2013 discharge: European Institute of Innovation and Technology (EIT)

2014/2125(DEC) - 30/03/2015 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ryszard CZARNECKI (ECR, PL) on discharge in respect of the implementation of the budget of the European Institute of Innovation and Technology (EIT) for the financial year 2013.

It called on the European Parliament to **postpone its decision on granting the Director of the EIT** discharge in respect of the implementation of the Institute's budget for the financial year 2013.

Members also called on the Parliament to **postpone the closure of the Institute's accounts** for the financial year 2013.

They pointed out the basis for a qualified opinion on the legality and regularity of the underlying transactions for the second consecutive year. They noted that about 87% of grant expenditure claimed by the beneficiaries is covered by certificates issued by independent audit firms, which are contracted by the beneficiaries themselves and their partners. They regretted that although the Institute continued to make efforts to implement effective ex ante verifications and give better guidance to the independent audit firms, the Court found their quality as insufficient. They called on the Institute to address this issue and to inform the discharge authority about the steps taken by **1 September 2015**.

Members pointed out that payments in respect of two framework contracts concluded in 2010 and 2012 using a negotiated procedure and amounting to EUR 770 000 were found as irregular as according to the audit, the use of a negotiated procedure was not justified. The combined error rate related to grant issues and framework contract payments is between 2% and 3% of the Institute's total 2013 expenditure.

They regretted that according to the Court's report, the complementary activities of the KICs as beneficiaries of the Institute's grants will not be audited before 2015. They called on the Institute to inform the discharge authority on the state of play regarding the abovementioned audit by 1 September 2015.

Members made a number of general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies.

Institute's financial statement: Members noted that the final budget of the Institute for the financial year 2013 was EUR 142 197 740 for commitment appropriations, representing an increase of 47.05% compared to 2012. The overall contribution of the Union to the Institute's budget for 2013 amounted to EUR 93 462 181, representing an increase of 36.05% compared to 2012.

Commitments and carry-overs: Members noted from the Institute's final accounts that its budget monitoring efforts during the financial year 2013 resulted in a budget implementation rate of 96.97% and that the execution rate of payments against payment appropriations was 96.86%. They noted with concern that the budget implementation rate for staff expenditure was low at 74% as well as administrative expenditure. They acknowledged that these carry-overs mainly concerned invoices not yet received and ongoing IT projects. The execution rate was relatively low at 82% due to KICs not fully absorbing the available funding for 2012 activities.

Members also made a series of observations on internal audits.