

Procedure file

Basic information		
DEC - Discharge procedure	2012/2215(DEC)	Procedure completed
2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)		
Subject 8.70.03.07 Previous discharges		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	CONT Budgetary Control	ALDE GERBRANDY Gerben-Jan Shadow rapporteur PPE RÜBIG Paul S&D AYALA SENDER Inés Verts/ALE STAES Bart ECR BRADBOURN Philip EFD ANDREASEN Marta NI EHRENHAUSER Martin	29/02/2012
	Committee for opinion	Rapporteur for opinion	Appointed
	ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
European Commission	Commission DG Budget	Commissioner ŠEMETA Algirdas	

Key events			
24/07/2012	Non-legislative basic document published	COM(2012)0436	Summary
13/09/2012	Committee referral announced in Parliament		
19/03/2013	Vote in committee		
21/03/2013	Committee report tabled for plenary	A7-0077/2013	Summary
16/04/2013	Debate in Parliament		
17/04/2013	Results of vote in Parliament		
17/04/2013	Decision by Parliament	T7-0170/2013	Summary
17/04/2013	End of procedure in Parliament		
16/11/2013	Final act published in Official Journal		

Technical information

Procedure reference	2012/2215(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/10572

Documentation gateway

Non-legislative basic document	COM(2012)0436	25/07/2012	EC	Summary
Court of Auditors: opinion, report	N7-0041/2013 OJ C 006 10.01.2013, p. 0036	15/11/2012	CofA	Summary
Committee draft report	PE497.952	29/01/2013	EP	
Document attached to the procedure	05755/2013	01/02/2013	CSL	Summary
Amendments tabled in committee	PE506.003	27/02/2013	EP	
Committee report tabled for plenary, single reading	A7-0077/2013	21/03/2013	EP	Summary
Text adopted by Parliament, single reading	T7-0170/2013	17/04/2013	EP	Summary

Final act

[Decision 2013/624](#)
[OJ L 308 16.11.2013, p. 0363](#) Summary

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2011, as part of the 2011 discharge procedure.

Analysis of the accounts of the European Joint Undertaking for ITER.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2011 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 European Joint Undertaking for ITER and the Development of Fusion Energy.

In 2011, the tasks and budget of this agency were as follows:

- description of joint undertakings's tasks: the joint undertaking is located in Barcelona, while the main fusion facilities are to be developed at Cadarache, in France. It was set up under [Council Decision 2007/198/Euratom](#) for a period of 35 years. Its tasks include providing the contribution of Euratom to the ITER International Fusion Energy Organisation, as well as complementary joint fusion research activities with Japan for the rapid development of fusion energy;
- the joint undertaking's budget for the 2011 financial year: the total contribution from Euratom for the period 2007 to 2041 was set at EUR 7 649 million. The EITs budget for 2011, as presented in the Commission document on the consolidated annual accounts of the European Union, gives the following figures:
 - forecasted income budget: EUR 242 million;
 - entitlements established: EUR 279 million;
 - amounts received: EUR 243 million;
 - outstanding: EUR 36 million.

The complete version of ITERs final accounts may be found at the following address:

<http://fusionforenergy.europa.eu/aboutfusion/keydocs.aspx>

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

PURPOSE: presentation of the EU Court of Auditors report on the annual accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2011, together with the replies of the Joint Undertaking.

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 European Joint Undertaking for ITER and the Development of Fusion Energy (F4E).

In the Courts opinion, the annual accounts of the Joint Undertaking fairly present, in all material respects, its financial position as of 31 December 2011 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 Joint Undertaking for ITER and the Development of Fusion Energy for the financial year ended 31 December 2011 are, in all material respects, legal and regular.

The report confirms that ITERs budget for 2011 amounted to EUR 263.57 million of which 93% funded by Community contribution. Staff totalled 315.

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

Courts comments:

- internal control: the Court of Auditors has previously reported that the Joint Undertakings internal control systems had not been fully established and implemented as required by its Financial Regulation. On 31 May 2010 the Joint Undertakings Internal Auditor issued a report which raised concerns about the financial circuits and the separation of duties. In response to this, the Governing Board adopted a management improvement plan in June 2010;
- procurement and grants: as pointed out in its 2010 report, the Joint Undertaking needs to enhance its efforts to increase competition. The audit also revealed that the ex ante control procedures applied to payments made under contracts and grant agreements are not sufficiently documented;
- late payment of membership contributions: payments of the 2011 contributions by 12 members were subject to delays;
- EU contribution to ITER construction phase: the Court recalls that in July 2010, the Council agreed the revised budget estimate of the Joint Undertaking's contribution for the construction phase amounting to EUR 6.6 billion (2008 value), thus doubling the initial estimate ; on 1 December 2011 an agreement was reached by the Council, the European Parliament and the Commission on the financing of the EUR 1.3 billion of additional costs for the ITER project for 2012-2013;
- host State agreement: according to the Host State Agreement signed with the Kingdom of Spain on 28 June 2007, the permanent premises should have been made available to the Joint Undertaking by June 2010. However, at the time of the audit (April 2012) this had not occurred.

Joint Undertakings replies:

- reorganisation of internal control systems: the financial activities have been regrouped and reinforced in a new Budget and Finance unit including the control environment functions (ex-post, financial audits & monitoring, etc.) while segregating the operational and financial activities;
- procurement: as a consequence of the experience gained during financial monitoring visits carried out in 2011, F4E is now in a position to define the strategy to cover the financial control for both procurements and grants. Given the reduced financial dimensions of grants versus standard and operational procurements, this strategy will focus the main effort of the financial control on the ex-post control of procurement;
- membership contributions: F4E has established a new framework in 2011 for the collection of the Membership contribution;
- financing of ITER: the estimates for the total value of the project are based on the Toschi report. F4E is now undertaking an exercise to align all the incurred cost up to date to the 2008 values in order to be able to establish the potential deviations from the estimates. An integrated project monitoring tool which allows for the monitoring of potential cost deviations has been developed and is operational since September 2012 at F4E, migrating project management data, such as schedules, and financial management to the new Work Breakdown Structure. Additional development is ongoing for Earn Value Management and the Baseline Cost Estimate by contract;
- host seat agreement: the Host Agreement signed between Fusion and for Energy and the Kingdom of Spain in 2007 does indeed foresee that Spain will provide F4E with permanent premises no later than 3 years after the signature of the agreement. The Agreement also foresees that in the meantime, and before the final premises are made available, Spain will provide temporary premises. While Spain has not yet provided permanent premises, the Joint Undertaking occupies temporary premises free of cost.

Lastly, the Court of Auditors report contains a summary of the Joint Undertakings activities in 2011. This is focused on the following:

- operational contracts: 38 awarded for a total value of EUR 163 556 000;
- administrative contracts: 17 awarded (including 7 Joint Procurements) for a total value of EUR 5 162 000;
- grants: 22 awarded for a total value of EUR 13 061 000;
- procurement arrangements: 2 for the ITER project (equivalent to EUR 50 135 000); 10 for the broader approach (equivalent to EUR 42 490 000);
- ITER credit awarded: equivalent to EUR 56 066 000.

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

The Committee on Budgetary Control adopted the report by Gerben-Jan GERBRANDY (ADLE, NL) on discharge to be granted to the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy in respect of the implementation of the Joint Undertakings budget for the financial year 2011.

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 2011 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the Undertakings accounts. However, they make a number 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](#):

- Financing, budget and financial management: Members recall that at the creation of the Joint Undertaking the indicative total resources deemed necessary for the period 2007 to 2014 were EUR 9.653 million.
- Implementation rate of appropriations and carryovers: Members note that the utilisation rates for the available commitment and payment appropriations were 99.7% and 85.7% respectively and that out of the EUR 611 000 000 of commitment appropriations available for operational activities, 42 % were implemented through direct individual commitments while the remaining 58% was implemented through global commitments.

The report notes that the Joint Undertaking needs to enhance its efforts to increase competition as the number of offers received for the operational procurement procedures signed in 2011 was still low and amounted to two on average while for grants the average number of proposals received was only one per call. Members reiterate that the Joint Undertaking must find value for money in all possible acquisitions.

Members also made a series of observations as regards the Undertakings procurement procedures, its internal control standards, intellectual property rights and industrial policy, the Unions contribution to ITER construction phase.

Lastly, Members reiterate the invitation for the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament on common issues which occur due to the nature of the joint undertakings in order to ensure their added value and efficient execution of Union research, technological development and demonstration programmes. They further note that the same report should include an assessment of the effectiveness of the joint undertakings' establishment and structure.

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

PURPOSE: to grant discharge to the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2011.

NON-LEGISLATIVE ACT: Decision 2013/624/EU of the European Parliament on discharge in respect of the implementation of the budget of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2011.

CONTENT: with the present decision, and in accordance with Article 319 of the Treaty on the Functioning of the European Union (TFEU), the European Parliament grants discharge to the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy in respect of its budget for the financial year 2011.

This decision is in line with the European Parliament's resolution adopted on 17 April 2013 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 17 April 2013).

A parallel decision, 2013/625/EU, adopted on the same day, approves the closure of the Undertakings accounts for the 2011 financial year.

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

The European Parliament adopted a decision on discharge to be granted to the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2011. The vote on the decision to grant discharge covers the closure of the accounts (in accordance with Annex VI, Article 5(1) of the European Parliaments Rules of Procedure).

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 2011 are reliable and that the underlying transactions are legal and regular, Parliament adopted a resolution containing a number 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](#).

- Financing, budget and financial management: Parliament recalls that at the creation of the Joint Undertaking the indicative total resources deemed necessary for the period 2007 to 2014 were EUR 9.653 million.
- Implementation rate of appropriations and carryovers: Parliament notes that the utilisation rates for the available commitment and payment appropriations were 99.7% and 85.7% respectively and that out of the EUR 611 000 000 of commitment appropriations available for operational activities, 42 % were implemented through direct individual commitments while the remaining 58% was implemented through global commitments.
- Procurement procedures: the Joint Undertaking needs to enhance its efforts to increase competition as the number of offers received for the operational procurement procedures was still low and amounted to two on average while for grants the average number of proposals received was only one per call. It reiterates that the Joint Undertaking must find value for money in all possible acquisitions.
- Host State agreement: Parliament recognises that although a Host State agreement on the site and support, privileges and immunities was signed between Spain and the Joint Undertaking, the permanent premises were yet not made available to the Joint Undertaking. It notes, however, that the Joint Undertaking continues to occupy temporary premises sponsored by Spain.

Parliament makes a series of observations as regards the Undertakings internal control standards, intellectual property rights and industrial policy, and other issues relating to its management. It also raises the issue of the Unions contribution to ITER construction phase.

Lastly, Parliament reiterates the invitation for the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament on common issues which occur due to the nature of the joint undertakings in order to ensure their added value and efficient execution of Union research, technological development and demonstration programmes. It further notes that the same report should include an assessment of the effectiveness of the joint undertakings' establishment and structure.

