RESOLUTION (EU) 2023/1890 OF THE EUROPEAN PARLIAMENT

of 10 May 2023

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the European Institute of Innovation and Technology (EIT) for the financial year 2021

THE EUROPEAN PARLIAMENT,

— having regard to its decision on discharge in respect of the implementation of the budget of the European Institute of Innovation and Technology (EIT) for the financial year 2021,

— having regard to Rule 100 of and Annex V to its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A9-0130/2023),

A. whereas, according to its statement of revenue and expenditure ([1]), the final budget of the European Institute of Innovation and Technology (EIT) (the 'Institute') for the financial year 2021 was EUR 360 913 825,71 representing a decrease of 42,26 % compared to 2020;

B. whereas EUR 357 511 198 (96 %) have been allocated by the governing board to the Institute's eight Knowledge and Innovation Communities (KICs) for the implementation of their 2021 business plans;

C. whereas the budget for the financial year 2021 decreased because of the significantly lower amount of grants awarded and implemented for the KICs in 2021 due to the transition between the previous and the new multi-annual financial framework periods;

D. whereas the Court of Auditors (the 'Court'), in its report on the Institute's annual accounts for the financial year 2021 (the 'Court's report'), states that the Court has obtained reasonable assurance that the Institute's annual accounts are reliable and that the underlying transactions are legal and regular;

Budget and financial management

1. Notes that the budget monitoring efforts during the financial year 2021 resulted in a budget implementation rate of current year commitment appropriations of 97,91 %, representing a decrease of 1,94 % compared to 2020; notes, furthermore, that the current year payment appropriations execution rate was 99,47 %, representing an increase of 0,34 % compared to 2020;

2. Notes the adoption of the Institute's strategic innovation agenda (SIA) 2021-2027 marking the Institute's increased budget of nearly EUR 3 billion for the seven years period and an enhanced mandate;

3. Notes, with regard to the follow-up observation in relation to the reimbursement of travel and subsistence expenses of EUR 1 200 incurred by an interim member of staff of the Institute, that, as a corrective measure, the Institute launched in 2022 a new tender for contracting interim services, that covers the interim agents' mission costs and travel related aspects in order to mitigate the potential risks;

([1]) OJ C 141, 29.3.2022, p. 161.

Performance

4. Notes that the Institute uses a system of key performance indicators associated with the Institute's KICs; notes that, as in the previous years, the KICs did not fully use the grant amounts awarded by the Institute;

5. Notes that the Institute implemented extensively its work programme in 2021, although some delays occurred due to the late adoption of Council Regulation (EU, Euratom) 2020/2093 ([2]) and Regulation (EU) 2021/695 of the European Parliament and of the Council ([3]); notes that some priorities were postponed to 2022, namely monitoring strategy and transition to eGrants, due to the Institute's insufficient human resources; notes, among the Institute's main achievements in 2021, the launch of its 'HEI Initiative: Innovation Capacity Building for Higher Education', which represents a key objective of the SIA 2021-2027; appreciates that the average time-to-grant has improved from 187 days to 117 days;

6. Welcomes the development of synergies and cooperation practices with other institutions and bodies; notes in this context the progress in 2021 in implementing the Institute's memorandum of understanding with the European Innovation Council (EIC), with joint projects regarding the KIC's start-ups joining the EIC acceleration programme or the promotion of the woman entrepreneurship agenda; notes the Institute's cooperation with the European Union Agency for Law Enforcement Training in areas such as recruitment panels or information technology (IT) back up; further notes the Institute's fruitful collaboration with the European Union Intellectual Property Office in boosting innovation among European businesses and small and medium-sized enterprises, with more than 700 persons having participated in 35 activities in 2021;

Staff policy

7. Notes that, on 31 December 2021, the establishment plan was 93 % implemented, with 42 temporary agents appointed out of 45 temporary agents authorised under the Union budget (the same number of authorised posts as in 2020); notes that, in addition, 21 contract agents, 15 interim staff and one seconded national expert worked for the Institute in 2021;

8. Regrets the lack of gender balance within the Institute's senior and middle management positions, namely five out of six (83 %) men; notes the gender representation within the Institute's management board, with 9 out of 15 (60 %) being men, and within the Institute's overall staff, with 35 out of 63 (56 %) being women; notes the Institute's commitment to implement its gender action plan, with a series of activities organised in 2021, such as the cross-KIC programme dedicated to women's entrepreneurship and leadership and the dedicated project 'Girls Go Circular' to increase the participation of women in areas of science, technology, engineering, and mathematics; calls on the Institute to take concrete measures to improve gender balance at all levels of hierarchy as soon as possible and report back to the discharge authority;

9. Notes that one former Commissioner and one former Member of the European Parliament are receiving money from the budget of the Institute as members of the Institute's governance board;

10. Notes the Institute's staff turnover of 6,3 % in 2021; notes the Institute's difficulties in attracting and retaining highly skilled professionals due to the low co-efficient of salary for Hungary; welcomes the Institute's incentivising measures and social initiatives to prevent a high staff turnover rate;

([2]) Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027 (OJ L 433 I, 22.12.2020, p. 11).

([3]) Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ L 170, 12.5.2021, p. 1).

11. Notes the Institute's considerable increase of workload in 2021 as well as new tasks linked to the Institute's extended mandate under Horizon Europe; notes, however, that the increased mandate and tasks were not accompanied by any new staff resources, leading to a critical understaffing situation putting at risk the implementation of the Institute's multiannual work programme as well as the assurance on the managed funds; notes that, as a consequence, the Institute's administrative costs are very low, at2 % of its total budget compared to an average 4,6 % under Horizon 2020; notes in this context the risk of non-implementation of all core elements of the Institute's annual work programme; notes that the insufficiency of the Institute's staff and the risks thereby entailed were addressed by Institute's governing board which, at the end of 2021, endorsed the reorganisation of the management of the available resources, with a revision of the Institute's structure and organigram to take place in 2022; highlights the fact that the Institute, after being declined a first request for additional posts for 2021 and 2022, reintroduced a request for 10 additional posts in 2022; acknowledges the need for the alignment of the Institute's resources with the new mandate expectations; recalls that not meeting the staff requirements increases the risk of errors and irregularities and thereby also causing potential damage to the sound financial management of the Union budget;

12. Recalls the importance of developing long term human resources policy on work-life balance, lifelong guidance and the offering of specific training possibilities for career development, achieving gender balance at all staff levels, teleworking, the right to disconnect, the enhancement of geographical balance to ensure an appropriate representation from all Member States, and the recruitment and integration of people with disabilities, as well as ensuring that they are treated equally and that their opportunities are widely promoted;

Procurement

13. Notes that, in 2021, the Institute completed 87 % of procurement procedures in accordance with its plan, thereby exceeding the target of 85 % of procurement procedures completed in 2021; notes that the Institute reported that all its priority procedures were completed except for the new framework contract for communication services and event management;

14. Notes from the Court's report that, for two audited payments, the Institute had authorised the related budgetary commitments only after the contract was signed; notes the Court's observation that this was in breach of Article 73(2) of the Commission Delegated Regulation (EU) 2019/715 ([4]); notes from the Institute's reply that, from 2023, the Commission's standard Horizon Europe IT tool will be used to manage grants, where appropriate internal controls preventing similar errors are embedded in the system; further notes the Institute's commitment to updating its standard operating procedure for financial circuits in order to reflect the necessary changes; calls on the Institute to report on the progress in this matter to the discharge authority;

Prevention and management of conflicts of interest and transparency

15. Acknowledges the Institute's existing measures and ongoing efforts to secure transparency, prevention and management of conflicts of interest, and to ensure the protection of whistleblowers; notes that the Institute published on its website the declarations of interest and CVs of the members of its governing board and management team;

16. Notes the Institute's commitment to update and improve its policy on prevention and management of conflicts of interest; notes that the Institute's governing board requested the Commission for prior agreement to adopt a decision on prevention and management of conflicts of interest and decision-making processes to avoid conflicts of interest of the Institute's staff that will complement the Institute's current rules in force; welcomes the Institute's introduction of additional measures, such as standardised conflicts of interest templates and a Conflicts of interest advisory committee; notes that cases of conflicts of interest in the context of the reclassification exercise and selection procedures have been identified and addressed with the existing mitigating measures;

([4]) Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (OJ L 122, 10.5.2019, p. 1).

17. Welcomes the fact that the Institute remains one of nine agencies that have introduced their own internal rules governing the activities of the members of their boards, which go beyond the minimum legal requirements on potential revolving doors situations; notes, in particular, that, under the Institute's code of good conduct, members of the boards are prevented from taking any position, paid or unpaid, in any businesses, research centres or universities participating in the Institute's KICs or receiving Institute grants, for two years after leaving their post; further notes that the Institute drafted a policy on access to confidential information for staff leaving and a guidance of post-employment restrictions and prohibitions; calls on the Institute to keep the discharge authority updated about the implementation of the policy;

18. Insists on the need to put in place more systematic rules on transparency, incompatibilities, conflicts of interest, illegal lobbying and revolving doors; calls on the Institute to strengthen its internal control mechanisms, including the setting up of an internal anticorruption mechanism;

Internal control

19. Notes that according to the Institute's internal audit capability's (IAC) report, out of 87 recommendations in the scope of the follow-up audit, 29 open recommendations have been closed, 25 open recommendations have been downgraded, and no open recommendations have been upgraded; notes that, as a consequence, no critical issues remained open by 31 December 2021;

20. Notes that the Institute, in the context of a revision exercise of its organisation structure, initiated the transition of the IAC function to a KICs' monitoring and supervision function in 2021;

21. Notes the Institute's revised anti-fraud strategy for 2021-2023; notes that, out of 14 anti-fraud objectives set for the year 2021, nine were fully achieved, four were partially achieved and one was postponed;

22. Notes that an audit on human resources management was performed and completed by the internal audit service (IAS) of the Commission in 2021; observes that three important recommendations have been issued on that occasion; notes with regard to the follow-up to previous IAS' audits, that for the Institute in 2021 there were no open critical or very important IAS recommendations, while some important ones were delayed and are still open;

23. Notes the conclusions of the Institute's internal control self-assessment that its internal control system is overall effective and efficient, with some further improvements needed regarding principle 12;

24. Recalls the importance of strengthening the management and control systems to ensure the proper functioning of the Agency; strongly insists on the requirement of an effective management and control systems to avoid potential cases of conflicts of interest, missing *ex ante* and *ex post* controls, inadequate management of budgetary and legal commitments, and failures to report issues in the register of exceptions;

Digitalisation and the green transition

25. Notes the Institute's measures to improve its online security and digitalization; notes that, from 2021, the Institute implemented all monitoring services from the Computer Emergency Response Team for the EU institutions, bodies and agencies; notes that the Institute conducted cybersecurity audits in 2021 and implemented all the issued recommendations; takes note that no cybersecurity incidents have been reported in 2021; notes that, in the context of the gradual implementation of SYSPER (Human Resource Management information system of the European Commission), in 2021, the Institute adopted additional modules for the management of human resources;

26. Acknowledges the leading role of the Institute's Climate KIC towards impactful environment management within the Union; commends the Institute's ongoing efforts in reducing travels and CO_2 emissions; notes that, in 2021, a Sustainability Committee was established to define further actions to make the Institute's activities carbon neutral;

27. Recalls the importance of increasing the digitalisation of the Institute in terms of internal operation and management but also in order to speed up the digitalisation of procedures; stresses the need for the Institute to continue to be proactive in this regard in order to avoid a digital gap between the Union agencies; draws attention, however, to the need to take all the necessary security measures to avoid any risk to the online security of the information processed;

28. Encourages the Institute to work in close cooperation with ENISA (European Union Agency for Cybersecurity); suggests that regularly updated cybersecurity-related training programmes be offered to all staff members within the Institute; calls on the Institute to develop its cybersecurity policy swifter, to deliver it before 31 December 2023 and to report back to the discharge authority;

Business continuity during the COVID-19 crisis

29. Acknowledges the Institute's challenges in managing business continuity during the transition to Horizon Europe due to the non-timely adoption of the Institute's revised legal framework; notes the mitigating measures endorsed by the Institute in 2021 to take on board the requirements of the Horizon Europe legal framework despite those delays, such as the task force simplification meetings and the transition roadmap for 2021; welcomes the fact that such efforts allowed the Institute's successful transition to Horizon Europe while minimising operational disruption;

30. Notes the Institute's ongoing actions to ensure business continuity in the context of the COVID-19 pandemic, such as the roll-out of Microsoft Teams for communication and collaboration as well as the implementation of pulse surveys to gather staff feedback on key topics; encourages the Institute to put into practice the lessons learned regarding remote and hybrid working methods, in order to better organise meetings and events that could be carried out more efficiently remotely than in-person in the future; recalls that the Institute achieved favourable results in terms of participation in hybrid events;

Other comments

31. Observes that the new SIA 2021-2027 calls for a reinforced engagement with Member States through increased cooperation, communication and visibility; notes the Institute's follow-up measures to strengthen communication and awareness within its community; notes, in particular, that the Institute set up a network of 89 national contact points, representing 57 countries, including the Member States, Horizon associated countries and other third countries; further notes the development of the Institute's knowledge centre as a public repository of policy working documents and reports;

32. Calls on the Institute to continue to develop its synergies (for instance with regard to human resources, building management, IT services and security), and to reinforce its cooperation, its exchange of good practices and its discussions regarding areas of mutual interest with other Union agencies with a view to improving efficiency;

33. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of 10 May 2023 ([5]) on the performance, financial management and control of the agencies.

([5]) Texts adopted, P9_TA(2023)0190.