2017 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2 Joint Undertaking)

2018/2216(DEC) - 02/10/2018 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Fuel Cells and Hydrogen Joint Undertaking for the financial year 2017, together with the Joint Undertaking's reply.

CONTENT: the Court of Auditors carried out the audit on the accounts of the Fuel Cells and Hydrogen (FCH 2) Joint Undertaking.

In brief, 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 and reliability of the accounts

The Court considered that:

- the Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2017 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer;

- the transactions underlying the annual accounts for the year ended 31 December 2017 are legal and regular in all material respects.

The report also makes a series of observations on the budgetary and financial management of the Undertaking, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations

Financial management

The final 2017 budget available for the Joint Undertaking's FP7 and Horizon 2020 programme implementation included commitment appropriations of EUR 127.8 million in and in payments appropriation of EUR 198.6 million. The implementation rates for commitment and payment appropriations were 96 % and 89 %, respectively. The payment appropriations were mainly used to pay pre-financing for the 2016 and 2017 calls.

Internal controls

Based on an assessment of the Joint Undertaking's internal control system and substantive testing of revenue, payment, grant and procurement operations and a review of a sample of finalised ex post audits including recoveries arising from the errors detected, the audit results provided us with reasonable assurance that the overall residual error rate for the Joint Undertaking is below materiality.

Leverage of contributions

One of the main objectives of the Joint Undertaking is to leverage contributions from industry members in the area of its activities. According to the FCH2's founding regulation, the minimum leverage factor for both, operational and additional activities amounts to 0.67. FCH 2's founding regulation does not oblige industry members to make a minimum amount of in-kind contributions to the operational activities of the Joint Undertaking.

The Joint Undertaking's reply

Leverage of contributions

The FCH 2 JU acknowledges that the Court has no right to audit in-kind contributions in additional activities. It would like to stress that the JU has developed a methodology agreed by its Governing Board on 9 December 2016, which provides for robust controls for the collection, reporting and certification of additional activities and includes a model audit programme and audit certificate for the certification by independent external auditors.