Basic information

2016/2199(DEC) DEC - Discharge procedure	Procedure completed
2015 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking **Subject** 8.70.03.05 2015 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	POCHE Miroslav (S&D)	04/08/2016
	Shadow rapporteur HAYES Brian (PPE) MARIAS Notis (ECR) GERBRANDY Gerben-Jan (ALDE) OMARJEE Younous (GUE/NGL) TARAND Indrek (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
11/07/2016	Non-legislative basic document published	COM(2016)0475	Summary

04/10/2016	Committee referral announced in Parliament		
23/03/2017	Vote in committee		
29/03/2017	Committee report tabled for plenary	A8-0109/2017	Summary
26/04/2017	Debate in Parliament		
27/04/2017	Decision by Parliament	T8-0191/2017	Summary
27/04/2017	Results of vote in Parliament		
27/04/2017	End of procedure in Parliament		
29/09/2017	Final act published in Official Journal		

Technical information

Procedure reference	2016/2199(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/07533

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE593.967	01/02/2017	
Amendments tabled in committee		PE599.873	06/03/2017	
Committee report tabled for plenary, single reading		A8-0109/2017	29/03/2017	Summary
Text adopted by Parliament, single reading		T8-0191/2017	27/04/2017	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05875/2017	07/02/2017	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2016)0475	11/07/2016	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0147/2016 OJ C 473 16.12.2016, p. 0047	18/10/2016	Summary

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

Final act	
Budget 2017/1738 OJ L 252 29.09.2017, p. 0351	Summary

2015 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2016/2199(DEC) - 18/10/2016 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the **Fuel Cells and Hydrogen** 2 (FCH 2) for the financial year 2015, together with the Joint Undertaking's reply.

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 focused on the annual accounts of the FCH 2 Joint Undertaking (fuel cells and hydrogen technologies). As a reminder, the objectives of the FCH Joint Undertaking include supporting research, technological development and demonstration activities in the Member States and countries associated with the seventh research framework programme (FP7) through coordination with industry and research organisations, with a focus on developing market applications and hence facilitating additional industrial efforts towards the rapid deployment of fuel cells and hydrogen technologies. Under Horizon 2020, the objective of the FCH 2 Joint Undertaking is to contribute to the implementation of the societal challenges for secure, clean and efficient energy and for smart, green and integrated transport, and to contribute to the objectives of the Joint Technology Initiative on Fuel Cells and Hydrogen, through the development of a strong, sustainable and globally competitive fuel cells and hydrogen sector in the Union.

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 FCH 2, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2015;
- 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 2015, 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 rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts for the year ended 31 December 2015 are, in all material respects, legal and regular.

The audit also revealed the following points:

- **presentation of the accounts**: the Court noted that by 31 January each year, the members of the Joint Undertaking other than the EU are required to report to the Governing Board on the value of their in-kind contributions made in each of the previous financial years. The members' in-kind contributions should be entered in the Joint Undertaking's accounts. At the time the final accounts were being prepared, the Joint Undertaking had not received the required reports from its members implementing Horizon 2020 projects. Consequently, the amount of 2015 in-kind contributions for the Horizon 2020 programme entered in the accounts is based on estimates made by the Joint Undertaking of the costs incurred by members up to the end of 2015. The accounts issued by the FCH Joint Undertaking do not include the budgetary outturn account, nor the reconciliation table with the economic outturn account.

Joint Undertaking's reply: the JU stressed that, in accordance with the H2020 in-kind contribution to operational activities (IKOP) and in line with the Commission position of July 2016, there was an agreement on a series of measures concerning IKOP including on eligible costs less FCH contribution and the fact that annual reporting should also include certified IKOP based on the costs certified and validated by the JU by 31 December.

As the first reporting under projects is due in September 2016, no costs have been validated by the JU in 2015.

2015 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2016/2199(DEC) - 27/04/2017 - Text adopted by Parliament, single reading

The European Parliament decided to grant the Executive Director of the Fuel Cells and Hydrogen 2 (FCH2) Joint Undertaking discharge in respect of the implementation of Authority's budget for the financial year 2015.

Based on the statement of assurance provided by the Court of Auditors concerning the reliability of the accounts and the legality and regularity of the underlying transactions, it decided to **approve the closure of the accounts** of the Joint Undertaking for the same financial year.

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 2015 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 501 votes to 101 with 11 abstentions, a resolution containing a series of recommendations which form an integral part of the decision on discharge.

Financial management: the final budget of FCH2 for the financial year 2015 included commitment appropriations of EUR 132 583 855 and payment appropriations of EUR 95 089 121. Members noted the following:

- the commitment appropriations increased by 17 % compared to 2014 mainly due to the higher amount for 2015 call of proposals and payment appropriations showed a decrease of 2 % compared to 2014;
- the budget execution by year end for all fund sources reached **87.3 % as regards commitment appropriations**, representing a slight decrease compared to previous year (a number of project proposals were rejected as they did not meet the required quality, resulting in unused commitment appropriations of EUR 13 700 000). The **payment execution rate was at 83 %,** representing the best execution rate of payments for FCH2 to date;
- FCH2 has set up *ex-ante* procedures based on financial and operational data reviews, and performs ex post audits of grant beneficiaries;
- the sector manifested a clear intention to invest, develop and commercialise its innovative technologies, both on the side of industry and research. A total of 59 research and industry organisations reported their investments for a cumulative total amount of EUR 188 570 000.

Members welcomed the fact that the Commission presented **clear guidelines for the budgetary reporting** and financial management of FCH2 on 20 December 2016 following the Court's recommendation.

Other observations: the resolution also contained a series of observations regarding calls for proposals, the legal framework of the joint undertaking, the prevention and management of conflicts of interests and internal audits and controls.

Members acknowledged the fact that FCH2 successfully made the transition to Horizon 2020. The FCH2 is called upon to report to the discharge authority regarding improvements which have been taking in order to make the selection procedure more transparent.

2015 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2016/2199(DEC) - 27/04/2017 - Final act

PURPOSE: to grant discharge to the Fuel Cells and Hydrogen (FCH) Joint Undertaking for the financial year 2015.

NON-LEGISLATIVE ACT: Decision (EU) 2017/1738 of the European Parliament on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen 2 Joint Undertaking for the financial year 2015.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the Fuel Cells and Hydrogen 2 Joint Undertaking for the implementation of the Fuel Cells and Hydrogen Joint Undertaking's budget for the financial year 2015.

This decision is in line with the European Parliament's resolution adopted on 27 April 2017 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 April 2017).

Amongst Parliaments main observations in the resolution accompanying the discharge decision, the latter noted that when the final accounts were prepared, the FCH2 did not receive the required reports from its members implementing Horizon 2020 projects as they were not yet due and therefore observed that the amount of 2015 in-kind contributions for the Horizon 2020 entered in the accounts was based on estimation by FCH2 of the costs incurred by members up to the end of 2015.

In-kind contributions shall be communicated as a part of the first reporting under projects that is due in September 2016.

Parliament noted with satisfaction that FCH2 took part in, and implemented in 2015, the preventive and corrective measures in line with the newly adopted common anti-fraud strategy and anti-fraud action plan at Commission level.

2015 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2016/2199(DEC) - 11/07/2016 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2015, as part of the 2015 discharge procedure.

Analysis of the accounts of the **Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2**.

CONTENT: the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

The EU's operational expenditure of these institutions takes different forms, depending on how the money is paid out and managed.

From 2014 onwards, the Commission classifies its expenditure as follows:

- **Direct management**: the budget is implemented directly by the Commission services.
- **Indirect management**: the Commission confers tasks of implementation of the budget to bodies of EU law or national law, **such as the EU agencies**.
- **Shared management**: under this method of budget implementation tasks are delegated to Member States. About 80 % of the expenditure falls under this management mode covering such areas as agricultural spending and structural actions.

This Commission document concerns the EU's consolidated accounts for the year 2015 and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies, including the FCH 2 JU, with a view to granting discharge.

Discharge procedure: the final step of a budget lifecycle is the discharge of the budget for a given financial year. It represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission (and other EU bodies) from its responsibility for management of a given budget by marking the end of that budget's existence. The European Parliament is the discharge authority within the EU.

The discharge procedure may produce three outcomes: (i) the granting; (ii) postponement or; (iii) the refusal of the discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

Each agency is subject to its own discharge procedure, including the FCH 2.

The FCH 2 Joint Undertaking: the FCH 2 JU, located in Brussels (BE), was set up by Council Regulation (EU) No 559/2014 until 31 December 2024. It replaces and succeeds the FCH Joint Undertaking and aims to reduce the production cost of fuel cell systems to be used in transport applications.

As regards the JU’s accounts, these are presented in detail in the document published by the Joint Undertaking (please refer to the final accounts of the FCH 2).

2015 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2016/2199(DEC) - 07/02/2017 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2015 and the balance sheet as at 31 December 2015 of the Fuel Cells and Hydrogen 2 Joint Undertaking (FCH 2), as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2015, 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 2015.

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 2015 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 2015 are legal and regular in all material respects.

Nevertheless, the following observations were made:

- **financial programming**: the Council called on the Joint Undertaking to pay due attention to the proper programming and implementation of commitment and payment appropriations in the course of the budgetary year and to decommit unused appropriations if necessary;
- **in-kind contributions**: the Council regretted that a large share of the amount entered into the accounts was based on value estimates. It urged the Joint Undertaking to timely obtain from its members the reports on the value of their in-kind contributions;
- **conflict of interest**: the Council invited the Joint Undertaking to incorporate in its procedures a declaration of absence of a conflict of interest as stated in the Commission's guidelines.

2015 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2016/2199(DEC) - 29/03/2017 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Miroslav POCHE (S&D, CZ) on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen (FCH) Joint Undertaking for the financial year 2015.

The committee called 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 2015.

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 2015, Members called 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:

Financial management: the final budget of FCH2 for the financial year 2015 included commitment appropriations of EUR 132 583 855 and payment appropriations of EUR 95 089 121. The commitment appropriations increased by 17 % compared to 2014 mainly due to the higher amount for 2015 call of proposals and payment appropriations showed a decrease of 2 % compared to 2014.

The budget execution by year end for all fund sources reached **87.3 % as regards commitment appropriations**, representing a slight decrease compared to previous year due to the outcome of the evaluation for the 2015 call. The **payment execution rate was at 83 %,** representing the best execution rate of payments for FCH2 to date.

FCH2 has set up *ex-ante* procedures based on financial and operational data reviews, and performs ex post audits of grant beneficiaries.

The sector manifested a clear intention to invest, develop and commercialise its innovative technologies, both on the side of industry and research.

Members welcomed the fact that the Commission presented **clear guidelines for the budgetary reporting** and financial management of FCH2 on 20 December 2016 following the Court's recommendation.

Other observations: the report also contained a series of observations regarding calls for proposals, the legal framework of the joint undertaking, the prevention and management of conflicts of interests and internal audits and controls.

The FCH2 is called upon to report to the discharge authority regarding improvements which have been taking in order to make the selection procedure more transparent.