2010 discharge: Fuel Cells and Hydrogen Fuel Cell Joint Undertaking

2011/2242(DEC) - 04/04/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (EPP, RO) on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen Joint Undertaking and called on the European Parliament to grant the Executive Director of the FCH Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the Joint Undertaking’s accounts. However, they make a number of recommendations that need to be taken into account when the discharge is granted.

- **Budget and Financial Management**: Members note the low execution rate on Infrastructure payment appropriations, i.e. 15.39%, related to the late autonomy of the Joint Undertaking. They urge the Joint Undertaking, moreover, to inform the discharge authority about the measures adopted and implemented to redress the situation and enable a greater execution rate of its budget both in terms of commitments and payments;
- **Internal Control Systems**: Members call on the Joint Undertaking and in particular its Accounting Officer to formalise and validate the underlying business processes as required by its financial rules. They note that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission but stress that formalisation of policies and procedures in strategic IT planning cycle, etc is lagging behind. They call on the Joint Undertaking to remedy the situation and provide the discharge authority with an up-to-date report on the matter;
- **Internal Audit**: Members take note that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission’s Internal Audit Service and the Joint Undertaking’s internal auditing function are clearly defined;
- **Call for Proposals and Project Management**: Members note that the evaluation of the Call for Proposal 2010 was carried out by 32 independent experts and a chairperson, and that two independent observers monitored that the evaluation procedure was carried out in a fair, impartial and confidential manner. They call on the Joint Undertaking to inform the discharge authority on the verification mechanisms that it implements to ensure the full independence of experts and observers and therefore to mitigate the risks of conflicts of interests during the evaluation of tenders;
- **Lack of host State agreement**: Members reiterate that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it.

Horizontal observations on the Joint Undertakings: Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union, and notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to **EUR 11.5 billion** (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). Members call on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. They recall that Joint Undertakings are **public-private partnerships** and that as a consequence public and private interests are intertwined. The committee is of the opinion that under the circumstances the **likelihood of conflicts of**

interest should not be dismissed but addressed properly. It calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Lastly, the Court of auditors is asked to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.