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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 2023

- *Adoption*
- *Approval of a letter*

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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 2023

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EU) 2021/2085 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,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 427, 30.11.2021, p. 17.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 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 2023.

Done at Brussels,

For the Council

The President

**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 2023 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 2023 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note with concern of the Court's and the Commission's finding that the Joint Undertaking's business continuity plan in 2023 had not been updated since 2016 and does not account for significant changes to the Joint Undertaking's operating environment. The Council encourages the Joint Undertaking to finalise the update of the business continuity plan as soon as possible.

Moreover, the Council regrets that, at the end of 2023, the Joint Undertaking did not yet have a policy on the management of sensitive functions in place, with appropriate control measures to prevent or mitigate risks of inappropriate or fraudulent actions. The Council takes note of the Joint Undertaking's engagement to set up an adequate policy and of the controls already implemented to mitigate the risks identified by the auditors, and invites the Commission to closely monitor the situation.

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 2023

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EU) 2021/2085 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,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 427, 30.11.2021, p. 17.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 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 2023.

Done at Brussels,

For the Council
The President

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 2023 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 2023 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council notes with concern that in 2023, the implementation rate for the administrative infrastructure and the operating payment budget were low, at 60 % and 51 % respectively. At the same time, the Joint Undertaking requested and received significant additional EU financial contributions of EUR 178 million leading to an accumulated cash surplus of EUR 237 million by the end of 2023. The Council emphasises that these funds could have been allocated to other EU activities and, therefore, calls on the Joint Undertaking to take prompt remedial actions to address this issue and prevent negative spillover effects on future programmes.

The Council regrets that the Court detected a serious error of payment at the level of final beneficiaries, from indirect costs considered incorrectly in the beneficiary's cost claim of direct costs, and the use of an incorrect exchange rate.

The Council notes with concern the Court's finding that the business continuity plan and the related disaster recovery plan for the Clean Aviation Joint Undertaking and the other Joint Undertakings sharing the same building had not been updated and tested for several years and do not reflect the significant changes to the Joint Undertaking's operating environment that have occurred since. The Council takes note of the actions taken and invites the Joint Undertaking to finalise the process of consultation and adopt the updated plans as soon as possible.

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 2023

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EU) 2021/2085 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,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 427, 30.11.2021, p. 17.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 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 2023.

Done at Brussels,

For the Council

The President

**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 2023 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 2023 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council notes with concern that in 2023, the implementation rate for the administrative infrastructure payment budget was low at 67 %.

The Council regrets that the Court detected a serious error of payment at the level of final beneficiaries, resulting from ineligible personnel costs due to the application of an incorrect calculation method, and the claiming of staff costs for employees who had worked solely on other projects.

The Council invites the Joint Undertaking to act following the Court's observation and address the weaknesses identified in the control of procurement procedures, that may have resulted in irregular contracts and payments. The Council welcomes the rectification measures already taken and the usage of the Public Procurement Management Tool.

The Council notes with concern the Court's finding that the business continuity plan and the related disaster recovery plan for the Innovative Health Initiative Joint Undertaking and the other Joint Undertakings sharing the same building had not been updated and tested for several years and do not reflect the significant changes to the Joint Undertaking's operating environment that have occurred since. The Council takes note of the actions taken and invites the Joint Undertaking to finalise the process of consultation and adopt the updated plans as soon as possible.

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 2023

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EU) 2021/2085 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,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 427, 30.11.2021, p. 17.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 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 2023.

Done at Brussels,

For the Council

The President

**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 2023 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 2023 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council notes with concern that in 2023, the implementation rate for the administrative infrastructure payment budget, although improving, remains low at 61 %.

The Council regrets that the Court detected a serious error of payment at the level of final beneficiaries, resulting from an incorrectly claimed reimbursement of deductible value added tax, and invites the Joint Undertaking to improve its operational payment controls.

The Council notes with concern the Court's finding that the business continuity plan and the related disaster recovery plan for the Clean Hydrogen Joint Undertaking and the other Joint Undertakings sharing the same building had not been updated and tested for several years and do not reflect the significant changes to the Joint Undertaking's operating environment that have occurred since. The Council takes note of the actions taken and invites the Joint Undertaking to finalise the process of consultation and adopt the updated plans as soon as possible.

Moreover, the Council regrets that, at the end of 2023, the Joint Undertaking did not yet have a policy on the management of sensitive functions in place, with appropriate control measures to prevent or mitigate risks of inappropriate or fraudulent actions. The Council takes note of the Joint Undertaking's engagement to set up an adequate policy and of the controls already implemented to mitigate the risks identified by the auditors, and invites the Commission to closely monitor the situation.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Chips Joint Undertaking¹
in respect of the implementation of the budget
of the Chips Joint Undertaking
for the financial year 2023

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EU) 2021/2085 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 642/2014², and in particular Article 26(5) thereof,

Council Regulation (EU) 2023/1782 of 25 July 2023 amending Regulation (EU) 2021/2085 establishing the Joint Undertakings under Horizon Europe, as regards the Chips Joint Undertaking³,

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

¹ As of September 2023, replacing the Key Digital Technologies Joint Undertaking (KDT JU).

² OJ L 427, 30.11.2021, p. 17.

³ OJ L 229, 18.9.2023, p. 55.

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 of the Chips Joint Undertaking¹, 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 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 2023.

Done at Brussels,

For the Council
The President

¹ As of September 2023, replacing the Key Digital Technologies Joint Undertaking (KDT JU).

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

**COMMENTS ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
CHIPS JOINT UNDERTAKING (CHIPS 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 2023 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 2023 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council takes note of the current revision of the processes and the technical method used by the Joint Undertaking to report and validate participating states' cash contributions for the on-going programmes (Horizon 2020 and Horizon Europe) and encourages the Joint Undertaking to take swift action to remedy the technical difficulties affecting the confirmation of data on the contributions of participating states. The Council also takes note of the low implementation rate for operational payment appropriations for Horizon Europe and Digital Europe projects in 2023 (some 36 %), resulting in the Joint Undertaking accumulating a cash surplus of EUR 438 million at the end of 2023. Having acknowledged the Joint Undertaking's explanation related to the late transition of the Key Digital Technologies Joint Undertaking into the Chips Joint Undertaking in September 2023, accompanied by a significant increase in the budget 2023 for Horizon Europe and Digital Europe activities, and a slower than expected start of the complex activities under its new remit, the Council urges the Joint Undertaking to make full use of the flexibility granted by its Financial Regulation regarding the implementation of funding across the whole programme period and significantly improve the implementation rate for the operational payment appropriations in future.

¹ As of September 2023, replacing the Key Digital Technologies Joint Undertaking (KDT JU).

The Council regrets the Court's finding related to the failure of the Joint Undertaking's internal control to detect weaknesses in the design of the tender and in the process for evaluating the financial proposals concerning the first Chips Joint Undertaking Symposium, that could have distorted competition. The Council shares the Court's assessment that, if not addressed in future procurement procedures, these weaknesses may result in irregular contracts and payments for future procurements. Taking note of the Joint Undertaking's efforts to remedy the situation in 2024, the Council calls on the Commission to assist the Joint Undertaking preventing the occurrence of similar situations.

The Council notes with concern the Court's finding that the business continuity plan and the related disaster recovery plan for the Chips Joint Undertaking and the other Joint Undertakings sharing the same building had not been updated and tested for several years and do not reflect the significant changes to the Joint Undertaking's operating environment that have occurred since. The Council takes note of the actions taken and invites the Joint Undertaking to finalise the process of consultation and adopt the updated plans as soon as possible.

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 2023

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EU) 2021/2085 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 Circular Bio-based Industries Joint Undertaking adopted by its Governing Board on 1 January 2020,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 427, 30.11.2021, p. 17.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 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 2023.

Done at Brussels,

For the Council

The President

**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 2023 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 2023 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council notes with concern the low implementation of the 2023 administrative payment budget of 57 %, caused by an accumulation of unused payment appropriations (up to around EUR 2.6 million) that the Joint Undertaking failed to absorb over the last years. The Council aligns with the Court's apprehension that this situation, occurring in the context of the transition between Horizon 2020 to Horizon Europe, is not in line with the principle of sound financial management and calls on the Joint Undertaking to work closely with the Commission to reinforce the administrative budgeting process.

Concerning the Joint Undertaking's operational payment controls, the Council regrets that in one instance the Court found a serious error, resulting from ineligible loan interest and incorrect accounting by the beneficiary. In this regard, the Council invites the Joint Undertaking to implement corrective measures and mitigate such risks in the future.

The Council notes with concern the Court's finding that the business continuity plan and the related disaster recovery plan for the Circular Bio-Based Europe Joint Undertaking and the other Joint Undertakings sharing the same building had not been updated and tested for several years and do not reflect the significant changes to the Joint Undertaking's operating environment that have occurred since. The Council takes note of the actions taken and invites the Joint Undertaking to finalise the process of consultation and adopt the updated plans as soon as possible.

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 2023

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EU) 2021/2085 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,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 427, 30.11.2021, p. 17.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 call for certain comment 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 2023.

Done at Brussels,

For the Council
The President

**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 2023 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 2023 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council notes with concern that the implementation rate for the administrative infrastructure payment budget, remains below expectations at 67 %.

Concerning the Joint Undertaking's operational payment controls, the Council regrets that in one instance the Court found a serious error, resulting from overclaimed personnel costs because the beneficiary did not apply the hourly rates of the correct financial year.

The Council notes with concern the Court's finding that the business continuity plan and the related disaster recovery plan for the Europe's Rail Joint Undertaking and the other Joint Undertakings sharing the same building had not been updated and tested for several years and do not reflect the significant changes to the Joint Undertaking's operating environment that have occurred since. The Council takes note of the actions taken and invites the Joint Undertaking to finalise the process of consultation and adopt the updated plans as soon as possible.

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 2023

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,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 256, 19.7.2021, p. 3.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 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 2023.

Done at Brussels,

For the Council

The President

**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 2023 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 2023 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council specifically notes the Court's finding that the private members of the Joint Undertaking had only reported EUR 18.4 million of in-kind contributions to Horizon 2020 projects, which is significantly less than the EUR 420 million minimum target set by the end of the programme. The Council notes with concern the Court's observation of a high risk that private members may again fail to meet their minimum contribution target for the 2021-2027 programmes, which increased to EUR 900 million. The Council concurs with the Court's assessment that this substantial shortfall in in-kind contributions poses a risk to achieving the Joint Undertaking's objectives under Horizon 2020. Therefore, the Council urges the Joint Undertaking, under monitoring by the Commission to address this issue as a matter of urgency.

The Council notes with concern the decline in the implementation rate of operational payment appropriations for 2023, which dropped to 19 %. At the same time, the Joint Undertaking requested and received significant additional EU financial contributions of EUR 488.6 million leading to an accumulated cash surplus of EUR 840.7 million by the end of 2023. The Council emphasises that these funds could have been allocated to other EU activities and therefore calls on the Joint Undertaking to take prompt remedial actions to address this issue and prevent negative spillover effects on future programmes.

The Council notes with concern the low implementation of the 2023 administrative payment budget of 42 %, mainly caused by the fact that the Joint Undertaking could not achieve its recruitment plan for 2022 and 2023, but requested and received the budget for the planned number of staff. The Council aligns with the Court's apprehension that this situation is not in line with the principle of sound financial management and calls on the Joint Undertaking, with the support of the Commission, to reinforce the administrative budgeting process.

Regarding management and control systems, the Council regrets the Court's findings, which highlight inadequate and incomplete business continuity and disaster recovery plans, as well as the lack of a proper internal control policy for sensitive functions. The Council urges the Joint Undertaking to implement corrective measures without delay and to enhance its management and control systems to address these shortcomings.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Smart Networks and Services (SNS) Joint Undertaking
in respect of the implementation of the budget
of the SNS Joint Undertaking
for the financial year 2023

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EU) 2021/2085 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 SNS Joint Undertaking adopted by its Governing Board on 15 December 2021,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 of the SNS 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 427, 30.11.2021, p. 17.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 call for a certain comment by the Council, which is annexed to this recommendation; whereas the Council stresses the importance it attaches to this comment 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 2023.

Done at Brussels,

*For the Council
The President*

COMMENT ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
SMART NETWORKS AND SERVICES JOINT UNDERTAKING (SNS 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 2023 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 2023 are legal and regular in all material respects. Nevertheless, one observation needs to be made.

The Council, while considering that the Joint Undertaking became financially autonomous from the Commission on 24 October 2023, takes note of the Court's finding that, as of the end of 2023, the Joint Undertaking had only partially implemented the Commission's internal control framework based on 17 principles. The Council welcomes the fact that the Joint Undertaking intends to address these shortcomings without delay to strengthen its internal control framework.

COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Global Health EDCTP3 Joint Undertaking
in respect of the implementation of the budget
of the Global Health EDCTP3 Joint Undertaking
for the financial year 2023

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Regulation (EU) 2021/2085 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 Global Health EDCTP3 Joint Undertaking adopted by its Governing Board on 3 May 2022,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 of the Global Health EDCTP3 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 427, 30.11.2021, p. 17.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 call for a certain comment by the Council, which is annexed to this recommendation; whereas the Council stresses the importance it attaches to this comment 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 2023.

Done at Brussels,

*For the Council
The President*

**COMMENT ACCOMPANYING
THE COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO THE
GLOBAL HEALTH EDCTP3 JOINT UNDERTAKING**

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 2023 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 2023 are legal and regular in all material respects. Nevertheless, one observation needs to be made.

The Council takes note of the Court's finding that, as of the end of 2023, the Joint Undertaking had almost implemented the Commission's internal control framework based on 17 principles. The Council welcomes the fact that the Joint Undertaking intends to address these shortcomings without delay to strengthen its internal control framework.

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 2023

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,

Having examined the revenue and expenditure accounts for the financial year 2023 and the balance sheet as at 31 December 2023 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 2023, accompanied by the Joint Undertaking's replies to the Court's observations²,

¹ OJ L 90, 30.3.2007, p. 58.

² OJ C, C/2024/6841, 13.11.2024, ELI: <http://data.europa.eu/eli/C/2024/6841/oj>.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2023 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 2023.

Done at Brussels,

For the Council
The President

**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 2023 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 2023 are legal and regular in all material respects. Nevertheless, some observations need to be made.

The Council notes with concern the Court's emphasis of matters on the fact that the Joint Undertaking still disclosed in its annual accounts for the financial year 2023, the estimate for the total cost of its delivery obligations for the ITER project, based on 2016 milestone and costs assumptions. In this regard, the Council is concerned by the potential risk related to the new ITER project baseline and requirements, which may lead to significant cost increases or additional implementation delays. This risk led in 2023, to a slowdown in the Joint Undertaking's operational activities, resulting in a low implementation rate of its committed 2023 budget, as highlighted by the Court and is further compounded by the potential risk associated with the changes in the framework of the Joint Undertaking's reorganisation.

While taking note of the Commission's and the Court's assessment regarding the progress made since 2021 in relation to the Joint Undertaking's management of external service providers (ESPs), the Council urges the Joint Undertaking to set up a centralised function for the coordination and management of ESPs and a methodology for assessing its aggregate human resources needs, including an adequate estimate of the actual need and the required skills for ESPs. The Commission is invited to monitor the application of the action plan prepared by the Joint Undertaking and to assess its effectiveness in redressing the situation.

Moreover, the Council regrets that, at the end of 2023, the Joint Undertaking did not yet have a policy on the management of sensitive functions in place, with appropriate control measures to prevent or mitigate risks of inappropriate or fraudulent actions. The Council takes note of the Joint Undertaking's engagement to set up an adequate policy and of the controls already implemented to mitigate the risks identified by the auditors and invites the Commission to closely monitor the situation.
