2016 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2017/2185(DEC) - 19/09/2017 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the **Fuel Cells and Hydrogen 2** (FCH 2) 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 **FCH 2Joint Undertaking** (fuel cells and hydrogen technologies). As a reminder, the objective of the FCH Joint Undertaking is to demonstrate, by 2020, fuel cell and hydrogen technologies as one of the pillars of future European energy and transport systems. The Joint Undertaking seeks to foster the development of a strong, sustainable and globally competitive fuel cell and hydrogen sector in the EU.

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 FCH 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**: taking into account unused payment appropriations from previous years (EUR 17.2 million), the final 2016 budget available for FP7 and Horizon 2020 programme implementation included commitment appropriations of EUR 127.8 million and payment appropriations of EUR 115.5 million. The lower utilisation rates for commitment and payment appropriations were 77.7 % and 83.9 %, respectively. The under-utilisation of appropriations was mainly due to the fact that fewer grant agreements than expected were signed, following the evaluation of the 2016 call for proposals. Out of the EUR 470 million of **in-kind and cash contributions** to be made by the Industry and Research Grouping members to the operational activities of the FCH Joint Undertaking, by the end of 2016 the Governing board had validated contributions of EUR 299 million. Additional in-kind contributions to operational activities of EUR 40.6 million had been reported to the FCH Joint Undertaking by the end of 2016;

- **internal controls**: the Joint Undertaking set up *ex ante* control procedures based on financial and operational desk reviews, and performs ex post audits of grant cost claims under FP7. These checks are key tools for assessing the legality and regularity of the underlying transactions, including other members' cash and in-kind contributions to the Joint Undertaking. The residual error rate for the ex post audits reported in the Joint Undertaking's 2016 annual activity report was 1.24.

Joint Undertaking's reply: the Joint Undertaking has taken note of the Court's report.