

# 2010 discharge: ENIAC Joint Undertaking

2011/2265(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 ENIAC Joint Undertaking and called on the European Parliament to grant the Executive Director of discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010.

Noting that the Court of Auditors states 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 account. However, they make a number of recommendations that need to be taken into account when the discharge is granted.

- **Reliability of the Joint Undertaking's accounts:** Members are concerned that the Joint Undertaking received a qualified opinion from the Court of Auditors on the reliability of the accounts, on the grounds that it has not included in the accounts the Budgetary Outturn. They note that the qualified opinion is due to the fact that the Joint Undertaking and the Court of Auditors referred to different dates to establish when the Joint Undertaking started to work autonomously;
- **Budget and Financial Management:** Members are concerned about the low implementation rate of the payments' budget and, moreover, about the underlying activities of the Joint Undertaking; underlines that the cash balance stood at EUR 20 million at the end of the year representing 53 % of the available payment appropriations for 2010. They remark that 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:** Members urge the Joint Undertaking to complete its internal controls and financial information systems. They also note that 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 paid. Members note that the ex-post audit of cost claims related to the projects has been fully delegated to the Member States and that it should be ensured that the financial interests of its members are adequately protected and that the underlying transactions are legal and regular. They note that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission but stress that the IT
  - strategic planning cycle, etc is lagging behind. This situation should be remedied;
- **Internal Audit:** Members state that the mission charter of the Commission's Internal Audit Service was adopted by the Governing Board of the Joint Undertaking;
- **Delayed financial autonomy:** Members reiterate that the Joint Undertaking was set up in February 2008 but started to work autonomously in July 2010. They express great concern that the Joint Undertaking has used one quarter of its envisaged duration, up to 31 December 2017, to achieve financial autonomy. They insist that these delays should not, however, cause a prolongation of the 10 year period of its existence but should embolden the management of the Joint Undertaking to address all shortcomings and reach its objectives within the envisaged 10 year period;
- **Call for Proposals and Project Management:** Members are deeply concerned by the slow progression of the projects under Call 1 (2008) and Call 2 (2009). They call on the Joint Undertaking to provide the discharge authority with report on the situation of different projects ;
- **Performance:** Members note that the Commission's report on the first interim evaluation showed chronic underspending of its operational budget. They call on the Joint Undertaking to inform the discharge authority of the state of implementation of these action items and on the results achieved;
- **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 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). In this context, 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. They consider that the **likelihood of conflicts of interest should not be dismissed but addressed properly**. They call 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 invited to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.