

DECISION 01/2020 OF THE GOVERNING BOARD
THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)

ON THE ADOPTION OF THE MINIMUM STANDARDS AND INTERNAL CONTROL FRAMEWORK
OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY

THE GOVERNING BOARD OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY,

Having regard to Regulation (EC) No 294/2008¹ of 11 March 2008 establishing the European Institute of Innovation and Technology, as amended by Regulation of the European Parliament and of the Council No 1292/2013² of 11 December 2013 (hereinafter referred to as the 'EIT Regulation'), in particular Article 21 thereof and Section 2 of the Statutes annexed to the EIT Regulation;

Having regard to Decision 8/2016 of the Governing Board of the European Institute of Innovation and Technology of 24 May 2016 on the Rules of procedure of the EIT Governing Board and Executive Committee, in particular Article 12 thereof³;

Having regard to Communication to the Commission from Commissioner Oettinger of 19.4.2017 C(2017) 2373 on the Revision of the Internal Control Framework;

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (hereinafter referred to as the 'EU Financial Regulation')⁴, in particular Articles 36 and 74 thereof;

Having regard to 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 (hereinafter referred to as the 'Framework Financial Regulation'), in particular Article 30 and 45.2⁵;

Having regard to Decision 21/2019 of the Governing Board of the European Institute of Innovation and Technology of 25 September 2019 adopting the Financial Regulation for the European Institute of Innovation and Technology⁶;

¹ OJ L 97, 9.4.2008, p. 1

² OJ L 347, 20.10.2012, p. 1

³ 00507.EIT.2016.I.GB.WP

⁴ OJ L 193, 30.7.2018, p. 1–222

⁵ OJ L 122, 10.5.2019, p. 1–38

⁶ Ares (2019)681085

Having regard to the Decision No 3/2010 of the of the European Institute of Innovation and Technology of 7 May 2010 on adopting the Internal Control Standards applicable to the European Institute of Innovation and Technology⁷;

Having regard to the Decision of the Governing Board of the EIT on minimum standards on internal management and control systems and procedures of 4 June 2010⁸

Whereas:

- (1) Internal Control is a process that helps an organisation to achieve its objectives and sustain operational and financial performance, respecting rules and regulations. It supports sound decision making, taking into account risks to the achievement of objectives and reducing them to acceptable levels through cost-effective controls.
- (2) The Internal Control Framework (ICF) as implemented by the Commission was revised on 19 April 2017⁹ to better reflect today's ever-changing environment and to allow the services the necessary flexibility to adapt to their specific characteristics and circumstances while ensuring a robust internal control with a consistent assessment. The Internal Control Framework moves away from a purely compliance-based to a principle-based system. The new Internal Control Framework consists of five internal control components and seventeen principles. These components and principles laid down in the ICF are EIT's minimum standards to be adopted by the Governing Board according to Article 45.2 of the Framework Financial Regulation.
- (3) The internal control framework is designed to provide reasonable assurance regarding the achievement of five objectives set in Article 30.2 of the EU Framework Financial Regulation:
 - effectiveness, efficiency and economy of operations;
 - reliability of reporting;
 - safeguarding of assets and information;
 - prevention, detection, correction and follow-up of fraud and irregularities, and
 - adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.
- (4) The EIT is entrusted with implementing EU Budget and should therefore ensure proper management and control mechanism in accordance with Article 30.3 of the EU Framework Financial Regulation and provide a level of assurance from their systems at least equivalent to that of the Commission.

⁷ 01364.EIT.2014.I

⁸ 00019.EIT.2010/DIR/CN/RM

⁹ C(2017) 2373 final. Brussels, 19.4.2017

- (5) Article 74.2 of Regulation (EU, Euratom) 2018/1046 stipulates that the Authorising Officer by delegation shall, in accordance with Article 36 and the minimum standards adopted by each Union institution and having due regard to the risks associated with the management environment and the nature of the actions financed, put in place the organisational structure and the internal control systems suited to the performance of his or her duties. The establishment of such structure and systems shall be supported by a comprehensive risk analysis, which takes into account their cost effectiveness and performance considerations.
- (6) In light of the above, the EIT Internal Control Standards (EIT ICS) adopted by Decision of the EIT Governing Board of 7 May 2010 and the Decision of the Governing Board of the EIT on minimum standards on internal management and control systems and procedures of 4 June 2010¹⁰ shall be replaced accordingly.

HAS DECIDED AS FOLLOWS:

Article 1

- (1) The revised EIT Internal Control Framework (ICF)¹¹ annexed to this decision is adopted.
- (2) The five internal control components and seventeen principles described in the revised EIT ICF constitute the minimum standards referred to in Article 45.2 of the EU Framework Financial Regulation.

Article 2

- (1) The Director of the EIT shall implement this decision and set up accordingly the revised EIT ICF as set out in Article 30.3 of EU Framework Financial Regulation.
- (2) The Director of the EIT shall also conduct an overall assessment of the presence and functioning of all internal control components at least once a year and for the first time, at the latest, in the context of the Annual Activity Report for 2020.

Article 3

- (1) This decision repeals decision No 3/2010 of the European Institute of Innovation and Technology of 7 May 2010 on adopting the Internal Control Standards applicable to the European Institute of Innovation and Technology and the Decision of the Governing Board of the EIT on minimum standards on internal management and control systems and procedures of 4 June 2010¹²
- (2) This decision shall enter into force on the day following its adoption.

¹⁰ 00019.EIT.2010/DIR/CN/RM

¹¹ Based on EC communication of C (2017) 2373

¹² 00019.EIT.2010/DIR/CN/RM

Done in Budapest, 30 January 2020

For the EIT

[Signed]

Dirk Jan van den Berg
Chair of the Governing Board

ANNEX: Internal Control Framework of the European Institute of Technology and Innovation.