



# Procedure file

Basic information		
DEC - Discharge procedure	<a href="#">2011/2265(DEC)</a>	Procedure completed
2010 discharge: ENIAC Joint Undertaking		
Subject 8.70.03.07 Previous discharges		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>CONT</b> Budgetary Control		03/03/2011
		PPE <a href="#">MACOVEI Monica</a>	
		Shadow rapporteur	
		S&D <a href="#">HERCZOG Edit</a>	
		ALDE <a href="#">GERBRANDY Gerben-Jan</a>	
		Verts/ALE <a href="#">STAES Bart</a>	
		ECR <a href="#">CZARNECKI Ryszard</a>	
		EFD <a href="#">ANDREASEN Marta</a>	
		NI <a href="#">EHRENHAUSER Martin</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>ITRE</b> Industry, Research and Energy	The committee decided not to give an opinion.	
European Commission	Commission DG	Commissioner	
	<a href="#">Budget</a>	ŠEMETA Algirdas	

Key events			
25/07/2011	Non-legislative basic document published	<a href="#">COM(2011)0473</a>	Summary
25/10/2011	Committee referral announced in Parliament		
27/03/2012	Vote in committee		
04/04/2012	Committee report tabled for plenary	<a href="#">A7-0112/2012</a>	Summary
10/05/2012	Results of vote in Parliament		
10/05/2012	Debate in Parliament		
10/05/2012	Decision by Parliament	<a href="#">T7-0191/2012</a>	Summary
10/05/2012	End of procedure in Parliament		
17/10/2012	Final act published in Official Journal		

Technical information	

Procedure reference	2011/2265(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/07442

### Documentation gateway

Non-legislative basic document	<a href="#">COM(2011)0473</a>	26/07/2011	EC	Summary
Court of Auditors: opinion, report	N7-0035/2012 <a href="#">OJ C 368 16.12.2011, p. 0048</a>	25/10/2011	CofA	Summary
Committee draft report	<a href="#">PE474.057</a>	06/02/2012	EP	
Document attached to the procedure	<a href="#">06086/2012</a>	08/02/2012	CSL	Summary
Amendments tabled in committee	<a href="#">PE483.672</a>	07/03/2012	EP	
Committee report tabled for plenary, single reading	<a href="#">A7-0112/2012</a>	04/04/2012	EP	Summary
Text adopted by Parliament, single reading	<a href="#">T7-0191/2012</a>	10/05/2012	EP	Summary

### Final act

[Decision 2012/608](#)  
[OJ L 286 17.10.2012, p. 0320](#) Summary

## 2010 discharge: ENIAC Joint Undertaking

**PURPOSE:** presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2010, as part of the 2010 discharge procedure.

Analysis of the accounts of the ENIAC Joint Undertaking.

**CONTENT:** this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2010 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the ENIAC Joint Undertaking.

In 2010, the tasks and budget of this agency were as follows:

- description of the EIGEs tasks: the European Joint Undertaking for the implementation of the Joint Technology Initiative on Nanoelectronics (ENIAC Joint Undertaking), located in Brussels, was set up by [Council Regulation \(EC\) No 72/2008](#) setting up the ENIAC Joint Undertaking in December 2007 for a period of 10 years. The main objective of the Joint Undertaking is to define and implement a research agenda for the development of key competences for nanoelectronics across different application areas in order to strengthen European competitiveness and sustainability, and allow the emergence of new markets and societal applications;
- ENIACs budget for the 2010 financial year: the maximum EU contribution to the ENIAC Joint Undertaking to cover running costs and research activities is EUR 450 million to be paid from the budget of the Seventh Research Framework Programme. The final budget for 2010 included commitment and payment appropriations amounting to EUR 38.44 million.

The complete version of ENIACs final accounts may be found at the following address:  
<http://www.eniac.eu/web/documents/Annual%20Reports.php>

## 2010 discharge: ENIAC Joint Undertaking

**PURPOSE:** presentation of the EU Court of Auditors report on the annual accounts of the ENIAC Joint Undertaking for the financial year 2010, together with the Joint Undertakings reply.

**CONTENT:** in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the ENIAC Joint Undertaking.

In the Courts opinion, the FCH Joint Undertakings Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2010 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

The Court also considers that the transactions underlying the annual accounts of the ENIAC Joint Undertaking for the financial year ended 31 December 2010 are, in all material respects, legal and regular.

The report confirms that the maximum EU contribution to the to the ENIAC Joint Undertaking to cover running costs and research activities is EUR 450 million to be paid from the budget of the Seventh Research Framework Programme AENEAS is to make a maximum contribution of EUR 30 million to the running costs of the Joint Undertaking. ENIAC Member States are to make in-kind contributions to the running costs (by facilitating the implementation of projects), and to provide financial contributions of at least 1.8 times the EU contribution. In-kind contributions are also to be provided by research organisations participating in projects. The organisations participating in the research projects must make in-kind contributions at least equal to the contribution of the Commission and the Member States. The Joint Undertaking was granted its financial autonomy on 26 July 2010.

The report also makes a series of observations on the budgetary and financial management of the Joint Undertaking, accompanied by the latter's response. The main observations may be summarised as follows:

The Courts observations:

- implementation of the budget: the final budget for 2010 included commitment and payment appropriations amounting to EUR 38 million. The utilisation rates for the available commitment and payment appropriations were 99 % and 24 % respectively. Payment appropriations of EUR 29 million were carried over to 2011. The low implementation of the payment appropriations is the result of the delayed transfer of the operational activities and the corresponding funding from the Commission to the Joint Undertaking;
- internal control systems: the Joint Undertaking has not fully implemented its internal controls and financial information systems. Control weaknesses were detected in the area of ex-ante financial verification of pre-financing payments, in particular regarding the calculation and validation of the amounts to be paid. The ex-post audit of project cost claims has been fully delegated to the Member States without any control being exercised by the Joint Undertaking. This will make it difficult for the Joint Undertaking to ensure: (i) that the financial interests of its Members are adequately protected, and (ii) the legality and regularity of the underlying transactions;
- delayed financial autonomy : the Council Regulation setting up the Joint Undertaking came into force in February 2008. In May 2010 the financial and accounting systems were deployed and tested successfully and the administrative appropriations were transferred to the Joint Undertaking. However, the operational budget lines were not transferred and remained inaccessible in the accounting system until the Joint Undertaking was officially granted financial autonomy on 26 July 2010. The cash transfer from the Commission to the Joint Undertaking covering the operational appropriations was made on 22 September 2010. It was only from that date onwards that the Joint Undertaking was able to make operational payments;
- lack of host agreement: according to the Council Regulation setting up the Joint Undertaking, a host agreement should be concluded between the Joint Undertaking and Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium. However, as at the end of 2010, no such agreement had been signed.

The Joint Undertakings response:

- implementation of the budget: the Joint Undertaking agrees that a number of elements are missing in the final accounts and will pay special attention in entering the necessary corrections in the next years' accounts.
- audits: in accordance with Article 66 of the Joint Undertakings financial rules, the validation of any expenditure shall be based on the certification on the reality and the amount of the claim submitted by the respective national funding authorities. The Joint Undertaking is currently collecting the various national audit strategies and procedures as well as the ex-post audit results from ENIAC Member States, and will analyse with the internal auditor (IAS) the way to improve and review the its ex-post audit strategy
- host State : ENIAC took the necessary steps for the signature of the Host State Agreement as it sent two copies of the agreement duly signed by the Executive Director to the Belgian authorities on 17 December 2010, inviting them to return one copy with their signature.

Lastly, the Court of Auditors report contains a summary of the Joint Undertakings activities in 2010. The main tasks of the ENIAC Joint Undertaking may be described as follows:

- committing all appropriations for the projects arising from the third call for proposals (2010) ;
- strengthening communication activities;
- collaborating with all its stakeholders, pursuing three lines of action: (i) work with AENEAS and the industry at large to generate compelling must-do project proposals with strategic impact in line with the Research Agenda; (ii) work with the National Public Authorities to improve the synergy with the policies pursued by the ENIAC Member States and optimise their financial engagement; (iii) engage additional public entities who can contribute to the programme at national level.

## 2010 discharge: ENIAC Joint Undertaking

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Having examined the revenue and expenditure accounts for the financial year 2010 and the balance sheet at 31 December 2010 of the ENIAC Joint Undertaking, and the report by the Court of Auditors on the annual accounts of the Joint Undertaking for the financial year 2010, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommends 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 2010.

However, the Council considers that observations made in the Court of Auditor's report call for a certain number of remarks:

- the Council welcomes the Court's opinion that, with one exception, the Joint Undertaking's annual accounts fairly present, in all material respects, the financial position as at 31 December 2010 and the results of operations and cash flows for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for that financial year are legal and regular;
- the Council regrets the Court's qualified opinion as regards the presentation of budget information in the Joint Undertaking's annual accounts. It urges the Joint Undertaking to include the Budgetary Outturn Account and its reconciliation to the Economic Outturn Account in its final accounts;

- it calls on the Joint Undertaking to comply with the budgetary principle of annuality: due attention should be paid to the proper implementation of commitment and payment appropriations, thus avoiding under-spending, excessive carry-overs and high cash balances;
- it asks the Joint Undertaking to fully implement and further strengthen its accounting and internal control systems to ensure the legality and regularity of declared expenditure;
- lastly, the Council urges the Joint Undertaking to complete its Financial Rules in order to ensure that the operational role of the Commission's Internal Auditor is clearly defined.

## 2010 discharge: ENIAC Joint Undertaking

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The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (EPP, RO) on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking and called on the European Parliament to grant the Executive Director of discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010.

Noting that the Court of Auditors states that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the Joint Undertakings account. However, they make a number of recommendations that need to be taken into account when the discharge is granted.

- Reliability of the Joint Undertakings accounts: Members are concerned that the Joint Undertaking received a qualified opinion from the Court of Auditors on the reliability of the accounts, on the grounds that it has not included in the accounts the Budgetary Outturn. They note that the qualified opinion is due to the fact that the Joint Undertaking and the Court of Auditors referred to different dates to establish when the Joint Undertaking started to work autonomously;
- Budget and Financial Management: Members are concerned about the low implementation rate of the payments' budget and, moreover, about the underlying activities of the Joint Undertaking; underlines that the cash balance stood at EUR 20 million at the end of the year representing 53 % of the available payment appropriations for 2010. They remark that the low implementation of the payment appropriations is the result of the delayed transfer of the operational activities and the corresponding funding from the Commission to the Joint Undertaking;
- Internal control systems: Members urge the Joint Undertaking to complete its internal controls and financial information systems. They also note that control weaknesses were detected in the area of ex-ante financial verification of pre-financing payments, in particular regarding the calculation and validation of the amounts paid. Members note that the ex-post audit of cost claims related to the projects has been fully delegated to the Member States and that it should be ensured that the financial interests of its members are adequately protected and that the underlying transactions are legal and regular. They note that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission but stress that the IT
- strategic planning cycle, etc is lagging behind. This situation should be remedied;
- Internal Audit: Members state that the mission charter of the Commissions Internal Audit Service was adopted by the Governing Board of the Joint Undertaking;
- Delayed financial autonomy: Members reiterate that the Joint Undertaking was set up in February 2008 but started to work autonomously in July 2010. They express great concern that the Joint Undertaking has used one quarter of its envisaged duration, up to 31 December 2017, to achieve financial autonomy. They insist that these delays should not, however, cause a prolongation of the 10 year period of its existence but should embolden the management of the Joint Undertaking to address all shortcomings and reach its objectives within the envisaged 10 year period;
- Call for Proposals and Project Management: Members are deeply concerned by the slow progression of the projects under Call 1 (2008) and Call 2 (2009). They call on the Joint Undertaking to provide the discharge authority with report on the situation of different projects ;
- Performance: Members note that the Commissions report on the first interim evaluation showed chronic underspending of its operational budget. They call on the Joint Undertaking to inform the discharge authority of the state of implementation of these action items and on the results achieved;
- Lack of host State agreement: Members reiterate that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it.

Horizontal observations on the Joint Undertakings: Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union and that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11.5 billion (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). In this context, Members call on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. They recall that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined. They consider that the likelihood of conflicts of interest should not be dismissed but addressed properly. They call therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Lastly, the Court of Auditors is invited to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.

## 2010 discharge: ENIAC Joint Undertaking

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The European Parliament adopted a decision to grant discharge to the Executive Director of the ENIAC Joint Undertaking in respect of the implementation of Undertaking's budget for the financial year 2010. This decision also approves the closure of the Agencies accounts.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Joint Undertaking for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Parliament adopted a resolution containing a series of recommendations that need to be taken into account when the discharge is granted, in addition to the general recommendations that

appear in the [draft resolution](#) on performance, financial management and control of EU agencies.

These recommendations may be summarised as follows:

- Reliability of the Joint Undertakings accounts: Parliament is concerned that the Joint Undertaking received a qualified opinion from the Court of Auditors on the reliability of the accounts, on the grounds that it has not included in the accounts the Budgetary Outturn. It notes that the qualified opinion is due to the fact that the Joint Undertaking and the Court of Auditors referred to different dates to establish when the Joint Undertaking started to work autonomously;
- Budget and Financial Management: Members are concerned about the low implementation rate of the payments' budget and, moreover, about the underlying activities of the Joint Undertaking; underlines that the cash balance stood at EUR 20 million at the end of the year representing 53 % of the available payment appropriations for 2010. They remark that the low implementation of the payment appropriations is the result of the delayed transfer of the operational activities and the corresponding funding from the Commission to the Joint Undertaking;
- Internal control systems: Parliament urges the Joint Undertaking to complete its internal controls and financial information systems. It also notes that control weaknesses were detected in the area of ex-ante financial verification of pre-financing payments, in particular regarding the calculation and validation of the amounts paid. Members note that the ex-post audit of cost claims related to the projects has been fully delegated to the Member States and that it should be ensured that the financial interests of its members are adequately protected. They note that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission but stress that the IT strategic planning cycle, etc is lagging behind. This situation should be remedied;
- Internal Audit: Parliament states that the mission charter of the Commissions Internal Audit Service was adopted by the Governing Board of the Joint Undertaking;
- Delayed financial autonomy: Parliament reiterates that the Joint Undertaking was set up in February 2008 but started to work autonomously in July 2010. They express great concern that the Joint Undertaking has used one quarter of its envisaged duration, up to 31 December 2017, to achieve financial autonomy. It insists that these delays should not, however, cause a prolongation of the 10 year period of its existence but should embolden the management of the Joint Undertaking to address all shortcomings and reach its objectives within the envisaged 10 year period;
- Call for Proposals and Project Management: Parliament deeply concerned by the slow progression of the projects under Call 1 (2008) and Call 2 (2009). They call on the Joint Undertaking to provide the discharge authority with report on the situation of different projects;
- Performance: Members note that the Commissions report on the first interim evaluation showed chronic underspending of its operational budget. They call on the Joint Undertaking to inform the discharge authority of the state of implementation of these action items and on the results achieved;
- Lack of host State agreement: Parliament reiterates that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it.

Horizontal observations on the Joint Undertakings: Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union and that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11.5 billion (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). They note that six Joint Undertakings (IMI, ARTEMIS, ENIAC, CLEAN SKY, FCH and ITER-F4E) are in the research area under the Commissions DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE.

In this context, Parliament calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. It recalls that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined. Members consider that the likelihood of conflicts of interest should not be dismissed but addressed properly. They call therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Parliament notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated and that they should pool their resources where possible.

Lastly, the Court of Auditors is invited to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.

## 2010 discharge: ENIAC Joint Undertaking

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**PURPOSE:** to grant discharge to the ENIAC Joint Undertaking in respect of the implementation of its budget for the financial year 2010.

**NON-LEGISLATIVE ACT:** Decision 2012/608/EU of the European Parliament on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2010.

**CONTENT:** with the present decision, and in accordance with Article 319 of the Treaty on the Functioning of the European Union, the European Parliament grants discharge to the Executive Director of the ENIAC Joint Undertaking in respect of the implementation of its budget for the financial year 2010.

This decision is in line with the European Parliament's resolution adopted on 10 May 2012 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 10/05/2012).

A parallel decision, 2012/609/EU, adopted on the same day, approves the closure of this Joint Undertaking's accounts for the 2010 financial year.