2010 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2011/2237(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 European Joint Undertaking for ITER and the Development of Fusion Energy and called on the European Parliament to grant the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy 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.

- **Budget and Financial Management**: Members take note from comments by the Joint Undertaking that it has implemented 99.9% of its 2010 budget in terms of commitment appropriations. They acknowledge with concern that carryovers from 2009 amounted to EUR 106.8 million in commitment appropriations and EUR 52.2 million in payment appropriations and that these appropriations are mainly accruing from the ITER host state and assigned to the ITER construction. Moreover, Members underline with concern the high cash balance, which amounted to EUR 78.8 million at the end of the year representing 26.8% of the available payment appropriations in 2010;
- **Procurement and Grants**: Members are concerned that for the grants, the average number of proposals received was only one per call. They urge the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to maximise competition and to follow the value-for-money principle in the call preparation, publication, evaluation and contract management phases. Weaknesses are also observed as regards the payment of grants as well as transparency.
- **Internal control systems**: Members note with concern that the Joint Undertaking’s internal control systems have not yet been fully established and implemented as required by its Financial Regulation. They call on the Joint Undertaking to validate the business processes that provide financial information to the accounting systems (ABAC and SAP);
- **Late payment of membership contributions and Host State agreement**: Members consider it essential that the deadline for paying membership contributions is respected by all Members of the Joint Undertaking.

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.