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DRAFT SECOND REPORT

on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2013
(2014/2135(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

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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 2013 (2014/2135(DEC))

The European Parliament,

- having regard to the final annual accounts of the ENIAC Joint Undertaking for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the financial year 2013, 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the Joint Undertaking in respect of the implementation of the budget for the financial year 2013 (05306/2015 – C8-0049/2015),
- having regard to its decision of 29 April 2015³ postponing the discharge decision for the financial year 2013, and the replies from the Executive Director of the ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁴,
- 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 1605/2002⁵, and in particular Article 209 thereof,
- having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking⁶,
- having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the

¹ OJ C 452, 16.12.2014, p. 26.

² OJ C 452, 16.12.2014, p. 27.

³ Texts adopted of that date, P8_TA(2015)0165.

⁴ OJ L 248, 16.9.2002, p. 1.

⁵ OJ L 298, 26.10.2012, p. 1.

⁶ OJ L 30, 4.2.2008, p. 21.

ECSEL Joint Undertaking¹, 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 Communities²,
 - 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 in Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council³,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the second report of the Committee on Budgetary Control (A8-0000/2015),
1. Grants 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 2013 / Refuses to grant 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 2013;
 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 169, 7.6.2014, p. 152.

² OJ L 357, 31.12.2002, p. 72.

³ OJ L 38 du 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 2013 (2014/2135(DEC))

The European Parliament,

- having regard to the final annual accounts of the ENIAC Joint Undertaking for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the financial year 2013, 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the Joint Undertaking in respect of the implementation of the budget for the financial year 2013 (05306/2015 – C8-0049/2015),
- having regard to its decision of 29 April 2015³ postponing the discharge decision for the financial year 2013, and the replies from the Executive Director of the ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁴,
- 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 1605/2002⁵, and in particular Article 209 thereof,
- having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking⁶,
- having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the

¹ OJ C 452, 16.12.2014, p. 26.

² OJ C 452, 16.12.2014, p. 27.

³ Texts adopted of that date, P8_TA(2015)0165.

⁴ OJ L 248, 16.9.2002, p. 1.

⁵ OJ L 298, 26.10.2012, p. 1.

⁶ OJ L 30, 4.2.2008, p. 21.

ECSEL Joint Undertaking¹, 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 Communities²,
 - 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 in Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council³,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the second report of the Committee on Budgetary Control (A8-0000/2015),
1. Approves the closure of the accounts of the ENIAC Joint Undertaking for the financial year 2013;
 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 169, 7.6.2014, p. 152.

² OJ L 357, 31.12.2002, p. 72.

³ OJ L 38 du 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 2013
(2014/2135(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 2013,
 - having regard to Rule 94 of and Annex V to its Rules of Procedure,
 - having regard to the second report of the Committee on Budgetary Control (A8-0000/2015),
- A. whereas the ENIAC Joint Undertaking ("the Joint Undertaking") was set up on 20 December 2007 for a period of 10 years to define and implement a "research agenda" for the development of key competences for nanoelectronics across different application areas;
- B. whereas the Joint Undertaking was granted its 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, 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 were merged to create the Electronic Components and Systems for European leadership Joint Technology Initiative (ECSEL JTI) which has started its activity in June 2014 and will run for 10 years;

Budgetary and financial management

1. Recalls that the Court of Auditors ("the Court") stated that the 2013 annual accounts of the Joint Undertaking present fairly, in all material respects, its financial position as of 31 December 2013 and the results of its operations and its cash flows for the year-end, in accordance with the provisions of its Financial Rules and the accounting rules adopted by the Commission's Accounting Officer;

2. Recalls that the Court issued a qualified opinion on the legality and regularity of the transactions underlying the annual accounts, on the grounds of not being able to conclude whether or not the *ex post* audit strategy, which relies heavily on the National Funding Authorities (NFAs) auditing project cost claims, provides sufficient assurance with respect to the legality and regularity of the underlying transactions;
3. Acknowledges from the Joint Undertaking that the Court will take steps in order to obtain sufficient assurances on the audits carried out by the NFAs; acknowledges furthermore that the ECSEL JTI is making further assessments of the national assurance systems following the merger of the Joint Undertaking and ARTEMIS Joint Undertaking;
4. Notes that the Joint Undertaking established the practical arrangements for *ex post* audits concerning the administrative agreements signed with the NFAs; takes note that the practical arrangements include the introduction of a specific reporting form, reinforced by the assessment of the national assurance systems by the Joint Undertaking and visits to the NFAs by the Court;
5. Takes note that the limited review of cost claims undertaken by the Joint Undertaking in 2012 was one of the elements enhancing the assurance, which allowed the Joint Undertaking to monitor which transactions were submitted to audits prior to the introduction of a specific reporting form; notes that this sampling showed a small number of the first national audits starting in 2012 and reached a volume allowing for meaningful statistical evaluations in 2014;
6. Acknowledges from the Joint Undertaking that 23 NFAs shared information on their audit strategies, which represents 95 % of the total grants awarded; welcomes the fact that in order to complement the information obtained by the Joint Undertaking, the Court acquires additional information directly from the NFAs in order to express an opinion on the legality and regularity of the transactions underlying the accounts;
7. Acknowledges from the Joint Undertaking that it made progress in implementing the action plan aimed at remedying the deficiencies identified by the Court in its qualified opinion; notes that the assurances provided by the national systems were positively assessed for countries representing 54 % of the total grants, while the assessments for further countries are in an advanced phase of execution, which will bring the assessed grant coverage to 84 %; calls on the Joint Undertaking to continue the assessment in order to reach 100 % coverage of the total grants;
8. Takes note that a workshop on assurance was organised, bringing together the representatives of the Court, the Commission and the Commission's Internal Audit Service, as well as representatives of NFAs active in the Joint Undertaking; notes that this workshop highlighted requirements of European programmes and enabled the exchange of information and best practices with the NFAs;
9. Notes that the Joint Undertaking developed a new methodology for residual error rate estimation, similar to the one used by the Commission services in charge of co-managed funding; acknowledges that the first evaluation of the residual error rate based on the 157 audited transactions was 0,73%, while a recent update based on 331 transactions resulted in an error rate of 0,66%, below the materiality threshold of 2 %;

10. Ascertains from the Joint Undertaking that the Member States' contributions were under the level of 1,8 as requested by the Joint Undertaking's statute in order to comply with the limitations imposed by the state aid rules; notes in particular that for the industrial participants in large pilot line projects the total public funding cannot exceed 25 % while the Joint Undertaking's statute requires allocating the same reimbursement rate to each participant;
11. Acknowledges that the lower contributions from the Members States were more than compensated by increased private sector contributions, carrying 65 % of the total costs and thus reaching a very high leverage of the Union funding;

Prevention and management of conflicts of interests and transparency

12. Acknowledges from the Joint Undertaking that the CVs and the declarations of interests of its Executive Director and managers as required by the Staff Regulations and the implementing rules were collected and posted on the Joint Undertaking's web site; notes that a comprehensive database including all identified information related to conflicts of interests as well as the measures taken has been established and is regularly maintained;

Monitoring and reporting of research results

13. Recalls that the Seventh Framework Programme (FP7) Decision¹ establishes a monitoring and reporting system related to the protection, dissemination and transfer of research results; acknowledges from the Joint Undertaking that 211,5 publications and 16,6 patents per EUR 10 000 000 of Union grants shows a high productivity of its research results and that it is compliant with all requests expressed so far by the FP7 coordinators.

¹ Article 7 of Decision No 1982/2006 of the European Parliament and the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) (OJ L 412, 30.12.2006, p. 6)