

2014 discharge: European Institute of Innovation and Technology (EIT)

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The Committee on Budgetary Control adopted the report by Derek VAUGHAN (S&D, UK) on discharge in respect of the implementation of the budget of the European Institute of Innovation and Technology for the financial year 2014.

The parliamentary committee calls on the European Parliament to grant the Director of the Institute discharge in respect of the implementation of the Institute's budget for the financial year 2014.

Noting that the Court of Auditors issued a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions for the financial year 2014, Members call on Parliament to approve the closure of the Institute's accounts. They made, however, a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the [draft resolution on performance, financial management and control of EU agencies](#):

- **Institute's financial statements:** Members note the final budget of the European Institute of Innovation and Technology for the financial year 2014 was EUR 233 115 437, representing an increase of 65.54 % compared to 2013. They indicate that this increase resulted mainly from its expanded portfolio and number of beneficiaries, as well as a change in the Institute's founding regulation.
- **General observation:** Members note that the ceiling of 25 % of global expenditure was complied with for the Knowledge and Innovation Communities (KICs), the recipients of the Institute's grants, over the first five years. They note, furthermore, that the Institute obtained audit certificates on the costs of KIC complementary activities (KCAs) incurred during 2010 to 2014. They take note that it conducted a review of the portfolio of KCAs to ensure that only those activities that meet all the KCAs' legal and operational requirements, including the requirement of a link with KIC added value activities funded by the Institute, are accepted.
- **Budget and financial management:** Members note the Institute's budget monitoring efforts during the financial year 2014 resulted in a budget implementation rate of 94.13 %, representing a decrease of 2.84 % compared with 2013. They acknowledge that the Institute faced uncertainties concerning its 2014 annual budget due to the ongoing negotiations relating to the 2014 to 2020 Multiannual Financial Framework and Horizon 2020 throughout the year 2013. They note that the Institute's Governing Board decided to approach budget planning in a prudent manner by allocating only a part of the budget for the 2014 grant agreements as a first tranche but that a high amount of commitment appropriations remained unused. They acknowledge that the operational activities of the Institute and the KICs are by nature multiannual, and that this is reflected in a derogation specific to the Institute which allows it to re-enter any cancelled appropriations into its budget in the **following three years**. Nevertheless, Members note that the Institute **overestimated its budgetary needs for 2014** by EUR 13.1 million and only EUR 220 million of the EUR 233.1 million available were committed.

Members also made a series of observations regarding preventing and managing conflicts of interest, and procedures for contract awards, recruitment and internal audit.

As regards the Institute's performance, Members note that in order to reduce costs and promote best practices in the area of public procurement, the Institute participates in a number of inter-institutional procurement procedures of the Commission.

Lastly, Members note that the Institute has suffered from high staff turnover and instability at management level since its establishment in 2009. They observe that, in June 2014, the Governing Board decided to second the Institute's Director on a long-term research mission to the European University Institute in Florence for the remaining eleven months of his mandate.