

2012 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2013/2253(DEC) - 22/10/2013 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking, together with the Joint Undertaking's replies.

CONTENT: in accordance with the tasks conferred on the Court of Auditors by the Treaty on the Functioning of the European Union, the Court presents to the European Parliament and to the Council, in the context of the discharge procedure, a Statement of Assurance as to the reliability of the annual accounts of each institution, body or agency of the EU, and the legality and regularity of the transactions underlying them, on the basis of an independent external audit.

This audit concerned, amongst others, the annual accounts of the ENIAC Joint Undertaking.

In the Court's opinion, the Joint Undertaking's Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2012 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its financial rules and the accounting rules adopted by the Commission's accounting officer.

The Court considers, however, that the **transactions underlying the annual accounts** of the Joint Undertaking for the financial year ended 31 December 2012 are only **partially legal and regular and gives a qualified opinion in this respect**.

The qualified opinion concerns the ex post audit strategy relies heavily on the NFAs to audit project cost claims. However, in 2012 the European Commission's Internal Audit Service conducted a consultancy study on assessing the Joint Undertaking's ex post audit strategy and the audit strategies of ENIAC Member States and highlighted that the design of the ex post audit system should be reviewed and complemented to ensure its adequacy to fulfil its overall objective. In 2012, the Joint Undertaking carried out a limited review of cost claims and on this basis concluded in its annual activity report that the error rate in the programme is below 2 %. However, this exercise did not include any audits and did not provide assurance as to the regularity of the cost claims reviewed.

The report also makes a series of observations on the budgetary and financial management of the, accompanied by the latter's response. The main observations may be summarised as follows:

Court's comments:

- implementation of the budget: the 2012 final budget included commitment and payment appropriations of EUR 128 million and EUR 42 million respectively. The utilisation rates for the available commitment and payment appropriations were 100 % and 52 % respectively;
- monitoring: the Joint Undertaking's financial rules have not yet been amended to include the provisions of the framework Regulation referring to the powers of the Commission's internal auditor;
- ENIAC Member States' contribution: the JU's statutes stipulate that the financial contributions from ENIAC Member States should amount to at least 1.8 times the EU's financial contribution, while the Joint Undertaking's grants may reach a maximum of 16.7% of the total eligible project costs.

For the first seven calls for proposals, the financial contribution from ENIAC Member States was 1.41 times the EU's financial contribution (1.55 times in 2011).

Joint Undertaking's replies:

- Qualified opinion: the ex post audit strategy of the ENIAC JU relies upon the ex post audits performed by the National Funding Authorities because this is the only approach compliant with the principle of subsidiarity and with the three-way funding scheme established by the legislator. In addition, in line with the principle of proportionality, it is the only financially sound method, given that the audits shall assure compliance with any one of the 23 sets of regulations and rules used by the National Funding Authorities to recognise costs;
- audit capacity: ENIAC stated that it has considerably improved its control, completely eliminating errors on de committing functional appropriations;
- Member States' contributions: ENIAC stated that the contributions in Call 2012-1 considerably exceeded the 1.8 ratio, while in the Pilot Line Call 2012-2 they remained below 1.8.

As regards the **activities of the Joint Undertaking in 2012**, the report refers to the Annual Activity Report 2012 which can be found at www.eniac.eu.

On an operation level, the Court's report states that in 2012, two calls for proposals were launched for a total of EUR 125.4 million. During 2013, an additional call for proposals worth EUR 104.7 million would have to be launched to make full use of the available EU contribution of EUR 440 million.