

05851/2014 - Discharge of the Director of the Joint Undertaking for the financial year 2012

Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 of the European Joint Undertaking for ITER and the Development of Fusion Energy, 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 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:

- **Market transparency:** the Council, following the Court's observation, urges the Joint Undertaking to present in the annual accounts information on the degree of advancement of the works in progress in order to provide transparency on the status of the activities carried out so far by F4E as regards the procurement arrangements signed with the ITER International Organisation.
- **Excessive carry-overs:** in order to avoid 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 and to decommit unused appropriations if necessary, in line with the budgetary principle of annuality.
- **Internal control systems:** the Council welcomes the progress made by the Joint Undertaking with regard to the establishment and implementation of its internal control systems. However, since some deficiencies still persist, the Council invites the Joint Undertaking to continue its efforts in upgrading and making more efficient various components of its internal control systems.
- **Public procurement:** with regard the procurement and grant award procedures, the Council regrets that numerous weaknesses were still identified by the Court. It calls on the Joint Undertaking to make all possible efforts to maximise competition in the areas of procurement and grant contract management and to improve the controls and verifications at different stages of the procurement and grant procedures, with a view to mitigating any financial risk for the EU funds.
- **Intellectual property rights:** the Council invites the Joint Undertaking to follow thoroughly the Court's recommendations and to implement a plan for monitoring and reporting on intellectual property rights, to avoid late payment of membership contributions, to adopt the necessary rules for the proper implementation of Staff Regulations, and to respect the host state agreement with Spain.

The Council is also concerned with the significant escalation in the costs of the ITER project that has been estimated at EUR 290 million in June 2013. Taking into account that the Council, in its conclusions of July 2010, agreed to finance the ITER project up to EUR 6.6 billion, the Council urges the Joint Undertaking to put in place, without delay, the appropriate tools for monitoring the validity of cost estimates and of any potential costs deviations, and to report duly in its annual activity report on the results of the operations and on the associated risks. The Council stresses the importance of a realistic approach to the management of the ITER project, including the setting up of a realistic reference schedule and preventing any risks linked to the evolution of commodity prices.