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From: Budget Committee

To: Permanent Representatives Committee/Council

Subject: Council recommendations on the discharge to be given to the joint undertakings in respect of the implementation of the budget for the financial year 2022

- *Adoption*
- *Approval of a letter*

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COUNCIL RECOMMENDATION
of
on the discharge to be given to the Director
of the European Joint Undertaking for ITER and the Development of Fusion Energy (F4E
JU)
in respect of the implementation of the budget
of the F4E JU
for the financial year 2022

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Decision 2007/198/Euratom of 27 March 2007 establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it¹, and in particular Article 5(3) thereof and the fourth subparagraph of Article 15(1) of the Annex thereto,

Having regard to the Financial Regulation of the European Joint Undertaking for ITER and the Development of Fusion Energy adopted by its Governing Board on 10 December 2019,

¹ OJ L 90, 30.3.2007, p. 58.

Having examined the revenue and expenditure accounts for the financial year 2022 and the balance sheet as at 31 December 2022 of the European Joint Undertaking for ITER and the Development of Fusion Energy (F4E JU), hereinafter referred to as the "Joint Undertaking", as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2022, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2022 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2022.

Done at Brussels,

For the Council

The President

¹ OJ C, C/2023/1025, 16.11.2023.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
EUROPEAN JOINT UNDERTAKING FOR ITER AND THE DEVELOPMENT OF
FUSION ENERGY (F4E JU)**

The Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2022 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2022 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council notes with concern the Court's observation on the Joint Undertaking's annual accounts for the financial year 2022, specifically the disclosure of the estimate for the total cost of fulfilling delivery obligations for the ITER project, estimate based on 2016 milestone and costs assumptions. In this regard, the Council is concerned by the potential risk associated with changes in key assumptions and risk exposure, which may lead to significant cost increases and/or additional implementation delays. This risk is further compounded by the slowdown in operational activities, resulting in a low implementation rate of its committed budget, as highlighted by the Court in its audit.

The Council regrets the Court's observation on weaknesses in the Joint Undertaking's management and control systems, specifically the instability at the level of senior management and deficiencies in both the risk management system and contract management. The Council aligns with the Court's apprehension regarding the high turnover rate in senior management, recognizing the potential risk it poses to effective management and decision making within the Joint Undertaking, particularly needed for an effective implementation of the new ITER baselines.

The Council regrets the Court's findings in the management of a high value contract (EUR 500 million), where an inefficient assessment and an absence of record keeping of the contractor's deviations resulted in diverse interpretations and disagreement among the parties, which significantly impacted the achievement of the contract's objectives and could potentially affect other operational activities as well. The Council invites the Joint Undertaking to remedy the deficiencies, while welcoming the Joint Undertaking's commitment to improve procurement and contract management.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Single European Sky Air Traffic Management Research (SESAR 3) Joint Undertaking
in respect of the implementation of the budget
of the SESAR 3 Joint Undertaking
for the financial year 2022

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014¹, and in particular Article 26(5) thereof,

Having regard to the Financial Rules of the SESAR 3 Joint Undertaking adopted by its Governing Board on 14 December 2021,

¹ OJ L 427, 30.11.2021, p. 17.

Having examined the revenue and expenditure accounts for the financial year 2022 and the balance sheet as at 31 December 2022 of the SESAR 3 Joint Undertaking, hereinafter referred to as the "Joint Undertaking", as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2022, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2022 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2022.

Done at Brussels,

For the Council
The President

¹ OJ C, C/2023/1025, 16.11.2023.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
SINGLE EUROPEAN SKY AIR TRAFFIC MANAGEMENT RESEARCH JOINT
UNDERTAKING (SESAR 3 JU)**

The Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2022 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2022 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note of the Court's finding that insufficient information is disclosed on the Joint Undertaking members' contributions, making it difficult to reconcile the EU cash, in-kind contributions and the achievement of the respective programmes' legal contribution targets at year end. The Council therefore welcomes the fact that the Joint Undertaking intends to fully resolve this issue in next year's annual accounts. The Council invites the Joint Undertaking to liaise with the Commission in order to receive support in its work on a harmonised template for the annual accounts in this respect.

The Council notes with concern the very low implementation rate for operational payment appropriations under the Horizon 2020 programme, which decreased to 54 %, as well as the postponement of most projects and their respective final payments to 2023, due to COVID-19 related delivery problems and rising costs faced by its beneficiaries. The Council aligns with the Court's apprehension whereas management of multiple MFF programmes simultaneously may weaken the effectiveness of the Joint Undertaking's internal controls and its management of these funds, and delay the implementation of the new programmes, and therefore invites the Joint Undertaking to take remedial actions, also to avoid overspilling effects to new programmes.

As regards management and control systems for Horizon 2020 expenditure, the Council welcomes the Court's observation that the operational payment controls are overall sound, as well as the Joint Undertaking's commitment to take corrective measures to recover the over-claimed amounts related to one systemic error found.

Concerning the implementation of Horizon Europe, the Council takes note of the Court's observation regarding unused 2022 payment appropriations to be executed in the first half of 2023 upon signature of contracts and acknowledges the Joint Undertaking's reply.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Clean Aviation (CA) Joint Undertaking
in respect of the implementation of the budget
of the CA Joint Undertaking
for the financial year 2022

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014¹, and in particular Article 26(5) thereof,

Having regard to the Financial Rules of the Clean Sky 2 Joint Undertaking adopted by its Governing Board on 27 January 2020,

¹ OJ L 427, 30.11.2021, p. 17.

Having examined the revenue and expenditure accounts for the financial year 2022 and the balance sheet as at 31 December 2022 of the CA Joint Undertaking, hereinafter referred to as the "Joint Undertaking", as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2022, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2022 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2022.

Done at Brussels,

For the Council
The President

¹ OJ C, C/2023/1025, 16.11.2023.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
CLEAN AVIATION JOINT UNDERTAKING (CA JU)**

The Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2022 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2022 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note of the Court's finding that insufficient information is disclosed on the Joint Undertaking members' contributions, making it difficult to reconcile the EU cash, in-kind contributions and the achievement of the respective programmes' legal contribution targets at year end. The Council therefore welcomes the fact that the Joint Undertaking intends to fully resolve this issue in next year's annual accounts. The Council invites the Joint Undertaking to liaise with the Commission in order to receive support in its work on a harmonised template for the annual accounts in this respect.

The Council notes the decrease in the implementation rate for operational payment appropriations under Horizon 2020 programme to 78 %, as well as the postponement of most projects and their respective final payments to 2023, due to COVID-19 related delivery problems and rising costs faced by its beneficiaries. The Council aligns with the Court's apprehension whereas management of multiple MFF programmes simultaneously may weaken the effectiveness of the Joint Undertaking's internal controls and its management of these funds, and delay the implementation of the new programmes, and therefore invites the Joint Undertaking to take remedial actions, also to avoid overspilling effects to new programmes.

As regards the low implementation rate of administrative expenditure of the Joint Undertaking of 54 %, the Council takes note that it is mainly justified by services provided during the last quarter of 2022 not yet paid at year end, as well as reduced costs for the services provided by the Commission.

As regards management and control systems for Horizon 2020 expenditure, the Council regrets the Court's finding that in one instance a serious error was identified, resulting from an overclaimed personnel cost by the beneficiary. In this regard, the Council welcomes the Joint Undertaking's commitment to implement measures to remedy and mitigate a similar risk in the future.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Innovative Health Initiative (IHI) Joint Undertaking
in respect of the implementation of the budget
of the IHI Joint Undertaking
for the financial year 2022

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014¹, and in particular Article 26(5) thereof,

Having regard to the Financial Rules of the Innovative Medicines Initiative 2 Joint Undertaking adopted by its Governing Board on 27 May 2020,

¹ OJ L 427, 30.11.2021, p. 17.

Having examined the revenue and expenditure accounts for the financial year 2022 and the balance sheet as at 31 December 2022 of the IHI Joint Undertaking, hereinafter referred to as the "Joint Undertaking", as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2022, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2022 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2022.

Done at Brussels,

For the Council
The President

¹ OJ C, C/2023/1025, 16.11.2023.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
INNOVATIVE HEALTH INITIATIVE JOINT UNDERTAKING (IHI JU)**

The Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2022 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2022 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note of the Court's finding that insufficient information is disclosed on the Joint Undertaking members' contributions, making it difficult to reconcile the EU cash, in-kind contributions and the achievement of the respective programmes' legal contribution targets at year end. The Council therefore welcomes the fact that the Joint Undertaking intends to fully resolve this issue in next year's annual accounts. The Council invites the Joint Undertaking to liaise with the Commission in order to receive support in its work on a harmonised template for the annual accounts in this respect.

The Council notes the decrease in the implementation rate for the operational payment appropriations under Horizon 2020 programme to 87 %. The Council aligns with the Court's apprehension whereas management of multiple MFF programmes simultaneously may weaken the effectiveness of the Joint Undertaking's internal controls and its management of these funds, and delay the implementation of the new programmes, and therefore invites the Joint Undertaking to take remedial actions, also to avoid overspilling effects to new programmes.

Whereas management and control systems for Horizon 2020 expenditure, the Council welcomes the fact that the transactions sampled by the Court are free from errors and control weaknesses.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Clean Hydrogen (Clean H2) Joint Undertaking
in respect of the implementation of the budget
of the Clean H2 Joint Undertaking
for the financial year 2022

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014¹, and in particular Article 26(5) thereof,

Having regard to the Financial Rules of the Clean H2 Joint Undertaking adopted by its Governing Board on 18 December 2019,

¹ OJ L 427, 30.11.2021, p. 17.

Having examined the revenue and expenditure accounts for the financial year 2022 and the balance sheet as at 31 December 2022 of the Clean H2 Joint Undertaking, hereinafter referred to as the "Joint Undertaking", as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2022, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2022 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2022.

Done at Brussels,

For the Council
The President

¹ OJ C, C/2023/1025, 16.11.2023.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
CLEAN HYDROGEN JOINT UNDERTAKING (CLEAN H2 JU)**

The Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2022 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2022 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note of the Court's finding that insufficient information is disclosed on the Joint Undertaking members' contributions, making it difficult to reconcile the EU cash, in-kind contributions and the achievement of the respective programmes' legal contribution targets at year end. The Council therefore welcomes the fact that the Joint Undertaking intends to fully resolve this issue in next year's annual accounts. The Council invites the Joint Undertaking to liaise with the Commission in order to receive support in its work on a harmonised template for the annual accounts in this respect.

The Council notes the decrease in the implementation rate for operational payment appropriations under Horizon 2020 programme to 81 %, as well as the postponement of most projects and their respective final payments to 2023, due to COVID-19 related delivery problems and rising costs faced by its beneficiaries. The Council aligns with the Court's apprehension whereas management of multiple MFF programmes simultaneously may weaken the effectiveness of the Joint Undertaking's internal controls and its management of these funds, and delay the implementation of the new programmes, and therefore invites the Joint Undertaking to take remedial actions, also to avoid overspilling effects to new programmes.

With regard to the low implementation rate of administrative expenditure of 62 % for commitments and 51 % for payments, the Council takes note of the justifications provided by the Joint Undertaking, in particular payment suspensions, postponed procurement and implementation of a framework contract. However, the Council cautions whereas compliance with the principle of annuality and invites the Joint Undertaking to take remedial action, notably by improving its budget management and control systems.

The Council regrets that, in the context of its ex-post audit of Horizon 2020 payments, the Court detected, in two cases, serious errors related to staff and equipment costs claimed by beneficiaries, welcomes the corrective measures announced by the Joint Undertaking, and invites it to further improve its grant management and control systems to mitigate the risk of such errors in the future.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Key Digital Technologies (KDT) Joint Undertaking
in respect of the implementation of the budget
of the KDT Joint Undertaking
for the financial year 2022

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014¹, and in particular Article 26(5) thereof,

Having regard to the Financial Rules of the ECSEL Joint Undertaking adopted by its Governing Board on 26 February 2020,

¹ OJ L 427, 30.11.2021, p. 17.

Having examined the revenue and expenditure accounts for the financial year 2022 and the balance sheet as at 31 December 2022 of the KDT Joint Undertaking, hereinafter referred to as the "Joint Undertaking", as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2022, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2022 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2022.

Done at Brussels,

For the Council
The President

¹ OJ C, C/2023/1025, 16.11.2023.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
KEY DIGITAL TECHNOLOGIES JOINT UNDERTAKING (KDT JU)¹**

The Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2022 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2022 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note of the Court's finding that insufficient information is disclosed on the Joint Undertaking members' contributions, making it difficult to reconcile the EU cash, in-kind contributions and the achievement of the respective programmes' legal contribution targets at year end. The Council therefore welcomes the fact that the Joint Undertaking intends to fully resolve this issue in next year's annual accounts. The Council invites the Joint Undertaking to liaise with the Commission in order to receive support in its work on a harmonised template for the annual accounts in this respect.

The Council notes the decrease in the implementation rate for operational payment appropriations under Horizon 2020 programme to 74 %, as well as the postponement of most projects and their respective final payments to 2023, due to COVID-19 related delivery problems and rising costs faced by its beneficiaries. The Council aligns with the Court's apprehension whereas management of multiple MFF programmes simultaneously may weaken the effectiveness of the Joint Undertaking's internal controls and their management of these funds, and delay the implementation of the new programmes, and therefore invites the Joint Undertaking to take remedial actions, also to avoid overspilling effects to new programmes.

¹ As of July 2023 Chips JU, Council Regulation (EU) 2023/1782 amending Regulation (EU) 2021/2085 establishing the JUs under Horizon Europe, as regards the Chips Joint Undertaking.

With regard to the low implementation rate of administrative expenditure of 63 % for payments, the Council takes note of the justifications, in particular savings whereas communication activities and postponement of an IT project, and invites the Joint Undertaking to improve management and budget planning.

Whereas management and control systems for Horizon 2020 expenditure, the Council welcomes that the transactions sampled by the Court are free from errors and control weaknesses.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Circular Bio-based Europe (CBE) Joint Undertaking
in respect of the implementation of the budget
of the CBE Joint Undertaking
for the financial year 2022

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014¹, and in particular Article 26(5) thereof,

Having regard to the Financial Rules of the Bio-based Industries Joint Undertaking adopted by its Governing Board on 1 January 2020,

¹ OJ L 427, 30.11.2021, p. 17.

Having examined the revenue and expenditure accounts for the financial year 2022 and the balance sheet as at 31 December 2022 of the CBE Joint Undertaking, hereinafter referred to as the "Joint Undertaking", as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2022, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2022 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2022.

Done at Brussels,

For the Council
The President

¹ OJ C, C/2023/1025, 16.11.2023.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
CIRCULAR BIO-BASED EUROPE JOINT UNDERTAKING (CBE JU)**

The Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2022 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2022 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note of the Court's finding that insufficient information is disclosed on the Joint Undertaking members' contributions, making it difficult to reconcile the EU cash, in-kind contributions and the achievement of the respective programmes' legal contribution targets at year end. The Council therefore welcomes the fact that the Joint Undertaking intends to fully resolve this issue in next year's annual accounts. The Council invites the Joint Undertaking to liaise with the Commission in order to receive support in its work on a harmonised template for the annual accounts in this respect.

The Council regrets that the Joint Undertaking will not achieve the foreseen private members' contribution target for the Horizon 2020 programme and invites the Joint Undertaking to remedy and mitigate such risk for the current MFF.

The Council notes with concern the decrease in the implementation rate for operational payment appropriations under the Horizon 2020 programme to 65 %, as well as the postponement of most projects and their respective final payments to 2023, due to COVID-19 related delivery problems and rising costs faced by its beneficiaries. The Council aligns with the Court's apprehension whereas management of multiple MFF programmes simultaneously may weaken the effectiveness of the Joint Undertaking's internal controls and their management of these funds, and delay the implementation of the new programmes, and therefore invites the Joint Undertaking to take remedial actions, also to avoid overspilling effects to new programmes.

The Council regrets the low implementation rate of administrative expenditure of the Joint Undertaking of 55 % for salary payments, due to delayed start of contracts of newly recruited staff and invites the Joint Undertaking to improve its recruitment management.

Whereas management and control systems for Horizon 2020 expenditure, the Council regrets that in one instance the Court found a serious error, resulting from overclaimed personnel cost by the beneficiary. In this regard, the Council invites the Joint Undertaking to implement corrective measures and mitigate such risks in the future.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Europe's Rail (EU-Rail) Joint Undertaking
in respect of the implementation of the budget
of the EU-Rail Joint Undertaking
for the financial year 2022

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014¹, and in particular Article 26(5) thereof,

Having regard to the Financial Rules of the EU-Rail Joint Undertaking adopted by its Governing Board on 21 December 2021,

¹ OJ L 427, 30.11.2021, p. 17.

Having examined the revenue and expenditure accounts for the financial year 2022 and the balance sheet as at 31 December 2022 of the EU-Rail Joint Undertaking, hereinafter referred to as the "Joint Undertaking", as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2022, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2022 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2022.

Done at Brussels,

For the Council
The President

¹ OJ C, C/2023/1025, 16.11.2023.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
EUROPE'S RAIL JOINT UNDERTAKING (EU-Rail JU)**

The Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2022 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2022 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note of the Court's finding that insufficient information is disclosed on the Joint Undertaking members' contributions, making it difficult to reconcile the EU cash, in-kind contributions and the achievement of the respective programmes' legal contribution targets at year end. The Council therefore welcomes the fact that the Joint Undertaking intends to fully resolve this issue in next year's annual accounts. The Council invites the Joint Undertaking to liaise with the Commission in order to receive support in its work on a harmonised template for the annual accounts in this respect.

The Council notes with concern the very low implementation rate for operational payment appropriations under Horizon 2020 programme of 47 %, as well as the postponement of most projects and their respective final payments to 2023, due to COVID-19 related delivery problems and rising costs faced by its beneficiaries. The Council aligns with the Court's apprehension whereas management of multiple MFF programmes simultaneously may weaken the effectiveness of the Joint Undertaking's internal controls and their management of these funds, and delay the implementation of the new programmes, and therefore invites the Joint Undertaking to take remedial actions, also to avoid overspilling effects to new programmes.

With regard to management and control systems for Horizon 2020 expenditure, the Council regrets that in one instance the Court’s found a serious error, resulting from overclaimed personnel cost by the beneficiary. In this regard, the Council invites the Joint Undertaking’s to implement corrective measures and improve its grant management and control systems to mitigate the risk of such errors.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the European High Performance Computing (EuroHPC) Joint Undertaking
in respect of the implementation of the budget
of the EuroHPC Joint Undertaking
for the financial year 2022

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) 2021/1173 of 13 July 2021 on establishing the European High Performance Computing Joint Undertaking and repealing Regulation (EU) 2018/1488¹, and in particular Article(4) thereof,

Having regard to the Financial Rules of the EuroHPC Joint Undertaking adopted by its Governing Board on 20 February 2020,

¹ OJ L 256, 19.7.2021, p. 3.

Having examined the revenue and expenditure accounts for the financial year 2022 and the balance sheet as at 31 December 2022 of the EuroHPC Joint Undertaking, hereinafter referred to as the "Joint Undertaking", as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2022, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2022 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2022.

Done at Brussels,

For the Council
The President

¹ OJ C, C/2023/1025, 16.11.2023.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
EUROPEAN HIGH PERFORMANCE COMPUTING JOINT UNDERTAKING
(EuroHPC JU)**

The Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2022 and the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2022 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note of the Court's finding that insufficient information is disclosed on the Joint Undertaking members' contributions, making it difficult to reconcile the EU cash, in-kind contributions and the achievement of the respective programmes' legal contribution targets at year end. The Council therefore welcomes the fact that the Joint Undertaking intends to fully resolve this issue in next year's annual accounts. The Council invites the Joint Undertaking to liaise with the Commission in order to receive support in its work on a harmonised template for the annual accounts in this respect.

The Council regrets that the private members' contribution target will not be achieved for the Horizon 2020 programme and invites the Joint Undertaking to remedy and mitigate such risk for the current MFF.

The Council regrets and is concerned by the implementation rate of 79 % for commitment appropriations and the very low implementation rate of 24 % for payment appropriations, justified by delays in procurement, call for proposals, as well as cost claims from beneficiaries. Also, the Council regrets the low implementation rate of administrative expenditure of the Joint Undertaking, of 45 % for commitments and 37 % for payments, mainly due to non-fulfilment of the recruitment plan. The Council therefore invites the Joint Undertaking to take remedial actions by improving its management and budget planning, as well by enforcing the recruitment action plan.

Whereas management and control systems for Horizon 2020 expenditure, the Council welcomes that the transactions sampled by the Court are free from significant errors and control weaknesses, and welcomes also the Joint Undertaking's commitment to follow-up on the time-recording weakness identified.
