











Procedure file

Basic information		
DEC - Discharge procedure	2018/2207(DEC)	Procedure completed
2017 discharge: European Institute of Innovation and Technology (EIT)		
Subject 8.70.03.02 2017 discharge		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Budgetary Control	 SARVAMAA Petri	26/07/2018
		Shadow rapporteur	
		 KADENBACH Karin	
		 CZARNECKI Ryszard	
		 ALI Nedzhmi	
		 STAES Bart	
		 KAPPEL Barbara	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Industry, Research and Energy	The committee decided not to give an opinion.	
European Commission	Commission DG Budget	Commissioner OETTINGER Günther	

Key events			
27/06/2018	Non-legislative basic document published	COM(2018)0521	Summary
11/09/2018	Committee referral announced in Parliament		
20/02/2019	Vote in committee		
04/03/2019	Committee report tabled for plenary	A8-0152/2019	Summary
26/03/2019	Results of vote in Parliament		
26/03/2019	Debate in Parliament		
26/03/2019	Decision by Parliament	T8-0270/2019	Summary
26/03/2019	End of procedure in Parliament		
27/09/2019	Final act published in Official Journal		

Technical information	
Procedure reference	2018/2207(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14335

Documentation gateway					
Non-legislative basic document		COM(2018)0521	28/06/2018	EC	Summary
Court of Auditors: opinion, report		N8-0012/2019 OJ C 434 30.11.2018, p. 0001	18/09/2018	CofA	Summary
Committee draft report		PE626.798	17/12/2018	EP	
Supplementary non-legislative basic document		05825/2019	24/01/2019	CSL	Summary
Amendments tabled in committee		PE634.476	01/02/2019	EP	
Committee report tabled for plenary, single reading		A8-0152/2019	04/03/2019	EP	Summary
Text adopted by Parliament, single reading		T8-0270/2019	26/03/2019	EP	Summary

Final act
Budget 2019/1482 OJ L 249 27.09.2019, p. 0228

2017 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 2017, as part of the 2017 discharge procedure.

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

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 European Institute of Innovation and Technology (EIT): the EIT, which is located in Budapest (HU), was set up by [Regulation \(EC\) No 294/2008](#) of the European Parliament and of the Council. Its objective is to contribute to sustainable European economic growth and

competitiveness by reinforcing the innovation capacity of the Member States and the European Union through raising awareness among potential partner organisations.

As regards the EITs accounts, these are presented in detail in the document on the consolidated annual accounts of the European Union for 2017:

Commitment appropriations:

- available: EUR 317 million;
- made: EUR 289 million.

Payment appropriations:

- available: EUR 308 million;
- made: EUR 306 million.

For further details on expenditure, please refer to the [final accounts of the EIT](#).

2017 discharge: European Institute of Innovation and Technology (EIT)

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the European Institute of Innovation and Technology (EIT), as well as the Court of Auditors' report on the annual accounts of the Institute for the financial year 2017, accompanied by the Institute's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Director of the Institute in respect of the implementation of the budget for the financial year 2017.

The Council welcomes the Court's opinion that the Institute'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 the Institute's Financial Regulation, and that the underlying transactions for 2017 are legal and regular with the exception of the matter described below.

Nevertheless, some observations need to be made.

Performance

The Council regretted the Court's finding related to amendments to the specific grant agreements with the Institute's Knowledge and Innovation Communities (KICs), which goes against the purpose of encouraging KICs to find own resources of financing and become gradually financially independent from the Institute. The Council called on the Institute to reduce the use of amendments to the specific grant agreements.

Procurement

The Council regretted the weaknesses found by the Court in the Institute's procurement procedures and called on the Institute to take appropriate actions in order to ensure the effectiveness of the process, competition in its procurement procedures, as well as the full implementation without unjustified delay of electronic public procurement.

2017 discharge: European Institute of Innovation and Technology (EIT)

The Committee on Budgetary Control adopted the report by Petri SARVAMAA (EPP, FI) on discharge in respect of the implementation of the budget of the European Institute of Innovation and Technology (EIT) for the financial year 2017.

The committee called on the European Parliament to grant the interim Director of the Institute discharge in respect of the implementation of the Institutes budget for the financial year 2017.

Noting that the Court of Auditors stated that it had obtained reasonable assurance that the annual accounts of the Institute for the financial year 2017 were reliable and that the underlying transactions were legal and regular, Members called on Parliament to approve 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](#):

Institutes financial statement

The final budget of the European Institute of Innovation and Technology for the financial year 2017 was EUR 338 465 181, representing an increase of 15.20 % compared to 2016. The overall contribution of the Union to the Institute's budget for 2017 amounted to EUR 315 147 801.58.

Budget and financial management

The budget monitoring efforts during the financial year 2017 resulted in a budget implementation rate of 91.23 %, representing a decrease of 3.8 % compared to 2016. This low number is linked to the low implementation rate of commitments appropriations of grants. The Institute stated that it will try to improve its budgetary processes to enhance the implementation. Payment appropriations execution rate was 99.5 %, representing a slight increase of 0.36 % compared to 2016.

The cancellations of carryovers from 2016 to 2017 amounted up to 95 721, representing 16.26 % of the total amount carried forward, and showing a notable increase of 5.33 % in comparison to 2016.

Members also made a series of observations regarding performance, staff policy, procurement, conflicts of interest and internal controls.

In particular, they noted that:

- on 31 December 2017, the establishment plan was 92.68 % filled, with 38 temporary agents appointed out of 41 authorised under the Union budget. Members urged the Institute to refrain from relying too heavily on temporary contracts;
- the Institutes current interim director was appointed in 2014, and has held the post ever since as ad interim. This practice is at odds with the Staff Regulations which limits the duration to a maximum of one year. Members urged the Institute to replace the interim director by a new director, without further delay;
- in 2017 several conflicts of interests cases were identified and assessed and that adequate measures were taken;
- the Commission finally granted the Institute full financial autonomy in December 2017, since it achieved compliance with the internal control standards.

2017 discharge: European Institute of Innovation and Technology (EIT)

The European Parliament decided to grant discharge to the interim Director of the European Institute of Innovation and Technology (EIT) for the financial year 2017 and to approve the closure of the accounts for the financial year in question.

Noting that the Court of Auditors has stated that it has obtained reasonable assurances that the Institutes annual accounts for the financial year 2017 are reliable and that the underlying transactions are legal and regular, Parliament adopted by 508 votes to 118 with 9 abstentions, a resolution containing a series of recommendations, which form an integral part of the decision on discharge and which add to the general recommendations set out in the [draft resolution on performance, financial management and control of EU agencies](#):

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There was a low implementation rate due to an unforeseen delay in introducing Sysper for human resource management as well as overestimation of other maintenance costs.

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