Basic information

2018/2218(DEC) DEC - Discharge procedure	Procedure completed
2017 discharge: ECSEL 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.	

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		
07/03/2019	Committee report tabled for plenary	A8-0102/2019	Summary
26/03/2019	Decision by Parliament	T8-0289/2019	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	2018/2218(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14383

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE626.828	17/12/2018	
Amendments tabled in committee		PE634.566	05/02/2019	
Committee report tabled for plenary, single reading		A8-0102/2019	07/03/2019	Summary
Text adopted by Parliament, single reading		T8-0289/2019	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	N8-0005/2019 OJ C 452 14.12.2018, p. 0027	02/10/2018	Summary

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

Final act
Budget 2019/1539 OJ L 249 27.09.2019, p. 0327

2017 discharge: ECSEL Joint Undertaking

2018/2218(DEC) - 26/03/2019 - Text adopted by Parliament, single reading

The European Parliament decided to grant the Executive Director of the Electronic Components and Systems for European Leadership (ECSEL) 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 436 votes to 181, with 17 abstentions, a resolution containing a series of observations which form an integral part of the discharge decision.

General

The contributions to the Joint Undertaking envisaged for the entire period of Horizon 2020 amount to EUR 1 184 874 000 from the Union, EUR 1 170 000 000 from the Participating States and EUR 1 657 500 000 from the private members.

Budgetary and financial management

The Joint Undertaking's final budget for the financial year 2017 included commitment appropriations of EUR 183 900 000 and payment appropriation of EUR 290 100 000. The utilisation rates for commitment and payment appropriations were 98 % and 83 % respectively.

Parliament noted that the Court issued a qualified opinion on the legality and regularity of payments underlying the accounts which is a result of projects taken over from Joint Undertaking's legal predecessors Artemis and ENIAC Joint Undertakings. It called on the Council to reconsider the methodology that results in repetitive qualified opinions based on this reoccurring issue that cannot be solved until the Seventh Framework Programme projects are terminated. The complexity of the Joint Undertaking´s budgetary and accounting model stemming from its tripartite nature. The JU would welcome further simplification and streamlining of accounting and auditing.

Other observations

The resolution also contained a series of observations on performance, procurement, internal control systems and audits. It noted in particular:

- the Joint Undertaking´s strong position in its area of expertise across whole Europe and its ability to create an interconnected ecosystem of relevant stakeholders;

- that the Joint Undertaking has made very good efforts to be transparent, with all the calls for proposals made having been made public;

- significant shortcomings in the management of the procurement procedures for administrative services. A budget, procurement and contracts assistant has been nominated to handle this problem.

2017 discharge: ECSEL Joint Undertaking

2018/2218(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 **Electronic Components and Systems for European Leadership (ECSEL) Joint Undertaking**.

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.

The ECSEL JU: the ECSEL JU, 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. It seeks to bridge the gap between research and exploitation, aligning strategies to increase European and national investments, and building an advanced ecosystem.

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 ECSEL JU).

2017 discharge: ECSEL Joint Undertaking

2018/2218(DEC) - 02/10/2018 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Electronic Components and Systems for European Leadership 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 ECSEL Joint Undertaking.

In brief, its Undertaking's main aim is to contribute to the development of a strong and globally competitive electronics components and systems industry in the EU.

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.

Qualified opinion

The ECSEL Joint Undertaking has taken over the FP7 projects of the ARTEMIS and ENIAC Joint Undertakings. The payments made for these projects by the ECSEL Joint Undertaking in 2017, against certificates of acceptance of costs issued by the national funding authorities (NFAs) of the ECSEL Participating States, amounted to EUR 76.4 million (2016: EUR 118 million), which represents 32 % (2016: 54 %) of the total operational payments made by the Joint Undertaking in 2017.

Administrative agreements concluded by the ARTEMIS and ENIAC Joint Undertakings with the NFAs have continued to apply since those Joint Undertakings were merged to form the ECSEL Joint Undertaking. The ECSEL Joint Undertaking has taken steps to assess the implementation of ex-post audits by the NFAs and has obtained written statements from the NFAs declaring that the implementation of their national procedures provides reasonable assurance on the legality and regularity of transactions. However, the significant variation in the methodologies and procedures used by the NFAs does not allow the ECSEL Joint Undertaking to calculate a single reliable weighted error rate or a residual error rate.

Therefore, once again, the Court is not in a position to conclude whether ex-post audits are functioning effectively and whether this key control provides sufficient assurance as to the legality and regularity of the underlying transactions for FP7 projects.

This issue concerning the variation in the methodologies and procedures used by the NFAs is no longer relevant for the implementation of Horizon 2020 projects, as the ex-post audits will be undertaken by the ECSEL Joint Undertaking and the Commission.

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 183.9 million and payment appropriations of EUR 290.1 million. The implementation rates for commitment and payment appropriations were 98 % and 83 % respectively.

Internal controls

In 2017, significant shortcomings were noticed in the management of the procurement procedures for administrative services (e.g. selection of inappropriate procurement procedure, incomplete definition of services to be provided, late signature of amendments).

In addition, in 2017 the Joint Undertaking had not properly documented in its register of exceptions management overrides of controls nor deviations from established processes and procedures. This situation affects the management's ability to ensure the effectiveness of the internal control processes and to mitigate quickly procedural shortcomings.

Leverage of 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 to be achieved according to the Joint Undertaking's founding regulation is 1.42.

The Joint Undertaking's replies

Qualified opinion

The ECSEL JU has invited from January 2018 the National Authorities to provide it with an annual declaration of assurance. The ECSEL JU has received 20 declarations (out of 25) from the NFAs, which represent 98.54 % of funding, and concluded that the audit report and declaration provide a reasonable protection of the financial interests of its members.

Internal controls

In order to ensure effective management of the procurement procedures for all administrative services, a Budget, Procurement and Contracts Assistant has been nominated. The role of the Assistant will ensure a coordinated approach and will centralise the procurement procedures and contracts management; including monitoring and follow up of contractual obligations and performance management.

2017 discharge: ECSEL Joint Undertaking

2018/2218(DEC) - 07/03/2019 - 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 ECSEL 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:

Budgetary and financial management

The Joint Undertaking's final budget for the financial year 2017 included commitment appropriations of EUR 183 900 000 and payment appropriation of EUR 290 100 000. The utilisation rates for commitment and payment appropriations were 98 % and 83 % respectively.

Members noted that the Court issued a qualified opinion on the legality and regularity of payments underlying the accounts which is a result of projects taken over from Joint Undertaking's legal predecessors Artemis and ENIAC Joint Undertakings. They called on the Council to reconsider the methodology that results in repetitive qualified opinions based on this reoccurring issue that cannot be solved until the Seventh Framework Programme projects are terminated. The complexity of the Joint Undertaking´s budgetary and accounting model stemming from its tripartite nature. The JU would welcome further simplification and streamlining of accounting and auditing.

Other observations

The report also contained a series of observations on performance, procurement, internal control systems and audits. It noted in particular:

- the Joint Undertaking´s strong position in its area of expertise across whole Europe and its ability to create an interconnected ecosystem of relevant stakeholders;

- significant shortcomings in the management of the procurement procedures for administrative services. A budget, procurement and contracts assistant has been nominated to handle this problem.

2017 discharge: ECSEL Joint Undertaking

2018/2218(DEC) - 31/01/2019 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the ECSEL Joint Undertaking, as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2017, 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 2017.

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 2016 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 2016 are legal and regular.

Nevertheless, the following observations were made:

- ***qualified opinion***: once again, the Council regretted the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts of the Joint Undertaking, resulting from the significant variation in the methodologies and procedures used by the different national funding authorities for the Seventh Research Framework Programme (FP7) projects. It asked the Joint Undertaking to improve its assessment methods for the implementation of national ex-post audit procedures, in order to obtain reasonable assurance to calculate a reliable single error rate;

- ***procurement***: the Joint Undertaking should remedy the shortcomings in its management of procurement procedures for administrative services.

- ***controls***: the Council called on the Joint Undertaking to ensure proper documentation in its register of exception management overrides of controls and deviations from established processes and procedures.