

Procedure file

Basic information		
DEC - Discharge procedure	2013/2242(DEC)	Procedure completed
2012 discharge: European Institute of Innovation and Technology (EIT)		
Subject 8.70.03.07 Previous discharges		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control		10/10/2013
		PPE SARVAMAA Petri	
		Shadow rapporteur	
		S&D KADENBACH Karin	
		ALDE GERBRANDY Gerben-Jan	
		Verts/ALE STAES Bart	
		ECR ANDREASEN Marta	
		EFD VANHECKE Frank	
		NI EHRENHAUSER Martin	
	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	ŠEMETA Algirdas	

Key events			
26/07/2013	Non-legislative basic document published	COM(2013)0570	Summary
22/10/2013	Committee referral announced in Parliament		
17/03/2014	Vote in committee		
21/03/2014	Committee report tabled for plenary	A7-0234/2014	Summary
02/04/2014	Debate in Parliament		
03/04/2014	Results of vote in Parliament		
03/04/2014	Decision by Parliament	T7-0315/2014	Summary
03/04/2014	End of procedure in Parliament		
05/09/2014	Final act published in Official Journal		

Technical information	

Procedure reference	2013/2242(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/14226

Documentation gateway

Non-legislative basic document		COM(2013)0570	26/07/2013	EC	Summary
Court of Auditors: opinion, report		N7-0026/2014 OJ C 365 13.12.2013, p. 0142	10/09/2013	CofA	Summary
Committee draft report		PE521.669	27/01/2014	EP	
Document attached to the procedure		05849/2014	05/02/2014	CSL	Summary
Amendments tabled in committee		PE521.771	26/02/2014	EP	
Committee report tabled for plenary, single reading		A7-0234/2014	21/03/2014	EP	Summary
Text adopted by Parliament, single reading		T7-0315/2014	03/04/2014	EP	Summary

Final act

Budget 2014/589
[OJ L 266 05.09.2014, p. 0232](#) Summary

2012 discharge: European Institute of Innovation and Technology (EIT)

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2012, as part of the 2012 discharge procedure.

Analysis of the accounts of the European Institute of Innovation and Technology (EIT).

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2012 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the European Institute of Innovation and Technology (EIT).

In 2012, the tasks and budget of this agency were as follows:

- description of the EIT's tasks: the EIT, which is located in Budapest, was set up by [Regulation \(EC\) No 294/2008 of the European Parliament and of the Council](#). The Institute's objective is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the European Union. The Institute shall: (i) raise awareness among potential partner organisations and encourage their participation in its activities; (ii) select and designate Knowledge and Innovation Communities (KICs) in the priority fields; (iii) mobilise funds from public and private sources to encourage the innovation process; (iv) encourage the recognition in the Member States of degrees and diplomas which are awarded by higher education institutions that are partner organisations,
- EIT's budget for the 2012 financial year: the EIT's budget for 2012, as presented in the Commission document on the consolidated annual accounts of the European Union, gives the following figures:

§ Commitment appropriations :

- committed : EUR 97 million;
- paid : EUR 95 million;
- carried-over : 0.

§ Payment appropriations :

- committed : EUR 83 million;
- paid : EUR 71 million;
- carried-over : EUR 7 million.

Please refer also to the [final accounts of the EIT](#).

2012 discharge: European Institute of Innovation and Technology (EIT)

PURPOSE: presentation of the EU Court of Auditors report on the annual accounts of the European Institute of Innovation and Technology (EIT) for the financial year 2012, together with the Institutes replies.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the European Institute of Innovation and Technology (EIT).

In the Courts opinion, the Institutes annual accounts present fairly, in all material respects, its financial position as at 31 December 2012 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 Commissions accounting officer.

However, it considers that the transactions underlying the annual accounts of the Institute for the financial year ended 31 December 2012 are partly legal and regular in all material respects. It delivers a qualified opinion in this respect as regards the following operations: grants, final payments and pre-financings (transactions) for an amount of EUR 11.3 million and EUR 48.6 million relating respectively to the activities in 2010 and 2011. The Court notes that about 80% of grant expenditure claimed by KICs is covered by certificates issued by independent audit firms contracted by the KICs and their partners. However, it notes that the quality of the audit certificates is inadequate in many instances.

The Court could not obtain sufficient appropriate audit evidence on the legality and regularity of the audited grant transactions related to 2010 activities.

The report confirms that the Institutes 2012 budget amounted to EUR 95.30 million in commitment appropriations and EUR 77.09 million in payments.

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

Courts comments:

- internal control: the Court noted that budgets for grant agreements signed in 2010 and 2011, which resulted in payments in 2012, were not sufficiently specific. There was no link between the approved funds and the activities to be implemented;
- budgetary management: out of the committed appropriations carried over from 2011 amounting to some EUR 22 million, some EUR 10 million (45%) were cancelled in 2012. The high level of cancellations is mainly due to lower than estimated costs claimed by beneficiaries under 2011 grant agreements (EUR 9.2 million or 92% of cancelled carry-overs).

Institutes replies:

- audits: EIT foresaw the need to reinforce the ex ante verification to mitigate the risks related to the first year of operation of the KICs. In order to obtain reasonable assurance, EIT, beyond requesting audit certificates from the KICs, verified supporting documents related to an important percentage of expenditure based on a random sample. As a result, ineligible costs were corrected before the final payments. Any irregularities will be corrected and amounts unduly paid will be recovered in 2013;
- budget management: although there is a high level of carry-overs from 2012 to 2013, significant progress is expected since cancellations of carry-overs will be considerably reduced from 45 % (2011 carry-overs) to estimated 13 % (2012 carry- overs).

Lastly, the Court of Auditors report contains a summary of the Institutes activities in 2012. This is focused on the following:

- establish regular dialogue between the Director of the Institute and the KIC CEOs;
- manage a total budget of approximately EUR 90 million for EIT funding of KIC Value Added Activities and a budget of EUR 300 million for non-EIT Funding of KAVA (kick added value) activities and complementary activities;
- increase the number of KIC partners involved in the three KICs;
- manage the European Union EIT Stakeholders Conference organised by the European Commission.

2012 discharge: European Institute of Innovation and Technology (EIT)

The Committee on Budgetary Control adopted the report by Petri SARVAMAA (EPP, FI) in which it recommended the European Parliament to grant discharge to the Director of the European Institute of Innovation and Technology in respect of the implementation of the Institute's budget for the financial year 2012.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Institute for the financial year 2012 are reliable, and that the underlying transactions are legal and regular, Members approved the closure of the Institutes accounts. They made, however, a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the [draft resolution on performance, financial management and control of EU agencies](#).

- Qualified opinion: Members regretted that the Court of Auditors found the quality of the audit certificates is inadequate in many instances. They also deplored the fact that no ex post verifications have been carried out for transactions related to grants for 2010 activities (EUR 11.3 million). Furthermore, they deplored the fact that given the limited assurances that can be drawn from ex ante verifications, there is no reasonable assurance as to the legality and regularity of these transactions. They noted that according to the Court of Auditors, except for the possible effects of the matters described in the basis for a qualified opinion, the transactions underlying the annual accounts for the year 2012 are legal and regular in all material respects.
- Commitments and carryovers: Members noted that out of the committed appropriations carried over from 2011 amounting to some EUR 22 million, some EUR 10 million (45%) were cancelled in 2012.

Members also made a series of observations on transfers, procurement and recruitment procedures as well as comments on internal controls.

They acknowledged that the Institute has two framework rules regulating conflicts of interests. They called on the Institute to inform the discharge authority whether it intends to update those framework rules according to the Commission's Guidelines.

2012 discharge: European Institute of Innovation and Technology (EIT)

PURPOSE: to grant discharge to the European Institute of Innovation and Technology for the financial year 2012.

NON-LEGISLATIVE ACT: Decision 2014/589/EU of the European Parliament on discharge in respect of the implementation of the budget of the European Institute of Innovation and Technology for the financial year 2012.

CONTENT: with the present decision, the European Parliament grants discharge to the Director of the European Institute of Innovation and Technology in respect of its budget for the financial year 2012. However, a certain number of reservations were made.

This decision is in line with the European Parliament's resolution adopted on 3 April 2014 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 3 April 2014).

Amongst the main observations made, Parliament expressed reservations about the legality and regularity of the underlying transactions. It regretted in particular the lack of quality of audit certificates from the Institute and the weakness of some ex-post verifications of several of its transactions.

2012 discharge: European Institute of Innovation and Technology (EIT)

The European Parliament adopted a decision concerning the discharge to be granted to the Director of the European Institute of Innovation and Technology in respect of the implementation of the Institute's budget for the financial year 2012. The vote on the discharge decision approved the closure of the accounts (in accordance with Annex VI, Article 5(1) of the Rules of Procedure of the European Parliament.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Institute for the financial year 2012 are reliable, but that it could not obtain sufficient appropriate audit evidence on the legality and regularity of the underlying transactions, Parliament adopted by 508 votes to 63, with 20 abstentions, a resolution containing a series of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the [draft resolution on performance, financial management and control of EU agencies](#).

These recommendations are summarised as follows:

- **Qualified opinion:** Parliament regretted that the Court of Auditors found the quality of the audit certificates is inadequate in many instances. It also deplored the fact that no ex post verifications have been carried out for transactions related to grants for 2010 activities (EUR 11.3 million). Furthermore, it deplored the fact that given the limited assurances that can be drawn from ex ante verifications, there is no reasonable assurance as to the legality and regularity of these transactions. Parliament noted that according to the Court of Auditors, except for the possible effects of the matters described in the basis for a qualified opinion, the transactions underlying the annual accounts for the year 2012 are legal and regular in all material respects.
- **Commitments and carryovers:** Parliament noted that out of the committed appropriations carried over from 2011 amounting to some EUR 22 million, some EUR 10 million (45%) were cancelled in 2012.
- **Performance:** Parliament requested that the Institute communicate the results and impact its work has on European citizens in an accessible way, mainly through its website.

It also made a series of observations on transfers, procurement and recruitment procedures as well as comments on internal controls.

Parliament acknowledged that the Institute has two framework rules regulating conflicts of interests. It called on the Institute to inform the discharge authority whether it intends to update those framework rules according to the Commission's Guidelines.