2013 discharge: Fuel Cells and Hydrogen Joint Undertaking (FCH Joint Undertaking)

2014/2134(DEC) - 21/10/2014 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2013, together with the Joint Undertaking's reply.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the Fuel Cells and Hydrogen (FCH) Joint Undertaking.

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Fuel Cells and Hydrogen Joint Undertaking, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Joint Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its financial rules and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2013 are, in all material respects, legal and regular.

At the end of this audit, the Court concluded the following:

- **budgetary and financial management**: the budgetary implementation rate of payment appropriations was very weak (57%) resulting from the postponement of the funding of three projects;
- **internal audit functions**: the FCH Joint Undertaking Internal Audit Capability (IAC) carried out one audit on 'Grant Management-negotiation, contracting and prefinancing' during 2013 and performed other assurance and consultancy services. The Final Report on 'Grant Management' noted the need to reduce the 'Time to Grant' and 'Time to Close Negotiations' and the need to clarify some aspects of the Joint Undertaking's procedure for 'Financial Viability Checks';
- **conflicts of interest**: the FCH Joint Undertaking has put specific measures in place to prevent conflicts of interest in respect of its three key stakeholders: Governing Board members, experts and employees.

Cross-cutting remarks for all the Joint undertakings: the prevention of conflicts of interest is addressed by most Joint Undertakings by the adoption of specific rules and by the development of tools to

document all related information. An Interim Evaluation was performed over 2013 assessing all Joint Undertakings in terms of relevance, efficiency, effectiveness and research quality. The reports, while positive, also highlighted areas for further improvement. In general, all Joint Undertakings have produced reliable accounts but there is room for improvement.

Joint Undertaking's replies: the Joint Undertaking replied point by point to all of the technical elements highlighted by the Court of Auditors. It has developed an action plan to address the recommendations of the IAC audit on 'Grant Management, negotiation, contracting and prefinancing'. Part of the actions are implemented and the others are under revision in the context of an update of the action plan to take into account the impact of the new legal environment and in particular the new rules under Horizon 2020.

As regards the **activities of the Joint Undertaking in 2013**, the report refers to the Annual Activity Report 2013 which can be found at http://www.fch-ju.eu/page/documents

It should be noted that the budget for the Joint Undertaking for 2013 amounted to EUR 82.5 million in commitment appropriations.