2011 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2012/2218(DEC) - 01/02/2013

Having examined the revenue and expenditure accounts for the financial year 2011 and the balance sheet at 31 December 2011 of the ARTEMIS Joint Undertaking, and the report by the Court of Auditors on the annual accounts of the Joint Undertaking for the financial year 2011, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommends the European Parliament to give a discharge to the Executive Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2011.

The observations in the Court of Auditors' report in relation to the financial year 2011 call for some comments by the Council, which may be summarised as follows:

- the Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2011 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for that financial year are legal and regular, with the exception of the matter described below;
- nevertheless, **it regrets the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts**, based on the Court's assessment that the Joint Undertaking's ex-post audit strategy might not provide sufficient assurance with respect to the legality and regularity of the underlying transactions and that this key control might therefore not function effectively. The Council urges the Joint Undertaking to revise the administrative agreements signed with National Funding Authorities (NFAs) in order to include the obligation for the NFAs to carry out ex-post audits on grants paid, as well as to include in these agreements the practical arrangements for the ex-post audits;
- the Council calls on the Joint Undertaking to pay due attention to the proper implementation of commitment and payment appropriations in the course of the budgetary year, in line with the budgetary principle of annuality, thus **avoiding excessive carry-overs**. The Council invites the Joint Undertaking, in cooperation with the Commission, to adapt, if necessary, its financial programming to real needs with the intention of limiting the risk of over-budgeting;
- as regards **internal control standards**, the Council asks the Joint Undertaking to improve its internal control standards and the financial verification of cost claims, in order to ensure effective and efficient controls and validate without delay the business processes providing financial information, in particular those providing information on the validation and payment of cost claims received from the NFAs;
- lastly, the Joint Undertaking is requested to: (i) bring its internal audit arrangements in line with the Regulation setting up the Joint Undertaking; (ii) improve the quality of its Annual Activity Reports; (iii) ensure the declaration by the NFAs of bank interest generated on pre-financing payments.