Basic information

2015/2202(DEC) DEC - Discharge procedure	Procedure completed
2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics **Subject** 8.70.03.04 2014 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MARINESCU Marian-Jean (PPE)	25/05/2016
	Shadow rapporteur POCHE Miroslav (S&D) FITTO Raffaele (ECR) GERBRANDY Gerben-Jan (ALDE) DE JONG Dennis (GUE/NGL) ŠOLTES Igor (Verts/ALE) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
23/07/2015	Non-legislative basic document published	COM(2015)0377	Summary
05/10/2015	Committee referral announced in Parliament		
04/04/2016	Vote in committee		
08/04/2016	Committee report tabled for plenary	A8-0113/2016	Summary
27/04/2016	Debate in Parliament		

28/04/2016	Decision by Parliament	T8-0195/2016	Summary
28/04/2016	Results of vote in Parliament		
28/04/2016	Report referred back to committee		
26/09/2016	Vote in committee		
28/09/2016	Committee report tabled for plenary	A8-0264/2016	Summary
26/10/2016	Debate in Parliament		
27/10/2016	Decision by Parliament	T8-0419/2016	Summary
27/10/2016	Results of vote in Parliament		
27/10/2016	End of procedure in Parliament		
08/12/2016	Final act published in Official Journal		

Technical information

Procedure reference	2015/2202(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/06504

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE571.621	03/02/2016	
Amendments tabled in committee		PE576.935	04/03/2016	
Committee report tabled for plenary, single reading		A8-0113/2016	08/04/2016	Summary
Text adopted by Parliament, single reading		T8-0195/2016	28/04/2016	Summary
Committee draft report		PE584.111	05/07/2016	
Amendments tabled in committee		PE589.128	07/09/2016	
Committee report tabled for plenary, single reading		A8-0264/2016	28/09/2016	Summary
Text adopted by Parliament, single reading		T8-0419/2016	27/10/2016	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05587/2016	27/01/2016	Summary

European Commission

Document type	Reference	Date	Summary

Non-legislative basic document	COM(2015)0377	23/07/2015	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0003/2016 OJ C 422 17.12.2015, p. 0025	20/10/2015	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2016/2154
OJ L 333 08.12.2016, p. 0054 Summary

2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2015/2202(DEC) - 27/10/2016 - Text adopted by Parliament, single reading

The European Parliament decided to **grant the Executive Director of the ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking and the ARTEMIS Joint Undertaking) discharge in respect of the implementation of the joint undertaking's budget for the financial year 2014.**

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

Parliament also adopted by 501 votes to 107, with 17 abstentions, a resolution containing a number of recommendations that form an integral part of the discharge decision granted in plenary.

The principal observations made by Parliament may be summarised as follows:

- **In general**: Parliament acknowledged the fact that the Joint Undertaking's accounts for the period 1 January 2014 to 26 June 2014 present fairly, in all material respects, its financial position on 26 June 2014. It expressed concern, however, that the Court of Auditors **issued a qualified opinion for the fourth consecutive year regarding the regularity and legality of the underlying transactions** on the grounds that the administrative agreements signed with the national funding authorities (the "NFAs") regarding audit of project cost claims do not include practical arrangements for ex-post audits. It noted that the ECSEL JTI has invited national funding authorities to produce evidence that the implementation of the national procedures provide a reasonable assurance on the legality and regularity of transactions. It was also noted that by the deadline of 30 June 2016, 76% of the NFAs so invited, representing 96.79% of joint Artemis and Joint Undertaking's spending, submitted the documents required and confirmed that the implementation of the national procedures provides a **reasonable assurance on the legality and regularity of transactions**.
- **Grants**: Parliament acknowledged that, according to the Joint Undertaking, national assurance procedures have been surveyed up to April 2015 for countries receiving 54.2 % of the Joint Undertaking grants. It commended the intention of the Joint Undertaking to continue this exercise by covering up to 92.7% of the total Joint Undertaking grants allocated and welcomed the assurance of the Joint Undertaking that the national procedures provide reasonable assurance with regard to the legality and regularity of the underlying transactions.

2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2015/2202(DEC) - 27/10/2016 - Final act

PURPOSE: to grant discharge to the ENIAC Joint Undertaking for the financial year 2014.

NON-LEGISLATIVE ACT: Decision (EU) 2016/2154 of the European Parliament on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2014.

CONTENT: with this Decision, the European Parliament granted the Executive Director of the ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking and the ARTEMIS Joint Undertaking) discharge in respect of the implementation of the ENIAC Joint Undertaking's budget for the financial year 2014.

This decision is in line with the European Parliament's resolution adopted on 27 October 2016 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 2016).

Among Parliament’s main observations made in the resolution accompanying the discharge decision, Parliament expressed concern about the irregularities noted by the Court of Auditors regarding the administrative agreements signed with the national funding authorities regarding audit of project cost claims.

Parliament noted, however, that the ECSEL JTI has corrected most of the irregularities noted above.

2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2015/2202(DEC) - 28/09/2016 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the second report by Marian-Jean MARINESCU (EPP, RO) on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2014.

The committee called on the European Parliament to **grant the Executive Director of the ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking and the ARTEMIS Joint Undertaking) discharge in respect of the implementation of the ENIAC Joint Undertaking's budget for the financial year 2014**.

In parallel, Members called on the Parliament to close the accounts of the Joint Undertaking for 2014.

They made a series of specific recommendations which may be summarised as follows:

- **In general**: Members expressed concern that the Court of Auditors issued a qualified opinion for the fourth consecutive year regarding the regularity and legality of the underlying transactions on the grounds that the administrative agreements signed with the national funding authorities (the “NFAs”) regarding audit of project cost claims do not include practical arrangements for ex-post audits. They noted that the ECSEL JTI has invited national funding authorities to produce evidence that the implementation of the national procedures provide a reasonable assurance on the legality and regularity of transactions. It was also noted that by the deadline of 30 June 2016, 76% of the NFAs so invited, representing 96.79% of joint Artemis and Joint Undertaking's spending, submitted the documents required and confirmed that the implementation of the national procedures provides a **reasonable assurance on the legality and regularity of transactions**.
- **Grants**: Members acknowledged that, according to the Joint Undertaking, national assurance procedures have been surveyed up to April 2015 for countries receiving 54.2 % of the Joint Undertaking grants. They commended the intention of the Joint Undertaking to continue this exercise by covering up to 92.7% of the total Joint Undertaking grants allocated and welcomed the assurance of the Joint Undertaking that the national procedures provide reasonable assurance with regard to the legality and regularity of the underlying transactions.

2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2015/2202(DEC) - 20/10/2015 - 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 2014, 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 2014;

- 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 2014 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 transactions underlying the accounts: the Court noted that for this Joint Undertaking, the audit of project cost claims has been delegated to the national funding authorities of the Member States (NFAs). However, ENIAC did not assess the quality of these audits. The Court performed an assessment of the audit strategies, including audit reports, of national funding authorities. It indicates that the methodologies used did not allow the Joint Undertaking to calculate a reliable weighted error rate nor a residual error rate. Therefore the Court feels that it is not possible to conclude whether ENIAC's ex-post audits are functioning effectively. Hence, it gave a qualified opinion. The audit also revealed the following points:

- **financial and budgetary management**: the utilisation rate for administrative commitment appropriations was 43 % because the merger took place in June whereas the budget was adopted for the whole year;
- **procurement:** the Court notes that the amount of appropriations committed for the calls for proposals was between 90% and 100%;
- **internal control**: the Joint Undertakings' ex-post audit strategies are a key tool for assessing the legality and regularity of the underlying transactions. ECSEL's administrative agreements do not include practical arrangements for ex-post audits, and the Court has given a qualified opinion on this point.

Cross-cutting remarks for all the Joint undertakings: the monitoring and reporting of research results is laid down in the Seventh Framework Programme (FP7). In the grant agreements signed with members and other beneficiaries, the Joint Undertakings have included specific provisions governing intellectual property rights and the dissemination of research activities and results. The implementation of these provisions is monitored by the Joint Undertakings at different stages of the funded projects and significant progress has been achieved in 2014. However, in order to meet the requirements of Horizon 2020 and to better contribute to the dissemination of FP7 research results, the Court considers that cooperation between the Joint Undertakings and the Commission must be developed as much as possible with special regard to the further integration of some of the Joint Undertakings' data into the Commission's systems.

The Court also indicates that there is room to improve procedures, in particular in the implementation of the ex-post audit strategy, and cooperation with the Commission as regards the integration of the research results.

Replies of the Joint Undertaking: the Joint Undertaking replies point by point to all the technical remarks made by the Court of Auditors. It indicates particularly, that the ECSEL Joint Undertaking undertook extensive assessments of the national assurance systems and concluded that the latter can provide a reasonable protection of the financial interests of the Joint Undertaking members. However, as indicated by the Court, the national methodologies do not allow the calculation of a weighted error rate nor a residual error rate for the projects launched under ARTEMIS and ENIAC Joint Undertakings.

With regard to the **activities of the Joint Undertaking in 2014**, the report refers to the Joint Undertaking's latest available annual activity report for 2013 available at the following address: www.ecsel.eu.

It should be noted that the budget for the Joint Undertaking was EUR 2 356 000 for commitments and EUR 76 500 250 for payments.

Remark: the ARTEMIS and ENIAC Joint Undertakings were merged to create ECSEL (the Electronic Components and Systems for European Leadership Joint Undertaking.) The latter combines not only the Artemis JU on embedded systems and ENIAC JU on nanoelectronics, but also integrates work on implementing a research agenda for the development of key technologies for embedded computing systems across different application areas. ECSEL JU started its activities on 27 June 2014 and will run for 10 years.

2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2015/2202(DEC) - 08/04/2016 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Marian-Jean MARINESCU (EPP, RO) on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2014.

The parliamentary committee calls on the European Parliament to **postpone its decision to grant the Executive Director of the joint undertaking the discharge in respect of the implementation of the joint undertaking's budget for the financial year 2014**.

Accordingly, Members call on Parliament to delay the approval the closure of the joint undertaking's accounts.

They made, however, a number of recommendations that need to be taken into account when the discharge is granted. They may be summarised as follows:

- **General remark:** Members recall that the Artemis Joint Undertaking and the ENIAC Joint Undertaking (ENIAC) were merged to create the Electronic Components and Systems for European leadership Joint Technology Initiative (ECSEL JTI), which started its activity in June 2014 and will run for 10 years.
- **Qualified opinion of the Court of Auditors:** Members are concerned that the Court issued a qualified opinion for the fourth consecutive year regarding the regularity and legality of the underlying transactions on the grounds that the administrative agreements signed with the national funding authorities ("the NFAs") regarding audit of project cost claims do not include practical arrangements for *ex-post* audits. They note that

the Joint Undertaking did not assess the quality of the audit reports received from the NFAs even though the ECSEL JTI confirmed that its extensive assessment of the national assurance systems concluded that they can provide reasonable protection of the financial interests of the Joint Undertakings' members. Members invite the ECSEL initiative to further strengthen its controls and the Court to collect additional and necessary documents and information as an alternative way to justify its opinion.

- **Budget and financial management:** Members note that the Joint Undertaking's final budget for the financial year 2014 included commitment appropriations of EUR 2 356 000 and payment appropriations of EUR 76 500 250. They note that the initial budget for 2014 included only commitment appropriations for running costs amounting to EUR 2 300 000 and that the budget did not include commitment appropriations for operational activities, with a low utilisation rate for administrative commitment appropriations of 43 %. Members regret the lack of information regarding in-kind and cash contributions. They call on the Court to include, in future reports, concrete provisions regarding the evaluation procedure and the level of in kind and cash paid contributions.

Lastly, Members issued a series of observations regarding the internal audit.

2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2015/2202(DEC) - 27/01/2016 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the period 1 January 2014 to 26 June 2014 and the balance sheet as at 26 June 2014 of the ENIAC Joint Undertaking, and the report by the Court of Auditors on the annual accounts of the Joint Undertaking for the period 1 January 2014 to 26 June 2014, 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 ECSEL Joint Undertaking in respect of the implementation of the budget of the Joint Undertaking for the period 1 January 2014 to 26 June 2014.

The Council recalled that the ECSEL Joint Undertaking has replaced and succeeded the ENIAC Joint Undertaking and that discharge should be given to the Executive Director of the ECSEL Joint Undertaking.

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 26 June 2014 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 the period 1 January 2014 to 26 June 2014 are legal and regular in all material respects.

The Council regretted, however, the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts of the Joint Undertaking. In the Court's assessment, the Joint Undertaking's ex-post audit strategy does not provide sufficient assurance that this key control tool is functioning effectively. Even though the National Funding Authorities (NFAs), are responsible for ex-posts audits, the Joint Undertaking did not assess the quality of those audits nor was reliable information provided to enable the calculation of an error rate. The Council called on the ECSEL Joint Undertaking, as the successor Joint Undertaking, to ensure that the future audit strategies address these shortcomings.

It also made the following observations:

- **implementation rate**: the Council noted the Court's observation concerning the low implementation rate of the administrative commitment appropriations due to the merger with the ARTEMIS Joint Undertaking that took place in June 2014;
- **financial regulation**: the Council noted the late implementation of the new provisions of the Financial Regulation and the lack of amendment of the Joint Undertaking's Financial Rules due to the merger that took place in June 2014.

2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2015/2202(DEC) - 23/07/2015 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2014, as part of the 2014 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 2014 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 148 (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.

On this basis, the Financial Controller of the European Commission ensures the certification of the consolidated accounts as declared by the institutions, agencies and bodies of the European Union.

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.

This document sets out how the JUs spent and implemented their budget in 2014. Each agency is subject to its own discharge procedure.

ENIAC: in 2014, 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 (BE), was set up by Council Regulation (EC) No 72/2008. Its aim 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**: as of 26.6.2014, the accounts of the ENIAC Joint Undertaking (along with the Artemis JU) were integrated in a new structure called ECSEL. At 31 December, 2014, the Commission held 95.47% ownership participation in ECSEL JU. The accounts of the Eniac JU were however regularly audited for the period up to the integration of Eniac in ECSEL.

Please also consult the final accounts of ENIAC Joint Undertaking.

2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2015/2202(DEC) - 28/04/2016 - Text adopted by Parliament, single reading

The European Parliament decided to postpone its decision to grant discharge to the Executive Director of the ECSEL Joint Undertaking in respect of the implementation of ENIAC's budget for the financial year 2014.

It postponed the closure of the accounts of the ENIAC Joint Undertaking (in accordance with Annex V, Article 5 (1)(b) to Parliament's Rules of Procedure.

Parliament adopted by 595 votes to 40, with 0 abstentions, a resolution containing a series of recommendations, which form an integral part of the decision on discharge and which add to the general recommendations set out in the resolution on performance, financial management and control of EU agencies:

- **General remark**: Parliament recalled that the Artemis Joint Undertaking and the ENIAC Joint Undertaking (ENIAC) were merged to create the Electronic Components and Systems for European leadership Joint Technology Initiative (ECSEL JTI), which started its activity in June 2014 and will run for 10 years.
- **Qualified opinion of the Court of Auditors**: Parliament expressed concerned that the Court issued a qualified opinion for the fourth consecutive year regarding the regularity and legality of the underlying transactions on the grounds that the administrative agreements signed with the national funding authorities ("the NFAs") regarding audit of project cost claims do not include practical arrangements for *ex-post* audits. It noted that the Joint Undertaking did not assess the quality of the audit reports received from the NFAs even though the ECSEL JTI confirmed that its extensive assessment of the national assurance systems concluded that they can provide reasonable protection of the financial interests of the Joint Undertakings' members. Parliament invited the ECSEL initiative to further strengthen its controls and the Court to collect additional and necessary documents and information as an alternative way to justify its opinion. Parliament also called on the ECSEL JTI, following the assessment of the procedures applied by the NFAs, to invite the NFAs to produce evidence that the implementation of the national procedures provides a reasonable assurance on the legality and regularity of transactions.
- **Budget and financial management**: Parliament noted that the Joint Undertaking's final budget for the financial year 2014 included commitment appropriations of EUR 2 356 000 and payment appropriations of EUR 76 500 250. It noted that the initial budget for 2014 included only commitment appropriations for running costs amounting to EUR 2 300 000 and that the budget did not include commitment appropriations for operational activities, with a low utilisation rate for administrative commitment appropriations of 43 %. Parliament regretted the lack of information regarding in-kind and cash contributions. It called on the Court to include, in future reports, concrete provisions regarding the evaluation procedure and the level of in kind and cash paid contributions.

Lastly, Parliament issued a series of observations regarding the internal audit.