2009 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2010/2187(DEC) - 20/10/2010 - Court of Auditors: opinion, report

PURPOSE: presentation by the Court of Auditors of its report on the annual accounts of the European Joint Undertaking for ITER for the financial year 2009, together with the Joint Undertaking's replies

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

This audit also covered the annual accounts of the European Joint Undertaking for ITER (also called F4E "Fusion for Energy").

In the Court's opinion, **F4E's annual accounts presented "fairly, in all material respects", its financial position as of 31 December 2009** 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 stated that the **transactions underlying the annual accounts** of F4E for the financial year ended 31 December 2009 were, "in all material respects, **legal and regular**".

The report again confirmed that total resources deemed necessary for the period 2007 to 2041 were EUR 9 653 million. The total contribution from Euratom was set at EUR 7 649 million, of which a maximum of 15% for administrative expenditure. Other resources consist of contributions from the ITER host State (France), the annual membership contributions, voluntary contributions from members other than Euratom, and additional resources to be received under terms approved by the Governing Board. The Court draws attention to the need for substantially increased resources for the ITER project

The report also included comments on F4E's budgetary and financial management, together with its replies. The main comments are as follows:

The Court's comments:

- shortcomings in the implementation of the joint enterprise's budget (the overall utilisation rate for payment appropriations was 65.3%);
- shortcomings in the internal control and financial information systems (at the end of 2009, several of F4E's key activities had not been sufficiently formalised and appropriate tools for the management of operational contracts were not in place);
- shortcomings in the internal audit system;
- late payment of membership contributions;
- shortcomings in the financial control systems.

The Agency's replies:

- in 2010, an improved payment profile is being implemented with more rigorous reporting and control mechanisms on budget execution;

- throughout 2009 and 2010, substantial progress has been achieved in the development of the non-financial control framework, especially concerning: processes and procedures, business continuity, document management and internal audit. A contract management tool is under consideration;

- regarding membership contributions, the Commission presented guidelines which should improve the situation very shortly;
- as regards financial controls, F4E's internal audit now complies with the main financial management standards since its reorganisation, which took place in April 2009.

Lastly, the Court of Auditor's report contained a summary of **F4E's activities in 2009** in the following areas:

- the award of contracts for the ITER project;
- the award of grants and signature of various administrative contracts;
- the building up of the organisation (recruitment of 58 official or temporary agents, as well as 34 contractual agents).