Basic information

2014/2135(DEC) DEC - Discharge procedure	Procedure completed
2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics **Subject** 8.70.03.03 2013 discharge	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	CONT Budgetary Control	CZARNECKI Ryszard (ECR)	03/07/2015
		Shadow rapporteur MARINESCU Marian-Jean (PPE) BALČYTIS Zigmantas (S&D) DLABAJOVÁ Martina (ALDE) ŠOLTES Igor (Verts/ALE) VALLI Marco (EFDD)	

European Commission	**Commission DG**	**Commissioner**
	Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
30/07/2014	Non-legislative basic document published	COM(2014)0510	Summary
20/10/2014	Committee referral announced in Parliament		
23/03/2015	Vote in committee		
31/03/2015	Committee report tabled for plenary	A8-0104/2015	Summary
28/04/2015	Debate in Parliament		
29/04/2015	Decision by Parliament	T8-0165/2015	Summary
29/04/2015	Results of vote in Parliament		

29/04/2015	Report referred back to committee		
22/09/2015	Vote in committee		
02/10/2015	Committee report tabled for plenary	A8-0285/2015	Summary
26/10/2015	Debate in Parliament		
27/10/2015	Decision by Parliament	T8-0372/2015	Summary
27/10/2015	Results of vote in Parliament		
27/10/2015	End of procedure in Parliament		
01/12/2015	Final act published in Official Journal		

Technical information

Procedure reference	2014/2135(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/03533

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE541.307	28/01/2015	
Amendments tabled in committee		PE549.355	05/03/2015	
Committee report tabled for plenary, single reading		A8-0104/2015	31/03/2015	Summary
Text adopted by Parliament, single reading		T8-0165/2015	29/04/2015	Summary
Committee draft report		PE557.305	06/07/2015	
Amendments tabled in committee		PE565.167	04/09/2015	
Committee report tabled for plenary, single reading		A8-0285/2015	02/10/2015	Summary
Text adopted by Parliament, single reading		T8-0372/2015	27/10/2015	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05306/2015	30/01/2015	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2014)0510	30/07/2014	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0004/2015 OJ C 452 16.12.2014, p. 0026	21/10/2014	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2015/2212
OJ L 314 01.12.2015, p. 0041 Summary

2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2014/2135(DEC) - 27/10/2015 - Text adopted by Parliament, single reading

The European Parliament adopted by 565 votes to 106, with 20 abstentions, a decision to **grant discharge to the Executive Director of the ENIAC Joint Undertaking in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2013.**

At the same time, Parliament approved the closure of ENIAC's accounts.

Budgetary and financial management: Parliament recalled that the Court of Auditors stated that the 2013 annual accounts of the Joint Undertaking presented fairly, in all material respects, its financial position as of 31 December 2013 and the results of its operations and its cash flows for the year-end.

It recalled that the Court issued **a qualified opinion on the legality and regularity of the transactions underlying the annual accounts,** on the grounds of not being able to conclude whether or not the ex post audit strategy, which relied heavily on the National Funding Authorities (NFAs) auditing project cost claims, provided sufficient assurance with respect to the legality and regularity of the underlying transactions.

Noting from the Joint Undertaking that the Court would take steps in order to obtain sufficient assurances on the audits carried out by the NFAs, Members acknowledged that the ECSEL JTI was making further assessments of the national assurance systems following the merger of the Joint Undertaking and ARTEMIS Joint Undertaking.

The Joint Undertaking established the practical arrangements for ex post audits concerning the administrative agreements signed with the NFAs. Parliament welcomed the fact that in order to complement the information obtained by the Joint Undertaking, the Court acquired additional information directly from the NFAs in order to express an opinion on the legality and regularity of the transactions underlying the account.

It acknowledged from the Joint Undertaking that it made progress in implementing the action plan aimed at remedying the deficiencies identified by the Court in its qualified opinion. Parliament also noted that the Joint Undertaking developed a new methodology for residual error rate estimation, similar to the one used by the Commission services in charge of co-managed funding.

Private sector contributions: Parliament ascertained from the Joint Undertaking that the Member States' contributions were under the level of 1.8 as requested by the Joint Undertaking's statute in order to comply with the limitations imposed by the State aid rules. For the industrial participants in large pilot line projects the total public funding could exceed 25 % while the Joint Undertaking's statute required allocating the same reimbursement rate to each participant. Moreover, Members acknowledged that the lower contributions from the Members States were more than compensated by increased private sector contributions, carrying 65% of the total costs and thus reaching a very high leverage of the Union funding.

Prevention and management of conflicts of interests and transparency: Parliament noted that a comprehensive database including all identified information related to conflicts of interests as well as the measures taken has been established and is regularly maintained.

Monitoring and reporting of research results: lastly, Parliament recalled that the Seventh Framework Programme (FP7) Decision established a monitoring and reporting system related to the protection, dissemination and transfer of research results. It acknowledged from the Joint Undertaking that 211.5 publications and 16.6 patents per EUR 10 000 000 of Union grants shows a high productivity of its research results and that it is compliant with all requests expressed so far by the FP7 coordinators.

2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2014/2135(DEC) - 21/10/2014 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the financial year 2013, together with the Joint Undertaking's replies.

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 concerned, amongst others, the annual accounts of the ENIAC Joint Undertaking.

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 ENIAC Joint Undertaking, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;
- 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 2013 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 accounting rules adopted by the Commission's accounting officer.

Basis for a qualified opinion on the legality and regularity of the underlying transactions: the Court noted that, except for the possible effects of the matter described below, the transactions underlying the annual accounts of the Joint Undertaking for the financial year ended 31 December 2013 are, in all material respects, legal and regular.

The administrative agreements established between the Joint Undertaking and the NFAs of the Member States provide in principle that the NFAs will perform audits on behalf of the Joint Undertaking. The Joint Undertaking's ex-post audit strategy relies heavily on the NFAs to audit project cost claims. In 2013, the Joint Undertaking itself carried out a **limited review of cost claims** which is not sufficient to give assurance on the error rate reported by the Joint Undertaking.

As a consequence, the Court concluded that the information available on the implementation of the Joint Undertaking's ex post audit strategy was **not sufficient to conclude whether this key control tool is functioning effectively**. The Court issued a qualified opinion for ENIAC because there was insufficient appropriate audit evidence on which to base the opinion and the possible effects are considered material but not pervasive.

At the end of this audit, the Court concluded the following:

- **internal audit function**: the Commission's Internal Audit Service audited the adequacy and effectiveness of the Grant Management process and concluded that the procedures in place are providing enough assurance. The two main recommendations included in the report, dealing with the setting up of a documented process for selecting experts and control over access rights, were addressed by the Joint Undertaking;
- **conflicts of interest**: ENIAC has set up comprehensive measures to prevent conflicts of interest and published them on its website. Further improvements should be considered such as setting up a database to include all information related to conflicts of interest.

Cross-cutting remarks for all the Joint undertakings: the prevention of conflicts of interest is addressed by most Joint Undertakings by the adoption of specific rules and by the development of tools to document all related information. An Interim Evaluation was performed over 2013 assessing all Joint Undertakings in terms of relevance, efficiency, effectiveness and research quality. The reports, while positive, also highlighted areas for further improvement.

Joint Undertaking's replies: the Joint Undertaking replied point by point to all of the technical elements highlighted by the Court of Auditors. ARTEMIS submitted a common action plan with ENIAC to mitigate this qualified opinion. Visits to National Funding Authorities (NFA) took place already in Germany, Belgium and France, followed by additional documentation; the assessment reports are in the process of being elaborated. The results may be found in the Court of Auditor's report.

As regards the **activities of the Joint Undertaking in 2013**, the report refers to the Annual Activity Report 2013 which can be found at www.eniac.eu.

It should be noted that the budget for the Joint Undertaking for 2013 amounted to EUR 172 608 784.19 in commitment appropriations and EUR 36 609 726.23 in payment appropriations.

Remark: the ARTEMIS and ENIAC Joint Undertakings were merged to create the Electronic Components and Systems for European Leadership Joint Technology Initiative (**ECSEL JTI**). In addition to combining the ARTEMIS initiative on embedded systems and the ENIAC initiative on nano-electronics, ECSEL JTI will incorporate research and innovation on smart systems. ECSEL JTI started in June 2014 and will run for 10 years.

2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2014/2135(DEC) - 27/10/2015 - Final act

PURPOSE: to grant discharge to the ENIAC Joint Undertaking for the financial year 2013.

NON-LEGISLATIVE ACT: Decision (EU) 2015/2212 of the European Parliament on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2013.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the ECSEL Joint Undertaking in respect of the implementation of the ENIAC Joint Undertaking's budget for the financial year 2013. It approved the closure of the accounts of the Joint Undertaking in a parallel decision (Decision (EU) 2015/2213).

This decision is in line with the European Parliament's second resolution adopted on 27 October 2015 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 27 October 2015).

Amongst the main observations made, Parliament recalled that the Court issued a **qualified opinion on the legality and regularity of the transactions underlying the annual accounts**, on the grounds of not being able to conclude whether or not the ex post audit strategy provided sufficient assurance with respect to the legality and regularity of the underlying transactions.

The resolution acknowledged furthermore that the ECSEL JTI is making further assessments of the national assurance systems following the merger of the Joint Undertaking and ARTEMIS Joint Undertaking.

2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2014/2135(DEC) - 31/03/2015 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Ryszard CZARNECKI (ECR, PL) on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2013.

The committee called on Parliament to **postpone its decision on granting the Executive Director of the ECSEL Joint Undertaking discharge** in respect of the implementation of the ENIAC Joint Undertaking’s budget for the financial year 2013. It made a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies.

- **Budgetary and financial management:** Members were deeply concerned that the Court issued a qualified opinion, for a third consecutive year, on the legality and regularity of the transactions underlying the annual accounts, on the grounds of not being able to conclude whether or not the ex post audit strategy provided sufficient assurance with respect to the legality and regularity of the underlying transactions. The qualified opinion **put into question the willingness of the Joint Undertaking to be effective and efficient**. Members acknowledged that the Joint Undertaking had submitted an action plan which aimed to remedy the deficiencies identified by the Court in its qualified opinion, and they looked forward to the successful implementation of the entire action plan. They called on the Joint Undertaking to provide a first interim evaluation report on the implementation of the action plan. At the same time, the committee was concerned that there was limited information available regarding the evaluation of the Member States' and AENEAS' contributions corresponding to the actual level of Union payments. It called on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission, including the application of the evaluation rules, together with an assessment by the Commission.

- **Conflicts of interests:** Members acknowledged that the Joint Undertaking had taken comprehensive measures to prevent conflicts of interest and had published them on its website. They called on the Joint Undertaking to inform the discharge authority about the progress of the database concerning conflicts of interest.

Other observations: Members went on to make a series of observation on the legal framework of the Undertaking, the calls for proposals underway and the system of internal control at the Undertaking. Lastly, they noted that between September 2012 and February 2013, the Commission carried out its Second Interim Evaluation in order to assess the Joint Undertaking and the ARTEMIS Joint Undertaking in terms of relevance, effectiveness, efficiency and research quality. They took note that the report was issued in May 2013 and contained several recommendations for the Joint Undertaking.

2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2014/2135(DEC) - 30/01/2015 - Document attached to the procedure

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 of the ENIAC Joint Undertaking, and the report by the Court of Auditors on the annual accounts of the ENIAC Joint Undertaking for the financial year 2013, accompanied by the ENIAC 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 ECSEL Joint Undertaking in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2013.

Overall, the Council welcomes the Court's opinion that, in all material respects, the ENIAC Joint Undertaking's annual accounts fairly present the financial position as at 31 December 2013 and the results of operations and cash flows for the year then ended, in accordance with the provisions of the ENIAC Joint Undertaking's Financial Rules.

However, **the Council regretted the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts**, based on the Court's assessment that the ENIAC Joint Undertaking's ex-post audit strategy does not provide sufficient assurance that this key control tool is functioning effectively. The Council urged the ECSEL Joint Undertaking as the successor Joint Undertaking to examine the audit strategies of the National Funding Authorities (NFAs), to ensure that all NFAs deliver their audit reports in time and that they include all relevant information for the ex-post audit strategy to function effectively.

In addition, the following observations were made:

- **carry-overs**: with regard to the budget implementation, the Council called on the ECSEL Joint Undertaking to pay due attention to the proper implementation of commitment and payment appropriations in the course of the budgetary year and to decommit if necessary in order to avoid excessive carry-overs;
- **conflicts of interest**: the Council requested the putting in place a proper procedure for dealing with conflict of interests situations;
- **research results**: it invited the ECSEL Joint Undertaking to further improve the monitoring and reporting of the research results.

Finally, the Council called on the ECSEL Joint Undertaking to take dully into account the recommendations put forward in the Commission's Second Interim Evaluation report and to implement them.

2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2014/2135(DEC) - 29/04/2015 - Text adopted by Parliament, single reading

The European Parliament decided by 439 votes to 248, with 8 abstentions, to postpone its decision on granting the Executive Director of the ECSEL Joint Undertaking discharge in respect of the implementation of the ENIAC Joint Undertaking’s budget for the financial year 2013. It postponed the closure of the accounts of the ECSEL accounts for the financial year 2013.

Parliament also adopted by 659 votes to 19, with 9 abstentions, a resolution containing a number recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the resolution on performance, financial management and control of EU agencies:

- **Budgetary and financial management**: Parliament was deeply concerned that the Court issued a qualified opinion, for a third consecutive year, on the legality and regularity of the transactions underlying the annual accounts, on the grounds of not being able to conclude whether or not the ex post audit strategy provided sufficient assurance with respect to the legality and regularity of the underlying transactions. The qualified opinion **put into question the willingness of the Joint Undertaking to be effective and efficient**. Members acknowledged that the Joint Undertaking had submitted an action plan which aimed to remedy the deficiencies identified by the Court in its qualified opinion, and they looked forward to the successful implementation of the entire action plan. Parliament called on the Joint Undertaking to provide a first interim evaluation report on the implementation of the action plan. At the same time, Parliament was concerned that there was limited information available regarding the evaluation of the Member States' and AENEAS' contributions corresponding to the actual level of Union payments. It called on the Joint Undertaking to submit a report to the discharge authority concerning the contributions of all members other than the Commission, including the application of the evaluation rules, together with an assessment by the Commission.
- **Conflicts of interests**: Parliament acknowledged that the Joint Undertaking has taken comprehensive measures to prevent conflicts of interest and has published them on its website; notes from the Court's report that further improvements should be considered such as setting up a database to include all information concerning conflicts of interest. It recalled that the discharge authority has previously requested the Court to draw up a special report on the capacity of the joint undertakings, together with their private partners, to ensure added value and efficient execution of Union research, technological development and demonstration programmes.

Other observations: Parliament went on to make a series of observation on the legal framework of the Undertaking, the calls for proposals underway and the system of internal control at the Undertaking. It noted that between September 2012 and February 2013, the Commission carried out its Second Interim Evaluation in order to assess the Joint Undertaking and the ARTEMIS Joint Undertaking in terms of relevance, effectiveness, efficiency and research quality. It also noted that the report was issued in May 2013 and contained several recommendations for the Joint Undertaking.

2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2014/2135(DEC) - 30/07/2014 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2013, as part of the 2013 discharge procedure.

Analysis of the accounts of the **ENIAC Joint Undertaking**.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2013 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the ENIAC Joint Undertaking.

The document contains the figures on which the discharge procedure is based.

Discharge procedure of the EU Joint Undertakings: the EU Budget finances a wide range of policies and programmes throughout the EU. In accordance with the priorities set by the European Parliament and the Council in the multi-annual financial framework (MFF), the European Commission carries out specific programmes, activities and projects in the field with the technical support of some specialised agencies.

The consolidated annual accounts of the EU provide information on the activities of the institutions, agencies and other bodies of the EU from a budgetary and accrual accounting perspective.

The consolidated reports on the implementation of the general budget of the EU include the budget implementation of all Institutions. **Agencies and Joint Undertakings (JUs) do not have a separate budget inside the EU budget**; and they are partially financed by a Commission budget subsidy.

Each JU is subject to its own discharge procedure.

ENIAC: in 2013, the tasks and budget of the Joint Undertaking were as follows:

- **description of the tasks of the Joint Undertaking**: the ENIAC Joint Undertaking, located in Brussels, was set up by Council Regulation (EC) No 72/2008 for a period of 10 years. The aim of ENIAC is to define a commonly agreed research agenda in the field of nano-electronics. It pursues this by pooling resources from the public and private sectors to support R&D activities in the form of projects;
- **accounts of the JU**: the total commitment of the EU amounts to EUR 450 million. At 31 December 2013, the Commission held 95.41% of the ownership participation in ENIAC. The cumulative unrecognised share of losses is EUR 26 million.

Please also consult the final accounts of ENIAC Joint Undertaking.

2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2014/2135(DEC) - 02/10/2015 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the 2nd report by Ryszard **CZARNECKI** (ECR, PL) and called on the European Parliament to **grant discharge to the Executive Director of the ENIAC Joint Undertaking in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2013.**

Members called on Parliament to approve the closure of ENIAC's accounts.

Budgetary and financial management: Members recalled that the Court of Auditors stated that the 2013 annual accounts of the Joint Undertaking presented fairly, in all material respects, its financial position as of 31 December 2013 and the results of its operations and its cash flows for the year-end.

They recalled that the Court issued **a qualified opinion on the legality and regularity of the transactions underlying the annual accounts,** on the grounds of not being able to conclude whether or not the ex post audit strategy, which relied heavily on the National Funding Authorities (NFAs) auditing project cost claims, provided sufficient assurance with respect to the legality and regularity of the underlying transactions.

Noting from the Joint Undertaking that the Court would take steps in order to obtain sufficient assurances on the audits carried out by the NFAs, Members acknowledged that the ECSEL JTI was making further assessments of the national assurance systems following the merger of the Joint Undertaking and ARTEMIS Joint Undertaking.

The Joint Undertaking established the practical arrangements for ex post audits concerning the administrative agreements signed with the NFAs. Members welcomed the fact that in order to complement the information obtained by the Joint Undertaking, the Court acquired additional information directly from the NFAs in order to express an opinion on the legality and regularity of the transactions underlying the account.

They acknowledged from the Joint Undertaking that it made progress in implementing the action plan aimed at remedying the deficiencies identified by the Court in its qualified opinion. They also noted that the Joint Undertaking developed a new methodology for residual error rate estimation, similar to the one used by the Commission services in charge of co-managed funding.

Private sector contributions: Members ascertained from the Joint Undertaking that the Member States' contributions were under the level of 1.8 as requested by the Joint Undertaking's statute in order to comply with the limitations imposed by the State aid rules. For the industrial participants in large pilot line projects the total public funding could exceed 25 % while the Joint Undertaking's statute required allocating the same reimbursement

rate to each participant. The committee acknowledged that the lower contributions from the Members States were more than compensated by increased private sector contributions, carrying 65% of the total costs and thus reaching a very high leverage of the Union funding.

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