Basic information

2015/2204(DEC) DEC - Discharge procedure	Procedure completed
2014 discharge: ECSEL Joint Undertaking for the implementation of the Joint Technology Initiative 'Electronic Components and Systems for European Leadership' **Subject** 8.70.03.04 2014 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MARINESCU Marian-Jean (PPE)	25/08/2015
	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)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Budget	GEORGIEVA Kristalina

Key events

Date	Event	Reference	Summary
		COM(2015)0377	Summary

23/07/2015	Non-legislative basic document published		
05/10/2015	Committee referral announced in Parliament		
04/04/2016	Vote in committee		
08/04/2016	Committee report tabled for plenary	A8-0119/2016	Summary
27/04/2016	Debate in Parliament		
28/04/2016	Decision by Parliament	T8-0194/2016	Summary
28/04/2016	Results of vote in Parliament		
28/04/2016	End of procedure in Parliament		
14/09/2016	Final act published in Official Journal		

Technical information

Procedure reference	2015/2204(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/04265

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE571.620	03/02/2016	
Amendments tabled in committee		PE576.934	04/03/2016	
Committee report tabled for plenary, single reading		A8-0119/2016	08/04/2016	Summary
Text adopted by Parliament, single reading		T8-0194/2016	28/04/2016	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	N8-0008/2016 OJ C 422 17.12.2015, p. 0080	20/10/2015	Summary

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Budget 2016/1585 OJ L 246 14.09.2016, p. 0396	Summary

2014 discharge: ECSEL Joint Undertaking for the implementation of the Joint Technology Initiative 'Electronic Components and Systems for European Leadership'

2015/2204(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 ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking and the ARTEMIS Joint Undertaking) for the financial year 2014.

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

Noting that the Court of Auditors issued a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions for the financial year 2014, Members call on Parliament to approve 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 Joint Undertaking was established to replace and succeed the ENIAC Joint Undertaking (ENIAC) and the ARTEMIS Joint Undertaking (ARTEMIS) under Council Regulation (EC) No 561/2014. They note that the Court of Auditors makes too many general, to the detriment of viable, specific, remarks. They therefore call for an audit with a closer focus on the annual financial performance on the implementation status of multiannual projects, including a clear presentation of the implementation of the budget for the respective year and for previous years, and their results and implementation. They note that the information provided in the Joint Undertaking's Report on Budgetary and Financial Management for the financial year 2014 lacked harmonisation and was often incomplete.
- **Budget and financial management:** Members note that the Joint Undertaking's final budget for the financial year 2014 included commitment appropriations of EUR 160 114 500 and payment appropriation of EUR 104 144 250. They regret the absence of information regarding in-kind and cash contributions and call on the Court to include in future reports provisions regarding the evaluation procedure and level of in-kind and cash paid contribution, separately, for FP7 and Horizon 2020.
- **Internal control:** Members note that the Joint Undertaking elaborated in 2014 a checklist including the essential elements of an assurance system and engaged in intensive exchanges with the NFAs to assess the assurance provided by the national systems. In this regard, they note that the Joint Undertaking estimated the residual error rate at 0.73 %. Members note that the Joint Undertaking did not assess the quality of the audit reports received from the NFAs concerning the costs relating to completed projects. They also note that, after an assessment of the audit strategies of three of the NFAs, it was not possible to conclude whether ex-post audits are functioning effectively due to different methodologies used by NFAs which did not allow the Joint Undertaking to calculate either a weighted error rate or a residual error rate. They note this technical difficulty does not, however, result in the Court’s negative opinion, but understandably prevents it from confirming the legality and regularity of the transactions without formulating a reservation; notes also that the Joint Undertaking has confirmed that its extensive assessment of the national assurance systems concluded that they can provide a reasonable protection of the financial interests of its members.

Members make a series of further observations regarding the undertaking's legal framework, internal audits, the management of conflicts of interest and the monitoring and reporting of research results.

2014 discharge: ECSEL Joint Undertaking for the implementation of the Joint Technology Initiative 'Electronic Components and Systems for European Leadership'

2015/2204(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 **ECSEL 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 ECSEL 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.

ECSEL: in 2014, the tasks and budget of the Joint Undertaking were as follows:

- **description of the tasks of the Joint Undertaking**: the ECSEL Joint Undertaking, located in Brussels (BE), was set up by Council Regulation (EU) No 561/2014 and aims to contribute to the development of a strong and globally competitive electronics components and systems industry in the Union;
- **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 ECSEL.

2014 discharge: ECSEL Joint Undertaking for the implementation of the Joint Technology Initiative 'Electronic Components and Systems for European Leadership'

2015/2204(DEC) - 20/10/2015 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the ECSEL 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 ECSEL Joint Undertaking (electronic components and systems).

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 recalled that ECSEL has taken over the projects of the ARTEMIS and ENIAC Joint Undertakings. The administrative agreements concluded with the national funding authorities of Member States continue to apply after the merger of these Joint Undertakings into ECSEL Joint Undertaking. Accordingly, the Court gave a qualified opinion on projects launched by Artemis and ENIAC, with regard to ECSEL Joint Undertaking.

The audit also revealed the following points:

- **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 has not adopted an ex-post audit strategy, 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 ECSEL Joint Undertaking's latest available annual activity report for 2014 available at the following address: www.ecsel.eu.

It should be noted that the budget for the Joint Undertaking was EUR 160 114 500 for commitment appropriations and EUR 104 144 250 for payment appropriations.

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: ECSEL Joint Undertaking for the implementation of the Joint Technology Initiative 'Electronic Components and Systems for European Leadership'

2015/2204(DEC) - 27/01/2016 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the period 27 June 2014 to 31 December 2014 and the balance sheet as at 31 December 2014 of the ECSEL Joint Undertaking, as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the period 27 June 2014 to 31 December 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 Joint Undertaking in respect of the implementation of the budget for the period 27 June 2014 to 31 December 2014.

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 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 27 June 2014 to 31 December 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. The Council noted that the National Funding Authorities (NFAs), are responsible for ex-posts audits, and that the ARTEMIS and ENIAC Joint Undertakings, the Joint Undertaking's predecessors, had concluded administrative agreements with the NFAs of the Member States, which continue to apply after the merger of the ARTEMIS and ENIAC Joint Undertakings into the ECSEL Joint Undertaking.

The Council regretted, that the Joint Undertaking did not assess the quality of audits provided by NFAs and that no reliable information was provided to enable the calculation of an error rate. The Council urged the Joint Undertaking to examine the audit strategies of the National Funding Authorities (NFAs), to ensure that all NFAs deliver their audit reports on time, and that they include all relevant information for the ex-post audit strategy to function effectively.

The Council also made the following observations:

- **implementation rate**: the Council took note of the Court's observation concerning the low implementation rate of the administrative commitment appropriations due to the merger that took place in June 2014 and called on the Joint Undertaking to pay due attention to its monitoring of budget implementation;
- **research results**: the Council called on the Joint Undertaking to improve the quality of its monitoring of research results and the dissemination of qualitative data including information on progress made against performance indicators. It also called on the Joint Undertaking to enhance its cooperation with the Commission with a view to improving the dissemination of research results.

2014 discharge: ECSEL Joint Undertaking for the implementation of the Joint Technology Initiative 'Electronic Components and Systems for European Leadership'

2015/2204(DEC) - 28/04/2016 - Text adopted by Parliament, single reading

The European Parliament decided by 432 votes to 173 with 23 abstentions, 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. The vote on the decision on discharge covers the closure of the accounts (in accordance with Annex V, Article 5 (1)(a) to Parliament's Rules of Procedure.

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that the Joint Undertaking's annual accounts for the financial year 2014 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 508 votes to 118 with 4 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 Joint Undertaking was established to replace and succeed the ENIAC Joint Undertaking (ENIAC) and the ARTEMIS Joint Undertaking (ARTEMIS) under Council Regulation (EC) No 561/2014. It noted that the Court of Auditors makes too many general, to the detriment of viable, specific, remarks. It therefore called for an audit with a closer focus on the annual financial performance on the implementation status of multiannual projects, including a clear presentation of the implementation of the budget for the respective year and for previous years, and their results and implementation. It noted that the information provided in the Joint Undertaking's Report on Budgetary and Financial Management for the financial year 2014 lacked harmonisation and was often incomplete.
- **Budget and financial management**: Parliament note that the Joint Undertaking's final budget for the financial year 2014 included commitment appropriations of EUR 160 114 500 and payment appropriations of EUR 104 144 250. It regretted the absence of information regarding in-kind and cash contributions and called on the Court to include in future reports provisions regarding the evaluation procedure and level of in-kind and cash paid contribution, separately, for FP7 and Horizon 2020.
- **Qualified opinion**: Parliament noted that the Joint Undertaking estimated the residual error rate at 0.73 %. It observed, however, that the Joint Undertaking failed to convey how many transactions were involved to calculate such a rate and therefore, asks the Joint Undertaking to supply that information. It pointed out that, despite all the above, the Court has **issued a qualified opinion on the legality and regularity of the transactions underlying the annual accounts** on the grounds that the administrative agreements signed with the National Funding Authorities (NFAs) regarding the audit of project cost claims do not include practical arrangements for ex-post audits. Parliament also noted that the Joint Undertaking did not assess the quality of the audit reports received from the NFAs concerning the costs relating to completed projects. It noted, furthermore, that, after an assessment of the audit strategies of three of the NFAs, it was not possible to conclude whether ex-post audits are functioning effectively. It noted also that the Joint Undertaking has confirmed that its extensive assessment of the national assurance systems concluded that they can provide a reasonable protection of the financial interests of its members. Parliament called on the Joint Undertaking, following the assessment of the procedures applied by the NFAs, to invite the NFAs to produce a written statement that the implementation of the national procedures provides a **reasonable assurance on the legality and regularity of transactions**.
- **Financial and budgetary management**: Parliament acknowledged the fact that the implementation rate for operational commitment appropriations was 99.7 %. It noted, however, that the commitment appropriations were signed at a global level and, therefore, no corresponding grant agreements had been signed yet. It considered that, in the absence of a clear separation between FP7 and Horizon 2020 implementation-related information, those indicators do not ensure a real evaluation of performance. It called on the Court to include in future reports information regarding the execution of the budget under of FP7 and separately under Horizon 2020.

Parliament made a series of further observations regarding the undertaking's legal framework, internal audits, the management of conflicts of interest and the monitoring and reporting of research results.

2014 discharge: ECSEL Joint Undertaking for the implementation of the Joint Technology Initiative 'Electronic Components and Systems for European Leadership'

2015/2204(DEC) - 28/04/2016 - Final act

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

NON-LEGISLATIVE ACT: Decision (EU) 2016/1585 of the European Parliament on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking (formerly the ENIAC Joint Undertaking and the Artemis Joint Undertaking) for the financial year 2014.

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 2014.

This decision is in line with the European Parliament's resolution adopted on 28 April 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 28 April 2016).

Amongst Parliament’s main observations in the resolution accompanying the discharge decision, the latter noted that that more effort should be made to collaborate more closely with the Commission to meet the requirements of Horizon 2020 and to **better contribute to the dissemination of FP7 results**.