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

2016/2191(DEC) - 27/04/2017 - Text adopted by Parliament, single reading

The European Parliament decided to **grant discharge** to the Director of the European Institute of Innovation and Technology (EIT) in respect of the implementation of the Institute's budget for the financial year 2015.

The vote on the decision on discharge covers the closure of the accounts (in accordance with Annex IV, 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 Institute's annual accounts for the financial year 2015 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 503 votes to 108 with 13 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.

These recommendations may be summarised as follows:

- **Qualified opinion on the legality and regularity of the underlying transactions**: Parliament 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 According the Institute's former financial rules (repealed with effect from 1 January 2014), the threshold for a flat rate reimbursement of indirect costs for non-profit public bodies, higher education establishments,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 %. Parliament 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.

Parliament 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.

It 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.

It also 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. The Commission's financial autonomy assessment is expected in the first half of 2017. 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.

European visibility: lastly, Parliament noted with concern that **general visibility of the Institute is low** and some of the KIC partners are not aware of their affiliation with the Institute; calls for better visibility and promotion of the Institute brand as a unique innovation community. It welcomed the recent success in listing 18 Institute community members in the Forbes 30 under 30 list, featuring Europe's best young innovators and entrepreneurs.