2016 discharge: Clean Sky 2 Joint Undertaking

2017/2182(DEC) - 19/09/2017 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Clean Sky 2 Joint Undertaking for the financial year 2016, together with the Joint Undertaking's reply.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit focused on the annual accounts of the **Clean Sky 2 Joint Undertaking**. The JU's lifetime has been extended to 31 December 2024. The objectives of the Clean Sky 2 Joint Undertaking are to improve significantly the environmental impact of aeronautical technologies and to enhance the competitiveness of European aviation.

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Clean Sky 2, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2016;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Joint Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2016, and the results of its operations and its cash flows for the year then ended in accordance with the provisions of its financial rules and the rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2016 are, in all material respects, legal and regular.

The audit also revealed the following points:

- **budgetary and financial management**: the Court stated that the final 2016 budget available for FP7 and Horizon 2020 programme implementation included commitment appropriations of EUR 310.5 million and payment appropriations of EUR 287.8 million. The utilisation rates for commitment and payment appropriations were 97.5 % and 87.9 %, respectively. The lower implementation rate for payment appropriations is mainly due to delays in starting Horizon 2020 projects and, in particular, due to the delayed signature of one significant grant agreement with a member of the Joint Undertaking;
- **internal control**: at the end of 2016 - the third year of Horizon 2020 implementation - the Joint Undertaking had only partially completed the integration of its control systems with the Commission's common Horizon 2020 grant management and monitoring tools. In addition, it had not yet cleared any of the pre-financing payments (EUR 176 million) made to its industrial members for projects under Horizon 2020 grant agreements. Regular clearing of its pre-financing payments against statements of reported costs from the members would decrease the exposure of the Joint Undertaking to financial risk.

Joint Undertaking's reply: the Joint Undertaking stressed that as regards pre-financing, it is only cleared at the final reporting period of the project or before, if the total amount of pre-financing and interim payments exceeds 90 % of the maximum grant amount. Until 2016, this general rule was followed by the CS2 JU for the signed Horizon 2020 grant agreement for members (GAMs). In order to mitigate the financial exposure, the CS2 JU took the initiative in 2017 to clear the pre-financing paid for the period 2014-2016 for the ongoing GAMs. This approach was agreed with the GAM's beneficiaries and is now being applied for the payment of the 2016 cost claims.