Basic information

2017/2185(DEC) DEC - Discharge procedure	Procedure completed
2016 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking **Subject** 8.70.03.06 2016 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	HAYES Brian (PPE)	20/09/2017
	Shadow rapporteur POCHE Miroslav (S&D) CZARNECKI Ryszard (ECR) DLABAJOVÁ Martina (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	OETTINGER Günther

Key events

Date	Event	Reference	Summary
26/06/2017	Non-legislative basic document published	COM(2017)0365	Summary

13/09/2017	Committee referral announced in Parliament		
20/03/2018	Vote in committee		
22/03/2018	Committee report tabled for plenary	A8-0073/2018	Summary
18/04/2018	Decision by Parliament	T8-0169/2018	Summary
18/04/2018	Results of vote in Parliament		
18/04/2018	Debate in Parliament		
18/04/2018	End of procedure in Parliament		
03/10/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/2185(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/10876

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE613.431	25/01/2018	
Amendments tabled in committee		PE618.280	01/03/2018	
Committee report tabled for plenary, single reading		A8-0073/2018	22/03/2018	Summary
Text adopted by Parliament, single reading		T8-0169/2018	18/04/2018	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05943/2018	09/02/2018	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2017)0365	26/06/2017	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0046/2018 OJ C 426 12.12.2017, p. 0042	19/09/2017	Summary

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

Final act	
Budget 2018/1445 OJ L 248 03.10.2018, p. 0365	Summary

2016 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2017/2185(DEC) - 03/10/2018 - Final act

PURPOSE: to grant discharge to the Fuel Cells and Hydrogen (FCH) Joint Undertaking for the financial year 2016.

NON-LEGISLATIVE ACT: Decision (EU) 2018/1445 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 2016.

CONTENT: the European Parliament decided to **grant 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 2016.

This decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the discharge decision in respect of the implementation of the general budget of the European Union for the financial year 2016 (*please refer to the summary dated 18.4.2018*).

In this resolution, Parliament welcomed the fact that the FCH2 has set up *ex-ante* control procedures based on financial and operational desk reviews, and performs ex-post audits of grant cost claims under the Seventh Framework Programme. It welcomed that the residual error rate for the ex-post audits reported in the FCH2's 2016 annual activity report was 1.24 %.

Parliament recognised the need for the FCH2 to communicate with Union citizens, through the Union institutions, concerning the significant research and collaboration that it is undertaking. It stressed the importance of highlighting the real improvements achieved as a consequence of its work, which are an important part of its mandate, as well as the fact that it works with other joint undertakings in promoting public awareness of the benefits of their work.

Lastly, the Commission is called on to ensure the direct involvement of the Joint Undertaking in the process of the Horizon 2020 mid-term review in the sphere of the further simplification and harmonisation of joint undertakings.

2016 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2017/2185(DEC) - 09/02/2018 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 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 2016, 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 2016.

No further comments were made as regards the accounts.

2016 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2017/2185(DEC) - 19/09/2017 - 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 2016, 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 2Joint Undertaking** (fuel cells and hydrogen technologies). As a reminder, the objective of the FCH Joint Undertaking is to demonstrate, by 2020, fuel cell and hydrogen technologies as one of the pillars of future European energy and transport systems. The Joint Undertaking seeks to foster the development of a strong, sustainable and globally competitive fuel cell and hydrogen sector in the EU.

Statement of assurance: 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 2016;
- 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 2016, 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 2016 are, in all material respects, legal and regular.

The audit also revealed the following points:

- **budgetary and financial management**: taking into account unused payment appropriations from previous years (EUR 17.2 million), the final 2016 budget available for FP7 and Horizon 2020 programme implementation included commitment appropriations of EUR 127.8 million and payment appropriations of EUR 115.5 million. The lower utilisation rates for commitment and payment appropriations were 77.7 % and 83.9 %, respectively. The under-utilisation of appropriations was mainly due to the fact that fewer grant agreements than expected were signed, following the evaluation of the 2016 call for proposals. Out of the EUR 470 million of **in-kind and cash contributions** to be made by the Industry and Research Grouping members to the operational activities of the FCH Joint Undertaking, by the end of 2016 the Governing board had validated contributions of EUR 299 million. Additional in-kind contributions to operational activities of EUR 40.6 million had been reported to the FCH Joint Undertaking by the end of 2016;
- **internal controls**: the Joint Undertaking set up *ex ante* control procedures based on financial and operational desk reviews, and performs ex post audits of grant cost claims under FP7. These checks are key tools for assessing the legality and regularity of the underlying transactions, including other members' cash and in-kind contributions to the Joint Undertaking. The residual error rate for the ex post audits reported in the Joint Undertaking's 2016 annual activity report was 1.24.

Joint Undertaking's reply: the Joint Undertaking has taken note of the Court's report.

2016 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2017/2185(DEC) - 26/06/2017 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 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.

This Commission document concerns the EU's consolidated accounts for the year 2016 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).

2016 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2017/2185(DEC) - 22/03/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Brian HAYES (EPP, IE) on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen (FCH) Joint Undertaking for the financial year 2016.

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 2016.

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 2016, 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:

Budget and financial management: the FCH2´s final budget for the financial year 2016 included commitment appropriations of EUR 127 762 297 and payment appropriations of EUR 115 535 426. Commitment appropriations increased by 5 % compared to 2015 due to the addition to the initial budget of unused appropriations from previous years, mainly used for the 2016 call for proposals and payment appropriations increased by 17 %, reflecting the higher pre-financing needs for the 2016 call.

Members regretted that the overall **2016 budget execution of commitment and payment appropriations reached 77.7 % and 83.9 % respectively**, representing a lower commitment execution rate compared to previous year due to the outcome of the evaluation for the 2016 call. They noted that the payment execution represented the **best execution rate of payments** for the FCH2 to date.

The report recognised the need for the FCH2 to communicate with Union citizens, through the Union institutions, concerning the significant research and collaboration that it is undertaking. It stressed the importance of highlighting the real improvements achieved as a consequence of its work, which are an important part of its mandate.

Lastly, Members called on the Commission to ensure the direct involvement of the Joint Undertaking in the process of the Horizon 2020 mid-term review in the sphere of further simplifications and harmonisation of joint undertakings.

2016 discharge: Fuel Cells and Hydrogen 2 Joint Undertaking - FCH 2 Joint Undertaking

2017/2185(DEC) - 18/04/2018 - Text adopted by Parliament, single reading

The European Parliament decided to **grant discharge** to the Director of the Fuel Cells and Hydrogen 2 Joint Undertaking in respect of the implementation of the budget of the Joint Undertaking for the financial year 2016 and to approve the closure of the accounts of the joint venture for the same financial year.

Noting that the Court of Auditors considered that the annual accounts of the Joint Undertaking for the financial year 2016 accurately reflected the financial position of the Joint Undertaking as at 31 December 2016, as well as the results of its operations, Parliament adopted 567 votes in favor, 121 against and 7 abstentions, a resolution containing a series of observations which form an integral part of the discharge decision:

Budget and financial management: the FCH2´s final budget for the financial year 2016 included commitment appropriations of EUR 127 762 297 and payment appropriations of EUR 115 535 426. Commitment appropriations increased by 5 % compared to 2015 due to the addition to the initial budget of unused appropriations from previous years, mainly used for the 2016 call for proposals and payment appropriations increased by 17 %, reflecting the higher pre-financing needs for the 2016 call.

Members regretted that the overall 2016 budget execution of commitment and payment appropriations reached 77.7 % and 83.9 % respectively, representing **a lower commitment execution rate compared to previous year** due to the outcome of the evaluation for the 2016 call. They noted that the payment execution represented the best execution rate of payments for the FCH2 to date.

Out of the EUR 470 million of **in-kind and cash contributions** to be made by the members of the Industry Grouping and the Research Grouping to the operational activities of the FCH by the end of 2016, the governing board had validated contributions of EUR 299 million. From 31 December 2016, the estimated in-kind contributions in operational activities for the 30 projects signed in relation to Horizon 2020 (2014 and 2015 calls for proposals) was EUR 16 802 191. The total estimated value of in-kind contributions in additional activities for the period covering 2014 to 2017 is EUR 565 200 000.

Other observations: the resolution contains a series of observations on calls for proposals, internal audits, prevention and management of conflicts of interest. Members welcomed the fact that the Joint Undertaking has set up *ex-ante* **control procedures** based on financial and operational desk reviews, and performs *ex-post* **audits** of grant cost claims under the Seventh Framework Programme. The residual error rate for the ex-post audits reported in the FCH2's 2016 annual activity report was 1.24 %.

Parliament recognised the need for the FCH2 to **communicate** with Union citizens, through the Union institutions, concerning the significant research and collaboration that it is undertaking. It stressed the importance of highlighting the real improvements achieved as a consequence of its work, which are an important part of its mandate.

Lastly, Members called on the Commission to ensure the direct involvement of the Joint Undertaking in the process of the Horizon 2020 mid-term review in the sphere of further simplifications and harmonisation of joint undertakings.