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## NOTE

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From: General Secretariat of the Council  
To: Delegations  
Subject: Summary record of the meeting of the European Parliament **Committee on Budgetary Control (CONT)**, held in Brussels on 4 and 5 May 2015

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**On 4 May, CONT discussed the 2014 report of the OLAF Supervisory Committee. More than two hours were devoted to a lively debate, with criticism of Mr Kessler (DG of OLAF) from the EPP, GUE/NGL and Greens/EFA groups. However, the S&D group, supported by the EFDD, criticised the chair's decision not to invite Mr Kessler to reply to remarks made by the Supervisory Committee.**

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

### 1. Annual report of OLAF Supervisory Committee

Mr POYSTI, chair of the OLAF Supervisory Committee (SC), recalled that the SC had to ensure OLAF's independence, in particular through regular monitoring of the duration of OLAF's investigations and its compliance with procedural guarantees.

Mr POYSTI drew attention to a number of shortcomings in the relationship between the SC and the OLAF Director-General (DG) and mentioned in particular the fact that the SC secretariat was subordinate to the DG, which he felt amounted to a conflict of interest. Moreover, while he considered that working arrangements and relations with the DG were improving, access to information still remained an issue. The length of the investigations and statistics were also problematic issues which had been addressed in two recent opinions of the SC. The question of statistics was taken up by Mr DENOLF, who regretted that a new method of calculation had been introduced by OLAF, without any clearance by the SC. He also complained about the DG's lack of cooperation in following up past SC recommendations.

More generally, Mr POYSTI felt that the legislator needed to solve the fundamental issue of the role of the SC, since the legal provisions were subject to two diverging interpretations. In his view, while the DG of OLAF seemed to see the SC as a supervisory panel that he could just consult, the SC saw itself as an external oversight body with independent access to information.

Ms PIGNON, member of the SC, took up the question of the duration of the investigations and stressed that OLAF had to justify inquiries that lasted over 12 months. She regretted that the reasons provided by OLAF to justify delays were many and varied, and emphasised that 14 % of the cases had no justification at all. Better information on remedial action also needed to be provided by OLAF. The SC had suggested measures to improve the situation. Mr BOSCH, another member of the SC, criticised the lack of appropriate assessment of evidence at the opening and closing of investigations.

Mr SARVAMAA (EPP, FI), supported by Ms GRÄSSLE, complained about this situation which he described as scandalous, since the DG had not respected the independence of the SC, and was in breach of OLAF's regulations, particularly as regards the lack of assessment about the opening of inquiries. He felt that, if OLAF had been subject to a discharge procedure, CONT would never have granted it.

Mr STAES (Greens/EFA, BE) agreed with him and added that there had also been telephone tapping in breach of the law. He considered that the DG had manipulated statistics and had failed to allow the SC proper access to files. Mr de JONG (GUE/NGL, NL) agreed with Mr STAES.

Ms AYALA SENDER (S&D, ES) felt that the chair had not allowed enough time to examine the report. Mr PIRINSKI (S&D, BG) and Mr VALLI (EFDD, IT) criticised the fact that OLAF's DG had not been invited.

Ms GRÄSSLE stated that Mr KESSLER was actually part of the problem rather than the solution; he would nevertheless be invited to a forthcoming meeting. She added that the issue would be raised with Vice-President Georgieva at the 'in camera' meeting on the tobacco agreements (to be held the following day). Mr GEIER (S&D, DE) called for OLAF's DG to be first given the opportunity to reply in writing to all the remarks in the report.

## **2. 2016 Budgetary procedure**

Mr FERNANDES (EPP, PT), general rapporteur for the 2016 budget at BUDG, indicated that Employment, Enterprises and Entrepreneurship - the three 'E' - underpinned the new budgetary procedure. He insisted in particular on the outstanding payment issue, since it could undermine the implementation of the new programmes. He also regretted that this situation would result in the wrong message being sent to citizens, i.e. that the EP was asking for more and more taxpayers' money, whereas the many amending budgets were simply a consequence of the Council's reluctance to put in money from the beginning. He underlined the investment side of the EU budget, with just 6% of it devoted to administrative spending. Mr VAUGHAN (S&D, UK) stressed that the backlog of unpaid bills totalled EUR 20 billion.

Mr GEIER agreed with the rapporteur on the issue of outstanding payments and inquired whether an answer would be provided on the financing of the EFSI. He felt that using the margin would lead to problems with the Council. As for the issue of immigration, he felt that the EU budget was at risk of footing the bill for the extra spending by FRONTEX.

Mr KÖLMEL (ECR, DE) felt that appropriate guarantees should be granted for the EU funding of the EFSI.

Ms GRÄSSLE invited the rapporteur to look favourably upon the amendments that CONT would be tabling in its opinion, and highlighted the need for amendments to be made to expenditure on social policy; she mentioned the actions in favour of ROMA integration.

**3. ECA Special Report N° 4/2015 (2014 Discharge): Technical assistance: what contribution has it made to agriculture and rural development?**

Ms KALJULAIID, member of the ECA, stressed that EUR 1.5 billion had been spent on technical assistance (TA) in the last programming period. TA was a flexible concept which should be better defined and kept within clear limits. In particular, it should not be used to fund administrative expenditure. In the ECA's findings, the most problematic aspect was the financing of IT maintenance through TA. While this was not explicitly prohibited, the ECA considered that this was not appropriate, as it resulted in reducing real investment in rural areas.

The Commission representative welcomed the ECA findings, but provided some technical clarifications concerning the eligibility of IT under TA. In his view, IT costs that were used to develop new IT instruments could be eligible as TA. This also helped to create networking, which was a key factor for rural development. Ms KALJULAIID agreed that IT systems were good for rural development, but considered that they should not be financed as TA.

Ms KADENBACH (S&D, AT) rapporteur, stressed that there was no formal definition of technical assistance in the legal basis applicable to the previous programming period. Provided there was a programme link, the responsible authorities essentially had licence to use TA funding in any way they chose. She concluded that IT spending needed to be better defined, with a clear delimitation of eligibility.

**4. ECA Special Report N° 1/2015 (2014 Discharge): Inland waterway transport in Europe: no significant improvements in modal share and navigability conditions since 2001**

The item was postponed to the CONT meeting in Strasbourg, on 8 June 2015.

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

**5. Annual reports 2012-2013 on subsidiarity and proportionality**

The report as amended was adopted unanimously with 20 votes in favour.

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

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

Mr SARVAMAA (EPP, FI), rapporteur, stressed that EUR 4 billion were being spent on controls on CAP activities by the Member States. In order to reduce such huge administrative expenditure the ECA had suggested, as long as ten years ago, that a Single Audit Scheme be put in place, which would also reduce red tape for the beneficiaries. In his view, more should be done to reduce controls for better performing MS. Ms LOPE FONTAGNÉ (EPP, ES) welcomed the report but considered that criteria should be laid down to define better performing MS. In her view, the error rate did not represent an objective element, as assessment of audit authorities may differ according to the relevant MS.

The representative of the Commission agreed that controls totalled 7% of the budget allocated to CAP (although he stressed that controls - which were administrative costs - were to be funded through national budgets). He agreed with Mr BALCYTIS (S&D, LT) that simplification was a key factor, but considered that it could only be achieved in the long run. The Commission was working on simplification through delegated and implementing acts, although he acknowledged that legislative provisions may also need to be amended. He told Ms LOPE FONTAGNÉ that the only parameter the Commission could apply to assess the performance of MS was the error rate. Better performing MS could reduce controls from 5% to 3%, which he also felt was an incentive to do better. As for the financial correction applied to MS, he told Mr PARGNEAUX that while MS had a large margin of flexibility, the Commission still needed to ensure that rules were abided by.

## **7. Tobacco Agreements**

The item was dealt with in camera.

## **8. Next meetings**

- 8 June 2015, 19.00 - 20.00 (Strasbourg)
- 17 June 2015, 9.00 - 12.30 and 15.00 - 18.30 (Brussels)