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

2016/2191(DEC) - 30/03/2017 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Inés AYALA SENDER (S&D, ES) on discharge in respect of the implementation of the budget of the European Institute of Innovation and Technology (EIT) for the financial year 2015.

The committee called 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 2015.

Members noted that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Institute for the financial year 2015 were reliable, but it could not obtain sufficient appropriate audit evidence on the legality and regularity of the underlying transactions. They called on the 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:

- **Qualified opinion on the legality and regularity of the underlying transactions**: Members recalled that the Union contribution to the Institute's budget in the 2014 to 2020 financial period is provided under the financial envelope of the Horizon 2020. According the Institute's former financial rules (repealed with effect from 1 January 2014), the threshold for a flat rate reimbursement of indirect costs for non-profit public bodies, higher education establishments, research organisations or SMEs could have been raised to 40 %. Members noted that the Institute, in its 2014 grant agreements signed in February 2014, provided for a 40 % flat rate reimbursement of indirect eligible costs contrary to the Horizon 2020 rules already in force at the time. Horizon 2020 did not apply to the Institute and the Court therefore identified those reimbursements as **irregular**. Errors were also found as a result of *ex-post* verification of a sample of 2015 grant transactions.
- **Institute's financial statements**: the final budget of the Institute for the financial year 2015 was EUR 266 566 618, representing an increase of 14.35 % compared to 2014.

Members also made a series of observations regarding budgetary and financial management, commitment and carry-overs, procurement and recruitment procedures, the prevention and management of conflicts of interests and internal audits and controls.

They noted that the original target set by the Commission for the Institute to obtain financial autonomy was 2010. However, the Institute obtained **partial financial autonomy in June 2011**, on the condition of continued *ex-ante* approval of grant related transactions and of procurements above EUR 60 000.

Lastly, they noted that the Institute requested the Commission to re-launch the process leading to full financial autonomy and that the Commission set out the roadmap and timetable of the process in May 2016. They noted that the Institute hopes that full financial autonomy will be granted before the end of 2016 and asked that it reports to the discharge authority on developments related to this matter.