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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 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 and the for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the financial year 2014, together with the Joint Undertaking's reply¹,
- 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 its decision of 28 April 2016³ postponing the discharge decision for the financial year 2014, and the replies from the Executive Director of the ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking and the ARTEMIS Joint Undertaking),
- 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 1605/2002⁴, and in particular Article 209 thereof,
- having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking⁵,
- having regard to Council Regulation (EC) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking⁶, and in particular 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

¹ OJ C 422, 17.12.2015, p. 25.

² OJ C 422, 17.12.2015, p. 26.

³ Texts adopted of that date, P8_TA(2016)0195.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 30, 4.2.2008, p. 21.

⁶ OJ L 169, 7.6.2014, p. 152.

to the general budget of the European Communities¹,

- 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 Council²,
 - 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 (A8-0000/2016),
1. Grants/refuses to grant the Executive Director of the ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking and the ARTEMIS 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 (formerly the ENIAC Joint Undertaking and the ARTEMIS 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 357, 31.12.2002, p. 72.

² 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 financial year 2014, together with the Joint Undertaking's reply¹,
- 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 its decision of 28 April 2016³ postponing the discharge decision for the financial year 2014, and the replies from the Executive Director of the ECSEL Joint Undertaking (formerly the ENIAC Joint Undertaking and the ARTEMIS Joint Undertaking),
- 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 1605/2002⁴, and in particular Article 209 thereof,
- having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking⁵,
- having regard to Council Regulation (EC) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking⁶, and in particular 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

¹ OJ C 422, 17.12.2015, p. 25.

² OJ C 422, 17.12.2015, p. 26.

³ Texts adopted of that date, P8_TA(2016)0195.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 30, 4.2.2008, p. 21.

⁶ OJ L 169, 7.6.2014, p. 152.

to the general budget of the European Communities¹,

- 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 Council²,
 - 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 (A8-0000/2016),
1. Approves 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 (formerly the ENIAC Joint Undertaking and the ARTEMIS 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 357, 31.12.2002, p. 72.

² 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 for 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 second report of the Committee on Budgetary Control (A8-0000/2016),
- 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 the fact 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 on 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 that, according to the Court's report, 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. Notes that the ECSEL JTI has invited NFAs to produce evidence that the implementation of the national procedures provide a reasonable assurance on the legality and regularity of transactions and notes that by the deadline of 30 June 2016, 76% of the NFAs so invited, representing 96.79% of joint Artemis and Joint Undertaking's spending, submitted the documents required and confirmed that the implementation of the national procedures provides a reasonable assurance on the legality and regularity of transactions;
5. Takes note of the fact 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 76 500 250;
6. Acknowledges that, according to the Joint Undertaking, national assurance procedures have been surveyed up to April 2015 for countries receiving 54.2 % of the Joint Undertaking grants; commends the intention of the Joint Undertaking to continue this exercise by covering up to 92.7% of the total Joint Undertaking grants allocated; welcomes the assurance of the Joint Undertaking that the national procedures provide reasonable assurance with regard to the legality and regularity of the underlying transactions.