2010 discharge: Clean Sky Joint Undertaking

2011/2239(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 Clean Sky Joint Undertaking and called on the European Parliament to grant the Executive Director of the Clean Sky 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 note that the structure and presentation of the Joint Undertaking’s 2010 budget were not in line with the requirements of its founding Regulation (EC) No 71/2008 nor with its Financial Rules. They call on the Court of Auditors to assure the discharge authority that the structure and presentation of the Joint Undertaking’s budget are now fully in line. They also note that the low rate for payment appropriations was only 58 % and and regret the EUR 53 million cash balance, at the end of the year representing 41 % of the available payment appropriations;
- **Internal control systems**: Members note that the Joint Undertaking has not completely implemented its internal controls and financial information systems during 2010 and that further work is needed on the ex-ante control procedures applied for the validation of cost claims. They note that in 2010, the Joint Undertaking created a checklist for the Integrated Technology Demonstrators to improve the quality f the submitted cost claims and to clarify the reporting needs for certain aspects of claims. Also in 2010, the Joint Undertaking validated costs claimed by members for the execution of projects in 2008 and 2009 and that the assessment of the eligibility of certain costs resulted in the rejection of approximately 11% of the expenses. Member ascertain that the Joint Undertaking, together with the Innovative Medicines Initiative Joint Undertaking and the Fuel Cells and Hydrogen Joint Undertaking, launched the procurement procedure for ex-post audit services from external firms. Moreover, they note that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission but they stress that the formalisation of policies and procedures in strategic IT planning and monitoring cycle, security policies and rules, IT Risk management, Business Continuity Plan and Recovery Plan is lagging behind; this situation should be remedied;
- **Call for Proposals and Projects Negotiation**: Members call on the Joint Undertaking to inform the discharge authority about the verification mechanisms that it implements to ensure the full independence of experts and observers and therefore to mitigate the risks of conflicts of interest during the evaluation of tenders;
- **Performance**: Members note that the first interim evaluation by the Commission of the Joint Undertaking took place at the end of 2010 and acknowledge that the interim evaluation identified certain weaknesses. This evaluation drew up a list of recommendations to the Joint Undertaking and another list to its Management Board. Members ask the Joint Undertaking to inform the discharge authority on the measures introduced following the results of this first interim evaluation;
- **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.