2010 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2011/2240(DEC) - 04/04/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (EPP, RO) on discharge in respect of the implementation of the budget of the ARTEMIS Joint Undertaking and called on the European Parliament to grant the Executive Director of the ARTEMIS Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the Joint Undertaking’s accounts. However, they make a number of recommendations that need to be taken into account when the discharge is granted.

- **Budget and Financial Management**: Members are concerned that the budget of the Joint Undertaking for the financial year 2010 was not adopted by the end of the previous year due to the fact that the operational part of the budget depends on the commitment of the Member States and that for most of them the amount of commitment can only be ascertained after the adoption of their national budgets. They call on the Joint Undertaking and the contributing Member States to reach an agreement on a timetable and practical arrangements for the disclosure of their respective commitments to enable the adoption of the Joint Undertaking’s budget in due time and to keep the discharge authority informed on this matter. They regret the structure and presentation of the Joint Undertaking’s 2010 budget were not in line with the provisions of the Joint Undertaking's financial rules and calls for improvement in this area. They regret that the utilisation rate only reached the level of 37.78 %;
- **Internal control systems**: Members are concerned that Joint Undertaking will have difficulties in ensuring that the financial interests of its members are adequately protected and that the underlying transactions are legal and regular. They call on the Joint Undertaking to reconsider its strategy towards the ex-post audit of cost claims .They note that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission but stress that the strategic IT planning and monitoring cycle, the security policies and rules, IT Risk management and Business Continuity Plan and Disaster Recovery Plan is lagging behind. This situation should be remedied;
- **Internal Audit**: Members note that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission’s Internal Audit Service and the Joint Undertaking’s internal auditing function are clearly defined;
- **Call for Proposals and Projects Negotiations**: Members state that the Joint Undertaking’s Call 2010 was published on 26 February 2010 and that 73 proposals for research projects were submitted in response to Project Outline (PO) phase of this Call, of which 72 satisfied the eligibility criteria. They note that the 11 selected proposals range in size from EUR 45 million to EUR 3.4 million. They note the introduction of the concept of "Maturity Index" during the Call 2010.They understand that the tool, which aims to help further analysis, was used at PO phase to judge the subjective quality of the POs and to observe the level of maturity of the response of the ARTEMIS community to the work programme. Members observe that the evaluation of the projects’ outcomes often lack details to assess their performance. They call on the Joint Undertaking to develop and implement more precise performance indicators for the future monitoring and review of its projects;

- **Lack of host State agreement**: Members reiterate that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it.

Horizontal observations on the Joint Undertakings: Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union, and notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to **EUR 11.5 billion** (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). Members call on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. They recall that Joint Undertakings are **public-private partnerships** and that as a consequence public and private interests are intertwined. The committee is of the opinion that under the circumstances the **likelihood of conflicts of interest should not be dismissed but addressed properly**. It calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Lastly, the Court of auditors is asked to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.