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

2015/2193(DEC) - 28/04/2016 - Text adopted by Parliament, single reading

The European Parliament decided to grant discharge to the Director of the European Institute of Innovation and Technology in respect of the implementation of the budget of the financial year 2014. The vote on the discharge decision covers the closure of the accounts (in accordance with Annex V, Article 5 (1)(a) to its Rules of Procedure).

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, Parliament adopted by 513 votes to 113, with 13 abstentions, a resolution containing 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**: Parliament noted that 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. It indicated 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**: Parliament noted 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. It noted, furthermore, that the Institute obtained audit certificates on the costs of KIC complementary activities (KCAs) incurred during 2010 to 2014. It took 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**: Parliament noted 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. It acknowledged 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. It also noted 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. It acknowledged 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, Parliament noted 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 noted with concern that, according to the Court's report, while the KICs are to develop strategies for **financial sustainability**, to date, and in the fifth year of their existence, **they remain fully dependent on financing by the Institute and KIC partners**. They called on the Institute to continue monitoring the progress of KICs towards financial sustainability.

Parliament 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**, Parliament noted 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.