



# Procedure file

Basic information		
DEC - Discharge procedure	2013/2253(DEC)	Procedure completed
2012 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics		
Subject 8.70.03.07 Previous discharges		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>CONT</b> Budgetary Control		04/10/2013
		PPE <a href="#">RÜBIG Paul</a>	
		Shadow rapporteur	
		S&D <a href="#">STAVRAKAKIS Georgios</a>	
		ALDE <a href="#">GERBRANDY Gerben-Jan</a>	
		Verts/ALE <a href="#">STAES Bart</a>	
		ECR <a href="#">ANDREASEN Marta</a>	
		EFD <a href="#">VANHECKE Frank</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 <a href="#">Budget</a>	Commissioner ŠEMETA Algirdas	

Key events			
26/07/2013	Non-legislative basic document published	COM(2013)0570	
22/10/2013	Committee referral announced in Parliament		
18/03/2014	Vote in committee		
20/03/2014	Committee report tabled for plenary	<a href="#">A7-0204/2014</a>	Summary
02/04/2014	Debate in Parliament		
03/04/2014	Results of vote in Parliament		
03/04/2014	Decision by Parliament	<a href="#">T7-0333/2014</a>	Summary

03/04/2014	End of procedure in Parliament		
05/09/2014	Final act published in Official Journal		

### Technical information

Procedure reference	2013/2253(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/14243

### Documentation gateway

Non-legislative basic document		COM(2013)0570	26/07/2013	EC	
Court of Auditors: opinion, report		N7-0007/2014 <a href="#">OJ C 369 17.12.2013, p. 0018</a>	22/10/2013	CofA	Summary
Committee draft report		<a href="#">PE521.707</a>	28/01/2014	EP	
Document attached to the procedure		<a href="#">05851/2014</a>	05/02/2014	CSL	Summary
Amendments tabled in committee		<a href="#">PE528.208</a>	26/02/2014	EP	
Committee report tabled for plenary, single reading		<a href="#">A7-0204/2014</a>	20/03/2014	EP	Summary
Text adopted by Parliament, single reading		<a href="#">T7-0333/2014</a>	03/04/2014	EP	Summary

### Final act

Budget 2014/625  
[OJ L 266 05.09.2014, p. 0324](#) Summary

## 2012 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

**PURPOSE:** presentation of the EU Court of Auditors report on the annual accounts of the ENIAC Joint Undertaking, together with the Joint Undertakings replies.

**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 Joint Undertakings Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2012 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its financial rules and the accounting rules adopted by the Commissions accounting officer.

The Court considers, however, that the transactions underlying the annual accounts of the Joint Undertaking for the financial year ended 31 December 2012 are only partially legal and regular and gives a qualified opinion in this respect.

The qualified opinion concerns the ex post audit strategy relies heavily on the NFAs to audit project cost claims. However, in 2012 the European Commissions Internal Audit Service conducted a consultancy study on assessing the Joint Undertakings ex post audit strategy and the audit strategies of ENIAC Member States and highlighted that the design of the ex post audit system should be reviewed and complemented to ensure its adequacy to fulfil its overall objective. In 2012, the Joint Undertaking carried out a limited review of cost claims and on this basis concluded in its annual activity report that the error rate in the programme is below 2 %. However, this exercise did not include any audits and did not provide assurance as to the regularity of the cost claims reviewed.

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

#### Courts comments:

- implementation of the budget: the 2012 final budget included commitment and payment appropriations of EUR 128 million and EUR 42 million respectively. The utilisation rates for the available commitment and payment appropriations were 100 % and 52 % respectively;
- monitoring: the Joint Undertakings financial rules have not yet been amended to include the provisions of the framework Regulation referring to the powers of the Commissions internal auditor;
- ENIAC Member States contribution: the JUs statutes stipulate that the financial contributions from ENIAC Member States should amount to at least 1.8 times the EUs financial contribution, while the Joint Undertakings grants may reach a maximum of 16.7% of the total eligible project costs. For the first seven calls for proposals, the financial contribution from ENIAC Member States was 1.41 times the EUs financial contribution (1.55 times in 2011).

#### Joint Undertakings replies:

- Qualified opinion: the ex post audit strategy of the ENIAC JU relies upon the ex post audits performed by the National Funding Authorities because this is the only approach compliant with the principle of subsidiarity and with the three-way funding scheme established by the legislator. In addition, in line with the principle of proportionality, it is the only financially sound method, given that the audits shall assure compliance with any one of the 23 sets of regulations and rules used by the National Funding Authorities to recognise costs;
- audit capacity: ENIAC stated that it has considerably improved its control, completely eliminating errors on de committing functional appropriations;
- Member States contributions: ENIAC stated that the contributions in Call 2012-1 considerably exceeded the 1.8 ratio, while in the Pilot Line Call 2012-2 they remained below 1.8.

As regards the activities of the Joint Undertaking in 2012, the report refers to the Annual Activity Report 2012 which can be found at [www.eniac.eu](http://www.eniac.eu).

On an operation level, the Courts report states that in 2012, two calls for proposals were launched for a total of EUR 125.4 million. During 2013, an additional call for proposals worth EUR 104.7 million would have to be launched to make full use of the available EU contribution of EUR 440 million.

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Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 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 2012, 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 2012.

The observations in the Court of Auditors' report in relation to the financial year 2012 call for some comments by the Council, which may be summarised as follows:

- Qualified opinion: the Council regrets the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts, based on the Court's assessment that the Joint Undertaking's ex-post audit strategy might not provide sufficient assurance with respect to the legality and regularity of the underlying transactions and that this key control might therefore not function effectively. The Council urges the Joint Undertaking to revise the administrative agreements signed with National Funding Authorities (NFAs) in order to include the obligation for the NFAs to carry out ex-post audits on grants paid, as well as to include in these agreements the practical arrangements for the ex-post audits.
- Excessive carry-overs: the Council calls on the Joint Undertaking to pay due attention to the proper implementation of commitment and payment appropriations in the course of the budgetary year, in line with the budgetary principle of annuality, thus avoiding excessive carry-overs. It invites the Joint Undertaking, in cooperation with the Commission, to adapt, if necessary, its financial programming to real needs with the intention of limiting the risk of over-budgeting.
- Internal control: with regard to the Court's remarks on the internal audit function, the Council invites the Joint Undertaking to bring its own Financial Rules concerning internal audit arrangements, and in particular regarding the powers of the Commission's internal auditor, in line with the revised Framework Financial Regulation.
- Research results: the Council furthermore invites the Joint Undertaking to improve the monitoring and reporting of research results, in line with the provision of the relevant regulations of the Seventh Framework Programmes.
- Member States contributions: the Council calls for respect of the provision in its statutes stating as a condition that the financial contributions from the Joint Undertaking's Member States should amount to at least 1.8 times the EU's financial contribution.

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The Committee on Budgetary Control adopted the report by Paul RÜBIG (EPP, AT) on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2012 and called on the European Parliament to grant the Executive Director of the ENIAC Joint Undertaking discharge in respect of the implementation of the Office's budget for the financial year 2012.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of ENIAC for the financial year 2012 are reliable and that the underlying transactions are legal and regular, Members made 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](#):

- Qualified opinion: Members were concerned that the Joint Undertaking received, for the second year in a row, a qualified opinion

from the Court of Auditors on the legality and regularity of the transactions underlying the annual accounts on the grounds that the Joint Undertaking was not in a position to assess whether the ex post audit strategy provided sufficient assurance with respect to the legality and regularity of the underlying transactions. They stressed that the strategy relied heavily on the national funding authorities to audit project cost claims. Furthermore, the Joint Undertaking carried out in 2012 a limited review of cost claims that concluded that the error rate in the programme is below 2 %. The report noted, however, the Court of Auditors' opinion that the exercise did not include any audits and did not provide assurance as to the regularity of the cost claims reviewed. It insisted that the Joint Undertaking should reinforce without delay the quality of its ex ante and ex post controls.

- Utilisation and carryovers: Members took note that the Joint Undertakings 2012 final budget included commitment and payment appropriations amounting to EUR 128 million and 42 million respectively. They called for a detailed progress report on those shortcomings, accompanied by specific proposals for a gradual improvement in utilisation rates. Furthermore, the committee is concerned that the unused global commitment of EUR 2.8 million assigned to operational activities for 2010, which came with a final implementation date of 31 December 2011, had not been decommitted by the end of 2012.

- Electronic Components and Systems for European Leadership (ECSEL) Joint Undertaking: Members recalled the continuing worries of the discharge authority concerning the low implementation rates of the budget and, moreover, about the underlying activities of the Joint Undertakings associated with high cash balances. They recalled that the Joint Undertaking sought to increase and leverage private and public investments in research and innovation in two complementary domains of high importance for the industrial fabric of the Union. Members noted that the Commission made [a proposal](#), in the context of the implementation of Horizon 2020, to combine Embedded computing systems (Artemis) and Nanoelectronics (ENIAC) into a single initiative and therefore wind-up Artemis and ENIAC Joint Undertakings before their normal end of life up to 31 December 2017. The new Joint Undertaking in the field of electronic components and systems called ECSEL ('Electronic Components and Systems for European Leadership') would take the form of a tripartite institutional Public-Private Partnership (PPP) with a dedicated legal personality. Members recalled Parliaments request for a cost-benefit analysis of a merger that highlighted the possible advantages and disadvantages. They regretted that the Commission proposal excluded the examination of the accounts and the revenue and expenditure of the ECSEL Joint Undertaking by the Court of Auditors and stressed that the Court of Auditors had been the exclusive auditor for Joint Undertakings set up under Article 187 TFEU since 2002 and therefore building up extensive knowledge over those bodies that should not be wasted.

Members went on to make a series of observations on calls for proposals, internal control systems, internal audits, and horizontal aspects of European Research Joint Undertakings.

They asked the Court of Auditors to monitor the Joint Undertakings policies as regards the management and prevention of conflicts of interests by drafting a Special Report on the matter by the next discharge procedure.

JTI: the committee invited the Court of Auditors to comprehensively analyse the Joint Technology Initiatives (JTIs) and the other joint undertakings in a separate report in light of the substantial amounts involved and the risks- notably reputational presented. It noted that the Joint Undertakings total 2012 forecasted budgeted income amounted to some EUR 2.5 billion or about 1.8 % of the 2012 Union general budget while approximately EUR 618 million came from the general budget (cash contribution from the Commission) and approximately EUR 134 million came from the industrial partners and members of the Joint Undertakings.

Members recalled that Parliament had previously requested that the Court of Auditors draw up a special report on the capacity of the joint undertakings, together with their private partners, to ensure added value and efficient execution of Union research, technological development and demonstration programmes.

They agreed with the Court of Auditors conclusion that the JTIs had been set up to support long-term industrial investment in particular research areas, but noted that it had taken on average two years to grant financial autonomy to a JTI, with the Commission usually remaining responsible for one third of the expected operational lifetime of the JTIs.

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The European Parliament adopted a decision concerning the discharge to be granted to the Executive Director of the ENIAC Joint Undertaking discharge in respect of the implementation of the Office's budget for the financial year 2012. The vote on the discharge decision approved the closure of the accounts (in accordance with Annex VI, Article 5(1) of the Rules of Procedure of the European Parliament.

Noting that the Court of Auditors stated that the 2012 annual accounts of the Joint Undertaking present fairly, in all material respects, its financial position as of 31 December 2012 and the results of its operations and its cash flows for the year then ended, Parliament adopted by 481 votes to 63, with 20 abstentions, a resolution containing a series of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the [draft resolution on performance, financial management and control of EU agencies](#).

These recommendations are summarised as follows:

- Qualified opinion: Parliament was concerned that the Joint Undertaking received, for the second year in a row, a qualified opinion from the Court of Auditors on the legality and regularity of the transactions underlying the annual accounts on the grounds that the Joint Undertaking was not in a position to assess whether the ex post audit strategy provided sufficient assurance with respect to the legality and regularity of the underlying transactions. It stressed that the strategy relied heavily on the national funding authorities to audit project cost claims. Furthermore, the Joint Undertaking carried out in 2012 a limited review of cost claims that concluded that the error rate in the programme is below 2 %. Parliament noted, however, the Court of Auditors' opinion that the exercise did not include any audits and did not provide assurance as to the regularity of the cost claims reviewed. It insisted that the Joint Undertaking should reinforce without delay the quality of its ex ante and ex post controls.
- Utilisation and carryovers: Parliament took note that the Joint Undertakings 2012 final budget included commitment and payment appropriations amounting to EUR 128 million and 42 million respectively. It called for a detailed progress report on those shortcomings, accompanied by specific proposals for a gradual improvement in utilisation rates. Furthermore, it is concerned that the unused global commitment of EUR 2.8 million assigned to operational activities for 2010, which came with a final implementation date of 31 December 2011, had not been decommitted by the end of 2012.

- Electronic Components and Systems for European Leadership (ECSEL) Joint Undertaking: Parliament recalled the continuing worries of the discharge authority concerning the low implementation rates of the budget and, moreover, about the underlying activities of the Joint Undertakings associated with high cash balances. It recalled that the Joint Undertaking sought to increase and leverage private and public investments in research and innovation in two complementary domains of high importance for the industrial fabric of the Union. Parliament noted that the Commission made [a proposal](#), in the context of the implementation of Horizon 2020, to combine Embedded computing systems (Artemis) and Nanoelectronics (ENIAC) into a single initiative and therefore wind-up Artemis and ENIAC Joint Undertakings before their normal end of life up to 31 December 2017. The new Joint Undertaking in the field of electronic components and systems called ECSEL ('Electronic Components and Systems for European Leadership') would take the form of a tripartite institutional Public-Private Partnership (PPP) with a dedicated legal personality. Parliament recalled its request for a cost-benefit analysis of a merger that highlighted the possible advantages and disadvantages. It regretted that the Commission proposal excluded the examination of the accounts and the revenue and expenditure of the ECSEL Joint Undertaking by the Court of Auditors and stressed that the Court of Auditors had been the exclusive auditor for Joint Undertakings set up under Article 187 TFEU since 2002 and therefore building up extensive knowledge over those bodies that should not be wasted.

Parliament went on to make a series of observations on calls for proposals, internal control systems, internal audits, and horizontal aspects of European Research Joint Undertakings.

It asked the Court of Auditors to monitor the Joint Undertakings policies as regards the management and prevention of conflicts of interests by drafting a Special Report on the matter by the next discharge procedure.

JTI: Parliament invited the Court of Auditors to comprehensively analyse the Joint Technology Initiatives (JTIs) and the other joint undertakings in a separate report in light of the substantial amounts involved and the risks- notably reputational - presented. It noted that the Joint Undertakings total 2012 forecasted budgeted income amounted to some EUR 2.5 billion or about 1.8 % of the 2012 Union general budget while approximately EUR 618 million came from the general budget (cash contribution from the Commission) and approximately EUR 134 million came from the industrial partners and members of the Joint Undertakings. It also recalled that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11.5 million.

Parliament recalled that it had previously requested that the Court of Auditors draw up a special report on the capacity of the joint undertakings, together with their private partners, to ensure added value and efficient execution of Union research, technological development and demonstration programmes. It agreed with the Court of Auditors conclusion that the JTIs had been set up to support long-term industrial investment in particular research areas, but noted that it had taken on average two years to grant financial autonomy to a JTI, with the Commission usually remaining responsible for one third of the expected operational lifetime of the JTIs.

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PURPOSE: to grant discharge to the ENIAC Joint Undertaking for the financial year 2012.

NON-LEGISLATIVE ACT: Decision 2014/625/EU of the European Parliament on discharge in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2012.

CONTENT: with the present decision, the European Parliament grants discharge to the Executive Director of the ENIAC Joint Undertaking in respect of its budget for the financial year 2012.

This decision is in line with the European Parliament's resolution adopted on 3 April 2014 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 3 April 2014).

Amongst the main observations made, Parliament made a number of cross-cutting comments as regards all the Joint Undertakings (JUs) and invited the Court of Auditors to conduct a detailed analysis of the JUs in a separate report in light of the substantial amounts involved and the risks - notably reputational - presented. It stressed that such assessment has an urgent character as regards Artemis and ENIAC Joint Undertakings.