

2010 discharge: ENIAC Joint Undertaking

2011/2265(DEC) - 25/10/2011 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the ENIAC 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 ENIAC Joint Undertaking.

In the Court's opinion, the FCH 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 ENIAC 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 to the ENIAC Joint Undertaking to cover running costs and research activities is EUR 450 million to be paid from the budget of the Seventh Research Framework Programme AENEAS is to make a maximum contribution of EUR 30 million to the running costs of the Joint Undertaking. ENIAC Member States are to make in-kind contributions to the running costs (by facilitating the implementation of projects), and to provide financial contributions of at least 1.8 times the EU contribution. In-kind contributions are also to be provided by research organisations participating in projects. The organisations participating in the research projects must make in-kind contributions at least equal to the contribution of the Commission and the Member States. The Joint Undertaking was granted its financial autonomy on 26 July 2010.

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 for 2010 included commitment and payment appropriations amounting to EUR 38 million. The utilisation rates for the available commitment and payment appropriations were 99 % and 24 % respectively. Payment appropriations of EUR 29 million were carried over to 2011. The low implementation of the payment appropriations is the result of the delayed transfer of the operational activities and the corresponding funding from the Commission to the Joint Undertaking;
- **internal control systems:** the Joint Undertaking has not fully implemented its internal controls and financial information systems. Control weaknesses were detected in the area of ex-ante financial verification of pre-financing payments, in particular regarding the calculation and validation of the amounts to be paid. The ex-post audit of project cost claims has been fully delegated to the Member States without any control being exercised by the Joint Undertaking. This will make it difficult for the Joint Undertaking to ensure: (i) that the financial interests of its Members are adequately protected, and (ii) the legality and regularity of the underlying transactions;
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delayed financial autonomy : the Council Regulation setting up the Joint Undertaking came into force in February 2008. In May 2010 the financial and accounting systems were deployed and tested successfully and the administrative appropriations were transferred to the Joint Undertaking. However, the operational budget lines were not transferred and remained inaccessible in the accounting system until the Joint Undertaking was officially granted financial autonomy on 26 July 2010. The cash transfer from the Commission to the Joint Undertaking covering the operational appropriations was made on 22 September 2010. It was only from that date onwards that the Joint Undertaking was able to make operational payments;

- **lack of host 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 agrees that a number of elements are missing in the final accounts and will pay special attention in entering the necessary corrections in the next years' accounts.
- **audits**: in accordance with Article 66 of the Joint Undertaking's financial rules, the validation of any expenditure shall be based on the certification on the reality and the amount of the claim submitted by the respective national funding authorities. The Joint Undertaking is currently collecting the various national audit strategies and procedures as well as the ex-post audit results from ENIAC Member States, and will analyse with the internal auditor (IAS) the way to improve and review the its ex-post audit strategy
- **host State** : ENIAC took the necessary steps for the signature of the Host State Agreement as it sent two copies of the agreement duly signed by the Executive Director to the Belgian authorities on 17 December 2010, inviting them to return one copy with their signature.

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

- committing all appropriations for the projects arising from the third call for proposals (2010) ;
- strengthening communication activities;
- collaborating with all its stakeholders, pursuing three lines of action: (i) work with AENEAS and the industry at large to generate compelling 'must-do' project proposals with strategic impact in line with the Research Agenda; (ii) work with the National Public Authorities to improve the synergy with the policies pursued by the ENIAC Member States and optimise their financial engagement; (iii) engage additional public entities who can contribute to the programme at national level.