



Plenary sitting

A8-0113/2016

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REPORT

on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2014
(2015/2202(DEC))

Committee on Budgetary Control

Rapporteur: Marian-Jean Marinescu

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1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2014 (2015/2202(DEC))

The European Parliament,

- having regard to the final annual accounts of the ENIAC Joint Undertaking for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the period 1 January to 26 June 2014, together with the Joint Undertaking's replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to the Joint Undertaking in respect of the implementation of the budget for the financial year 2014 (05587/2016 – C8-0058/2016),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³, and in particular Article 209 thereof,
- having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking⁴,
- having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking⁵, and in particular Article 1(2) and Article 12 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities⁶,
- having regard to Commission Delegated Regulation (EU) No 110/2014 of 30 September 2013 on the model financial regulation for public-private partnership bodies referred to

¹ OJ C 422, 17.12.2015, p. 25.

² OJ C 422, 17.12.2015, p. 26.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 30, 4.2.2008, p. 21.

⁵ OJ L 169, 7.6.2014, p. 152.

⁶ OJ L 357, 31.12.2002, p. 72.

in Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council¹,

- having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0113/2016),
1. Postpones its decision on granting the Executive Director of the ECSEL Joint Undertaking discharge in respect of the implementation of the ENIAC Joint Undertaking's budget for the financial year 2014;
 2. Sets out its observations in the resolution below;
 3. Instructs its President to forward this decision and the resolution forming an integral part of it to the Executive Director of the ECSEL Joint Undertaking, the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

¹ OJ L 38, 7.2.2014, p. 2.

2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

on the closure of the accounts of the ENIAC Joint Undertaking for the financial year 2014 (2015/2202(DEC))

The European Parliament,

- having regard to the final annual accounts of the ENIAC Joint Undertaking for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the period 1 January to 26 June 2014, together with the Joint Undertaking's replies¹,
- having regard to the statement of assurance² as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to the Joint Undertaking in respect of the implementation of the budget for the financial year 2014 (05587/2016 – C8-0058/2016),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002³, and in particular Article 209 thereof,
- having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking⁴,
- having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking⁵, and in particular Article 1(2) and Article 12 thereof,
- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities⁶,
- having regard to Commission Delegated Regulation (EU) No 110/2014 of 30 September 2013 on the model financial regulation for public-private partnership bodies referred to

¹ OJ C 422, 17.12.2015, p. 25.

² OJ C 422, 17.12.2015, p. 26.

³ OJ L 298, 26.10.2012, p. 1.

⁴ OJ L 30, 4.2.2008, p. 21.

⁵ OJ L 169, 7.6.2014, p. 152.

⁶ OJ L 357, 31.12.2002, p. 72.

in Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council¹,

- having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0113/2016),
1. Postpones the closure of the accounts of the ENIAC Joint Undertaking for the financial year 2014;
 2. Instructs its President to forward this decision to the Executive Director of the ECSEL Joint Undertaking, the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

¹ OJ L 38, 7.2.2014, p. 2.

3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2014
(2015/2202(DEC))**

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2014,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0113/2016),
- A. whereas the ENIAC Joint Undertaking ("the Joint Undertaking") was set up on 20 December 2007 for a period of 10 years to establish and implement a research agenda for the development of key competences for nanoelectronics across different application areas;
- B. whereas the Joint Undertaking was granted financial autonomy in July 2010;
- C. whereas the founding members of the Joint Undertaking are the Union, represented by the Commission, Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, the Netherlands, Poland, Portugal, Sweden and the United Kingdom, and the Association for European Nanoelectronics Activities ("AENEAS");
- D. whereas the maximum contribution for the period of 10 years from the Union to the Joint Undertaking is EUR 450 000 000, to be paid from the budget of the Seventh Research Framework Programme;
- E. whereas AENEAS is to make a maximum contribution of EUR 30 000 000 to the Joint Undertaking's running costs and the Member States are to make in-kind contributions to the running costs and to provide financial contributions of at least 1,8 times the Union contribution;
- F. whereas the Joint Undertaking and the ARTEMIS Joint Undertaking ("ARTEMIS") were merged to create the Electronic Components and Systems for European leadership Joint Technology Initiative ("ECSEL JTI"), which started its activities in June 2014 and will run for 10 years;

Budgetary and financial management

1. Acknowledges that the Joint Undertaking's accounts for the period 1 January 2014 to 26 June 2014 present fairly, in all material respects, its financial position as at 26 June 2014 and the results of its operations and cash flows for the period then ended, in accordance with the provisions of its financial rules and the accounting rules adopted by the Commission's accounting officer;

2. Is concerned that the Court of Auditors (“the Court”), in its report on the annual accounts of the Joint Undertaking for the period 1 January to 26 June 2014 (“the Court’s report”) issued a qualified opinion for the fourth consecutive year regarding the regularity and legality of the underlying transactions on the grounds that the administrative agreements signed with the national funding authorities (“the NFAs”) regarding audit of project cost claims do not include practical arrangements for *ex-post* audits;
3. Notes from the Court's report that the Joint Undertaking did not assess the quality of the audit reports received from the NFAs concerning the costs related to completed projects; notes, 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 due to different methodologies used by the NFAs which did not allow the Joint Undertaking to calculate either a weighted error rate or a residual rate error; notes also that ECSEL JTI confirmed that its extensive assessment of the national assurance systems concluded that they can provide reasonable protection of the financial interests of the Joint Undertakings’ members;
4. Calls on the ECSEL JTI, following the assessment of the procedures applied by the NFAs, to invite the NFAs to produce evidence that the implementation of the national procedures provides a reasonable assurance on the legality and regularity of transactions;
5. Notes that the Court's report includes a qualified opinion which is based on the lack of information necessary to calculate either a weighted error rate or a residual error rate following the *ex post* audits by the NFAs. Invites the Court to collect additional and necessary documents and information, which the Joint Undertaking is not empowered to require, from the national audit bodies or the national competent departments in accordance with the provisions of Article 287(3) of the Treaty on the Functioning of the European Union; moreover, invites the Court to use those additional documents and that additional information as an alternative way to justify its opinion and to report to the discharge authority on its assessment of these additional elements;
6. Takes note that, according to the Court’s report, the Joint Undertaking's final budget for the financial year 2014 included commitment appropriations of EUR 2 356 000 and payment appropriations of EUR 76 500 250¹;
7. Notes that the initial budget for 2014 included only commitment appropriations for running costs amounting to EUR 2 300 000 and that the budget did not include commitment appropriations for operational activities; notes, furthermore, that the utilisation rate for administrative commitment appropriations was 43 %; observes that, according to the Court’s report, those are due the merger of the Joint Undertaking and Artemis and to the fact that the budget was adopted for the whole year²;
8. Notes that, according to the Court’s report, the total amount foreseen for the calls for proposals was committed at the time of the merger;
9. Acknowledges from the Joint Undertaking that national assurance procedures have been surveyed for countries receiving 54,2 % of the Joint Undertaking grants; supports its

¹ ECA report

² ECA report

initiative to further increase the coverage; calls on ECSEL JTI to continue its assessment in order to approach the 100 % coverage of the total grants and inform the discharge authority on the advancements realised in the financial year of 2014¹;

10. Regrets the lack of information regarding in-kind and cash contribution; calls on the Court of Auditors to include, in future reports, concrete provisions regarding the evaluation procedure and the level of in kind and cash paid contribution;

Internal audit

11. Ascertains that, according to the Joint Undertaking's annual accounts, the internal audit service did not produce new reports during the financial year of 2014, that the Joint Undertaking management took action upon all recommendations included in the previous reports, documented them and submitted them in the reporting system and that these actions concentrated in sustaining new procedures; invites the Joint Undertaking to share with the discharge authority the actions taken and the advancements made in that regard²;

Internal control

12. Takes note that the internal audit capability (IAC) required improvements in the document handling recommending in particular an electronic system;
13. Acknowledges that, according to the Joint Undertaking's annual accounts, the IAC executed its approved work programme covering the legality and regularity of the administrative transactions as well as of the operational transactions executed in collaboration with the NFAs, the results being reported to the governing board and to the executive director; notes, furthermore, that opportunities for further improvement were highlighted; asks the Joint Undertaking to inform the discharge authority on the actions taken to address this issue³;
14. Takes note that the 2016 Court of Auditors work programme includes a special report on performance audit of Joint Undertakings.

¹ ENIAC AAR - p. 17

² ENIAC AAR - p. 17

³ ENIAC AAR - p. 17

RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

Date adopted	4.4.2016
Result of final vote	+: 17 -: 4 0: 0
Members present for the final vote	Louis Aliot, Inés Ayala Sender, Dennis de Jong, Martina Dlabajová, Ingeborg Gräßle, Verónica Lope Fontagné, Monica Macovei, Dan Nica, Gilles Pargneaux, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Marco Valli, Derek Vaughan, Anders Primdahl Vistisen, Tomáš Zdechovský
Substitutes present for the final vote	Marian-Jean Marinescu, Miroslav Poche
Substitutes under Rule 200(2) present for the final vote	Birgit Collin-Langen, Bodil Valero