2010 discharge: Clean Sky Joint Undertaking

2011/2239(DEC) - 25/10/2011 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Clean Sky Joint Undertaking for the financial year 2010, together with the Joint Undertaking's 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 Clean Sky Joint Undertaking.

In the Court's opinion, the Clean Sky Joint Undertaking's **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 Clean Sky 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 Clean Sky Joint Undertaking to cover running costs and research activities is EUR 800 million to be paid from the budget of the Seventh Research Framework Programme. Other Members of the Joint Undertaking are to contribute resources at least equal to the EU contribution, including in-kind contributions. The Joint Undertaking started working autonomously on 16 November 2009.

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 Court's observations:

- **implementation of the budget**: the final budget included commitment appropriations of EUR168 million and payment appropriations of EUR 129 million. While the utilisation rate for commitment appropriations was 96%, the rate for payment appropriations was only 58 %. This reflects the significant delays in the implementation of the activities as compared with the initial plan. The low implementation of the budget is also reflected in the cash balance, which stood at EUR 53 million at the end of the year (41 % of the available payment appropriations in 2010);

- **internal control systems**: the Joint Undertaking has not completely implemented its internal controls and financial information systems during 2010. In particular, further work is needed on the ex-ante control procedures applied for the validation of cost claims. These are important elements of the Joint Undertaking's system of internal control. However, in four cases the Joint Undertaking, when validating the cost claims, did not take into account exceptions included in the audit certificates. The limited review of the IT controls showed that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission, but the formalisation of policies and procedures, however, is lagging behind in certain areas;

- **lack of host State 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 Undertaking's response:

- **implementation of the budget:** the Joint Undertaking has taken steps during 2010 to ensure, as far as possible, that further delays and therefore lower budget implementation do not continue during the programme. Having received the cost claims relating to 2010, the Joint Undertaking has noticed an improvement in the rate of activity and budget implementation. It endeavours to continue this improvement with its Members and Partners;

- **internal control systems**: following the remarks of the Court and based on a dedicated risk assessment of the Joint Undertaking's Internal Control system, the Internal Audit Officer of the Joint Undertaking provided professional advice and consultancy services related to the ex-ante validation of cost claims in the year 2010 and 2011. She also coordinated and managed the ex-post audit process of the JU in 2011.

- **host state**: a draft of the host State agreement has been submitted to the Belgian Government for approval. It has been informally confirmed but official confirmation is expected. The signature of both the Joint Undertaking and the Belgian State will follow a related adoption of the document by the Governing Board.

Lastly, the Court of Auditors' report contains a **summary of the Joint Undertaking's activities** in 2010. The main task of the Clean Sky Joint Undertaking may be described as follows:

- technical projects: e.g Smart Fixed-Wing Aircraft (the aerodynamic definition of the laminar wing design) ; Green Regional Aircraft ; Green Rotorcraft. A significant effort was dedicated to the implementation of the platform of simulation called Phoenix (standing for Platform Hosting Operational & Environmental Investigations for Rotorcraft). There are many other projects in the field of sustainable and green engines;
- eco-Design: system requirements and validation plan issued. Choice of simulation tool for Electrical Network Analysis Model;
- development of a SABER conversion software tool: CfP 'SMART' project began in September 2010;
- analysis of results of External related projects (including Sourdine II, Optimal, and ERAT).