2014 discharge: ECSEL Joint Undertaking for the implementation of the Joint Technology Initiative 'Electronic Components and Systems for European Leadership'

2015/2204(DEC) - 28/04/2016 - Text adopted by Parliament, single reading

The European Parliament decided by 432 votes to 173 with 23 abstentions, to grant the Executive Director of the ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking and the ARTEMIS Joint Undertaking) discharge in respect of the implementation of the joint undertaking's budget for the financial year 2014. The vote on the decision on discharge covers the closure of the accounts (in accordance with Annex V, Article 5 (1)(a) to Parliament's Rules of Procedure.

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that the Joint Undertaking's annual accounts for the financial year 2014 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 508 votes to 118 with 4 abstentions, a resolution containing a series of recommendations, which form an integral part of the decision on discharge and which add to the general recommendations set out in the resolution on performance, financial management and control of EU agencies:

- **General remark**: Parliament recalled that the Joint Undertaking was established to replace and succeed the ENIAC Joint Undertaking (ENIAC) and the ARTEMIS Joint Undertaking (ARTEMIS) under Council Regulation (EC) No 561/2014. It noted that the Court of Auditors makes too many general, to the detriment of viable, specific, remarks. It therefore called for an audit with a closer focus on the annual financial performance on the implementation status of multiannual projects, including a clear presentation of the implementation of the budget for the respective year and for previous years, and their results and implementation. It noted that the information provided in the Joint Undertaking's Report on Budgetary and Financial Management for the financial year 2014 lacked harmonisation and was often incomplete.
- **Budget and financial management**: Parliament note that the Joint Undertaking's final budget for the financial year 2014 included commitment appropriations of EUR 160 114 500 and payment appropriations of EUR 104 144 250. It regretted the absence of information regarding in-kind and cash contributions and called on the Court to include in future reports provisions regarding the evaluation procedure and level of in-kind and cash paid contribution, separately, for FP7 and Horizon 2020.
- **Qualified opinion**: Parliament noted that the Joint Undertaking estimated the residual error rate at 0.73 %. It observed, however, that the Joint Undertaking failed to convey how many transactions were involved to calculate such a rate and therefore, asks the Joint Undertaking to supply that information. It pointed out that, despite all the above, the Court has **issued a qualified opinion on the legality and regularity of the transactions underlying the annual accounts** on the grounds that the administrative agreements signed with the National Funding Authorities (NFAs) regarding the audit of project cost claims do not include practical arrangements for ex-post audits. Parliament also noted that the Joint Undertaking did not assess the quality of the audit reports received from the NFAs concerning the costs relating to completed projects. It noted, furthermore, that, after an assessment of the audit strategies of three of the NFAs, it was not possible to conclude whether ex-post audits are functioning effectively. It noted also that the Joint Undertaking has confirmed that its extensive assessment of the national assurance systems concluded that they can provide a reasonable protection of the financial interests of its members. Parliament called on the Joint

Undertaking, following the assessment of the procedures applied by the NFAs, to invite the NFAs to produce a written statement that the implementation of the national procedures provides a **reasonable assurance on the legality and regularity of transactions**.

- **Financial and budgetary management**: Parliament acknowledged the fact that the implementation rate for operational commitment appropriations was 99.7 %. It noted, however, that the commitment appropriations were signed at a global level and, therefore, no corresponding grant agreements had been signed yet. It considered that, in the absence of a clear separation between FP7 and Horizon 2020 implementation-related information, those indicators do not ensure a real evaluation of performance. It called on the Court to include in future reports information regarding the execution of the budget under of FP7 and separately under Horizon 2020.

Parliament made a series of further observations regarding the undertaking's legal framework, internal audits, the management of conflicts of interest and the monitoring and reporting of research results.