Commission, said that the ECA opinion was being analysed together with a number of amendments that had been tabled. He recalled that recital 30 of the draft Regulation referred to the guarantee as a financial instrument. He could not provide Ms GRÄSSLE with further details about any involvement of the ECB. He said that a reply in writing to all the questions would be provided.

Deadline for tabling amendments: 24 March 2015, 12.00

### ***Annual reports 2012-2013 on subsidiarity and proportionality***

Mr SARVAMAA, on behalf of Ms ŠULIN (PPE, SI), rapporteur, underlined the importance of impact assessments of programmes and the positive impact of subsidiarity for the improved spending of the EU budget.

Deadline for tabling amendments: 30 May 2015, 12.00

### ***Discharge 2013: EU general budget - European Commission***

Ms GEORGIEVA, Vice-President of the European Commission responsible for Budget and Human Resources, expressed her gratitude to the Committee for the discharge granted to the Commission. She stressed the key timing of the report in addressing the need for balancing further action with consideration given to costs of controls.

She underlined the key role of DG reservations to trigger immediate preventive action and considered therefore that their increase in number was a positive element.

In her view, the high level of error rate in shared management should be addressed through a single audit chain which would be key to improving the quality of controls and to reducing costs.

As for the reliability of data provided by the MS, she acknowledged that sanctions were not foreseen in case of unreliable reporting, but pointed out that the Commission can apply preventive measures to Member States. Reliability of information from Member States was being addressed through training, dissemination of best practices and guidance. She also referred to the need to reduce gold-plating within Member States to ensure simplification, which would be monitored through a simplification scoreboard. She said that further reflection was needed on the use of the performance reserve. A group of Commissioners from the spending areas would meet within a performance group three times a year.

Ms GEORGIEVA told Mr SARVAMAA that dialogue with Member States on such issues was ongoing and that the main issue was not availability of data but their usability: cooperation in this area was ongoing with the ECA.

In her reply to Ms GRÄSSLE on the International Management Group (IMG), she expressed regret that the OLAF report - which was supposed to be confidential - had been circulated. She referred to a letter sent to the Chair of CONT and gave an assurance that a careful legal financial and operational analysis of the OLAF report would follow in order to ensure respect for taxpayers and beneficiaries. She shared Ms AYALA SENDER's concern that interruptions of payments may fuel euro scepticism, but considered that it served as a warning to stop irregularities. On the issue of Sahrawi refugees she stated that the Commission had taken strong preventive and corrective measures to ensure that aid was properly distributed in the camps.

### ***Protecting the European Union's financial interests: towards performance-based controls of Common Agricultural Policy***

A rather long but fruitful debate with some agreement on the need for the simplification of rules and for cost effective controls.

Mr HOGAN acknowledged that the CAP reform had introduced complex provisions, in particular in greening and cross-compliance. He pointed out that no penalties were foreseen for greening in the first two years. The Commission was addressing these issues and underlined that Member States were not being left alone.

He stated that MS had been given an option to apply simplified schemes. In his view, the Commission's original simplification proposal had been overthrown and the legislator had largely contributed to complexity. The Commissioner insisted that controls are mainly risk-based and that a single audit system needs to be put in place.

The representative of the COPA-COGECA called on the Commission for a clear interpretation - through delegated acts - of a number of the CAP provisions, in particular those on greening. He insisted that CAP was not a policy like the others and that predictability was key for farmers, who needed time to adapt their farms to changes. He warned against provisions that would increase involuntary errors, because of the type of material checks needed (size of the parcels, length of the hedges, number of trees).

Ms Kaljulaid, Member of the European Court of Auditors, expressed criticism of the overall design of the new CAP, as far as control was concerned, because of the poor feasibility and verifiability of objectives, in particular in cross-compliance and greening. More generally, she considered that a result-oriented control culture should be put in place in these areas, and that incentive provisions should be foreseen to that end. Nevertheless, she stressed that farmers should accept a share of controls, given that one third of their income originated from the EU budget.

Mr SARVAMAA (PPE, FI) welcomed the openness of the Commission and ECA towards a performance-oriented policy of controls in the area of CAP. He inquired whether the materiality threshold of 2% for errors should not be upgraded for this policy area.

### *Next meetings*

- 26 March 2015, 9.00 – 12.30 (Brussels)
  - 13 April 2015, 15.00 – 18.30 (Brussels)
  - 14 April 2015, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)
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