2015 discharge: European Institute of Innovation and Technology (EIT)

2016/2191(DEC) - 21/02/2017 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2015 and the balance sheet as at 31 December 2015 of the European Institute of Innovation and Technology (EIT), as well as the Court of Auditors' report on the annual accounts of the Institute for the financial year 2015, accompanied by the Institute's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Director of the Institute in respect of the implementation of the budget for the financial year 2015.

The Council welcomed the Court's opinion that the Institute's annual accounts present fairly, in all material respects, its financial position as at 31 December 2015 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Institute's Financial Regulation, and that the underlying transactions for 2015 are legal and regular **with the exception of** the matter regarding flat rate for calculating indirect eligible costs related to grants for non-profit public bodies higher education establishments, research organisations and small and medium-sized enterprises that was **higher than the rate applicable according to Horizon 2020 rules** and the Institute's Financial Regulation. The Council noted the Court's observation that the application of this flat rate was irregular, and of the Institute's reply that transitional rules in the Horizon 2020 legal basis provide for the use of the higher flat rate by the bodies mentioned above for reporting indirect costs.

It called on the Institute and the Court to clarify the matter and to reach an agreement on the correct interpretation of rules as soon as possible.

Other comments were made by the Council as regards:

- **financial programming**: the Council invited the Institute to improve its financial programming and monitoring of the budget implementation, to reduce the level of commitments remaining unused at the end of the financial year, to make use of the provision in its Financial Regulation to re-enter unused appropriations in the budgets of the following years, and to actively seek to raise funds from private sources as stipulated in its founding regulation;
- **reimbursements**: the Council asked the Institute to define formally all of its reimbursement schemes, including a clear distinction between lump sum models and actual costs reimbursements. It also reminds that grant agreements have to be signed before the starting date of the actions funded by the grant;
- **salaries**: the Council called on the Institute to respect the principle of sound financial management in the remuneration of its staff and to comply with all relevant rules and regulations when deciding on the payment of bonuses.