Basic information

2018/2214(DEC) DEC - Discharge procedure	Procedure completed
2017 discharge: Bio-based Industries Joint Undertaking (BBI Joint Undertaking) **Subject** 8.70.03.02 2017 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	DLABAJOVÁ Martina (ALDE)	25/07/2018
	Shadow rapporteur ZDECHOVSKÝ Tomáš (PPE) POCHE Miroslav (S&D) MARIAS Notis (ECR) 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.	
REGI Regional Development	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary

28/06/2018	Non-legislative basic document published	COM(2018)0521	Summary
11/09/2018	Committee referral announced in Parliament		
20/02/2019	Vote in committee		
27/02/2019	Committee report tabled for plenary	A8-0103/2019	Summary
26/03/2019	Decision by Parliament	T8-0287/2019	Summary
26/03/2019	Results of vote in Parliament		
26/03/2019	Debate in Parliament		
26/03/2019	End of procedure in Parliament		
27/09/2019	Final act published in Official Journal		

Technical information

Procedure reference	2018/2214(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14371

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE626.826	17/12/2018	
Amendments tabled in committee		PE634.562	30/01/2019	
Committee report tabled for plenary, single reading		A8-0103/2019	27/02/2019	Summary
Text adopted by Parliament, single reading		T8-0287/2019	26/03/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05827/2019	31/01/2019	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2018)0521	28/06/2018	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0002/2019 OJ C 452 14.12.2018, p. 0010	02/10/2018	Summary

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

Final act
Budget 2019/1533 OJ L 249 27.09.2019, p. 0317

2017 discharge: Bio-based Industries Joint Undertaking (BBI Joint Undertaking)

2018/2214(DEC) - 28/06/2018 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2017, as part of the 2017 discharge procedure.

Analysis of the accounts of the **Bio-based Industries Joint Undertaking - BBI**.

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 2017** 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 with a view to granting discharge.

Discharge procedure: **the final step of a budget lifecycle is the discharge**. It is the decision by which the European Parliament '**releases**' the Commission from its responsibility for management of a given budget by marking the end of that budget's existence. It is granted by the European Parliament on the recommendation of the Council.

The decision is based in particular on the European Court of Auditors reports, in particular its annual report, in which the Court provides a Statement of Assurance (DAS) on the legality and regularity of transactions (payments and commitments).

The procedure results in the granting, postponement or refusal of 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.

All EU institutions and other agencies, bodies and joint undertakings are subject to their own discharge procedures.

BBI JU: the BBI, a Public-Private Partnership (PPP) set up in 2014 and located in Brussels (BE), was established in accordance with Council Regulation (EU) No 560/2014 establishing the Bio-based Industries Joint Undertaking. The BBI is dedicated to realising the European bio economy potential, turning biological residues and wastes into greener everyday products through innovative technologies and bio refineries, which are at the heart of the bio economy.

As regards the BBI's accounts, these are presented in detail in the document published by the Joint Undertaking (please refer to the report on the final accounts of the BBI).

2017 discharge: Bio-based Industries Joint Undertaking (BBI Joint Undertaking)

2018/2214(DEC) - 26/03/2019 - Text adopted by Parliament, single reading

The European Parliament decided to grant the Executive Director of the bio-based industries (BBI) Joint Undertaking discharge in respect of the implementation of the joint undertaking's budget for the financial year 2017 and to approve the closure of the joint undertaking's accounts.

Noting that the Court of Auditors considered that the annual accounts of the Joint Undertaking for the financial year 2017 accurately reflected the financial position of the Joint Undertaking as at 31 December 2017, as well as the results of its operations, Parliament adopted by 504 votes to 120, with 7 abstentions, a resolution containing a series of observations which form an integral part of the discharge decision.

General

Members noted that the maximum Union contribution to the activities of the Joint Undertaking is EUR 975 000 000, to be paid from Horizon 2020.

Budget and financial management

The Joint Undertaking's annual accounts provide that the final 2017 budget is to be available for implementation and include commitment appropriations of EUR 92 900 000 and payment appropriations of EUR 91 600 000, the utilisation rates for commitment and payment appropriations of which were 97 % and 95 %, respectively. The payment appropriations were used mainly for the pre-financing of grant agreements resulting from the 2016 calls for proposals.

Parliament regretted that out of the minimum EUR 182 500 000 of cash contributions to be made by the industry members to the Joint Undertaking's operational cost, only EUR 800 000 were paid by the end of 2017, having suspended the Commission EUR 50 000 000 of its cash contributions as a consequence.

Other observations

The resolution also contained a series of observations on procurement, recruitment, performance, internal audits and the legal framework. It noted in particular:

- by the end of 2017, the Joint Undertaking's staff was almost complete, with 20 posts filled out of a total of 22 posts allocated to the Joint Undertaking by the staff establishment plan;

- that in 2017, the human resources unit continued to strengthen the legal framework paying particular attention to the application of the implementing rules of the Commission to the Joint Undertaking. Seven new implementing rules have been adopted by the governing board in 2017;

- the fact that the Joint Undertaking, together with six other joint undertakings, launched a common joint-undertaking call for expression of interest to select up to seven confidential counsellors that will set up a network of confidential counsellors.

2017 discharge: Bio-based Industries Joint Undertaking (BBI Joint Undertaking)

2018/2214(DEC) - 31/01/2019 - 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 Bio-based Industries Joint Undertaking (BBI), 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.

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 2017 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2017 are legal and regular in all material respects.

Nevertheless, one observation was made.

The Council called on the Joint Undertaking to consider limiting the number of proposals per topic by defining an indicative budget at topic level in the calls for proposals.

2017 discharge: Bio-based Industries Joint Undertaking (BBI Joint Undertaking)

2018/2214(DEC) - 02/10/2018 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Bio-based Industries Joint Undertaking for the financial year 2017, together with the Joint Undertaking's replies.

CONTENT: the Court of Auditors carried out the audit on the accounts of the Bio-based Industries (BBI) Joint Undertaking.

In brief, the objective of the BBI Joint Undertaking is to implement a programme of research and innovation activities in Europe that will assess the availability of renewable biological resources that can be used for the production of bio-based materials, and on that basis support the establishment of sustainable bio-based value chains. Those activities should be carried out through collaboration between stakeholders along the entire bio-based value chain, including primary production and processing industries, consumer brands, SMEs, research and technology centres, and universities.

Statement of assurance and reliability of the accounts

The Court considered that:

- the Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2017 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer;

- the transactions underlying the annual accounts for the year ended 31 December 2017 are legal and regular in all material respects.

The report also makes a series of observations on the budgetary and financial management of the Undertaking, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations

Financial management

The final 2017 budget included commitment appropriations of EUR 92.9 million and payment appropriations of EUR 91.6 million. The implementation rates for commitment and payment appropriations were 97 % and 95 %, respectively. Most of the payment appropriations made by the Joint Undertaking were pre-financing of grant agreements resulting from the 2016 call for proposals.

Out of the maximum of EUR 975 million of EU cash contribution to be allocated to the BBI Joint Undertaking over its life span, by the end of 2017, the EU contributed in cash a total amount of EUR 150.7 million.

The Commission (DG RTD) suspended EUR 50 million of its cash contributions to the Joint Undertaking. Although the Commission initiated in February 2017 an amendment of the BBI founding regulation in view to enable industry members also to provide their cash contributions at project level, there is a high risk that the industry members will not achieve the minimum amount of operational cash contributions by the end of the BBI programme.

Internal controls

The Joint Undertaking has set up reliable ex-ante control procedures based on financial and operational desk reviews. The situation at end of 2017 showed that the most important Internal Control Standards (ICS) were mostly implemented with some standards remaining to be fully implemented in 2018.

Based on an assessment of the Joint Undertaking's internal control system and substantive testing of revenue, payment, grant and procurement operations, the audit results provided us with reasonable assurance that the overall residual error rate for the Joint Undertaking is below materiality.

At the end of 2017, the Commission's common Horizon 2020 grant management and monitoring tools had not finished the specific developments needed for the processing of the Joint Undertaking's in-kind contributions.

Leverage contributions

One of the main objectives of the Joint Undertaking is to leverage contributions from industry members in the area of its activities. The minimum leverage factor for both, operational and additional activities amounts to 2.8.

Joint Undertaking's reply

Financial management

The JU stated that the European Commission initiated an amendment of the BBI's founding regulation to allow the private partners to provide financial contributions also at project level. However, as the amendment entered into force only in February 2018, after the closure of four out of the seven calls for proposals planned until 2020 (inclusive), the risk of not achieving the minimum amount of financial (in- cash) contributions by the end of the BBI programme persists.

2017 discharge: Bio-based Industries Joint Undertaking (BBI Joint Undertaking)

2018/2214(DEC) - 27/02/2019 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Martina DLABAJOVÁ (ALDE, CZ) on discharge in respect of the implementation of the budget of the bio-based industries (BBI) Joint Undertaking for the financial year 2017.

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 2017.

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 2017, 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:

General

Members noted that the maximum Union contribution to the activities of the Joint Undertaking is EUR 975 000 000, to be paid from Horizon 2020. The industry members of the Joint Undertaking are to contribute resources of at least EUR 2 730 000 000 over the period of the Joint Undertaking, consisting of at least EUR 975 000 000 of in-kind and cash contributions to the Joint Undertaking's operational activities and at least EUR 1 755 000 000 of in-kind contributions to implement additional activities outside the work plan of the Joint Undertaking.

They noted that 17 out of 82 retained proposals from the 2017 call for proposals were at the grant agreement preparation stage by the end of 2017. By early 2017, the Joint Undertaking programme will have a portfolio of 82 ongoing projects with a total of 932 participants from 30 countries with a total grant value of EUR 414 000 000.

Budget and financial management

The Joint Undertaking's annual accounts provide that the final 2017 budget is to be available for implementation and include commitment appropriations of EUR 92 900 000 and payment appropriations of EUR 91 600 000, the utilisation rates for commitment and payment appropriations of which were 97 % and 95 %, respectively. The payment appropriations were used mainly for the pre-financing of grant agreements resulting from the 2016 calls for proposals.

Members regretted that out of the minimum EUR 182 500 000 of cash contributions to be made by the industry members to the Joint Undertaking's operational cost, only EUR 800 000 were paid by the end of 2017, having suspended the Commission EUR 50 000 000 of its cash contributions as a consequence.

Other observations

The report also contained a series of observations on procurement, recruitment, performance, internal audits and the legal framework. It noted in particular:

- by the end of 2017, the Joint Undertaking's staff was almost complete, with 20 posts filled out of a total of 22 posts allocated to the Joint Undertaking by the staff establishment plan;

- that in 2017, the human resources unit continued to strengthen the legal framework paying particular attention to the application of the implementing rules of the Commission to the Joint Undertaking. Seven new implementing rules have been adopted by the governing board in 2017;

- the fact that the Joint Undertaking, together with six other joint undertakings, launched a common joint-undertaking call for expression of interest to select up to seven confidential counsellors that will set up a network of confidential counsellors.