2016 discharge: ECSEL Joint Undertaking

2017/2187(DEC) - 09/02/2018 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 of the ECSEL Joint Undertaking, as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2016, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2016.

The Council welcomed the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly 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 the Joint Undertaking's Financial Rules, and that the underlying transactions for 2016 are legal and regular.

Nevertheless, the following observations were made:

- **qualified opinion**: the Council regretted the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts of the Joint Undertaking, resulting from the significant variation in the methodologies and procedures used by the different national funding authorities for the Seventh Research Framework Programme (FP7) projects. It asked the Joint Undertaking to improve its assessment methods for the implementation of national ex-post audit procedures, in order to obtain reasonable assurance to calculate a reliable single error rate;
- **pre-financing payments**: the Council is concerned about the shortcomings identified by the Court in the monitoring of pre-financing of FP7 projects, where the late attempt to recover the pre-financing payments made to insolvent beneficiaries led to a financial loss of EUR 230 000. The Council called on the Joint Undertaking to swiftly launch, when needed, its procedure to deal with cases of insolvency or bankruptcy of beneficiaries;
- **conflicts of interest**: lastly, the Council called on the Joint Undertaking to consistently apply its rules on the prevention and management of conflicts of interest to its governance structure.