

2012 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2013/2247(DEC) - 22/10/2013 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2012, together with the replies of the Joint Undertaking.

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 European Joint Undertaking for ITER and the Development of Fusion Energy (F4E).

In the Court's opinion, the **annual accounts of the Joint Undertaking 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 Regulation and the accounting rules adopted by the Commission's accounting officer.

The Court also considers that the **transactions underlying the annual accounts** of the Joint Undertaking for ITER and the Development of Fusion Energy for the financial year ended 31 December 2012 are, in all material respects, **legal and regular**.

The resources available to the Joint Undertaking in 2012 amounted to EUR 379.5 million of final revenue (payment appropriations), of which 76.5% funded by Community contribution.

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

Court's comments:

- presentation of the accounts: there is a lack of certain information as regards procurement which is essential to reflect the status of the activities carried out so far by F4E as regards the procurement arrangements signed with the ITER International Organisation;
- internal control: the Court notes that the Joint Undertaking's internal control systems had not been fully established and implemented. Although significant progress was made during 2012, a number of actions still need to be implemented;
- operational procurement and grants: the Court states that negotiated procedures constituted 40% of all operational tendering procedures launched in 2012 (65% in 2011). The Joint Undertaking still needs to increase the competitiveness of procurement procedures and further reduce the use of negotiated procedures;
- host state agreement: according to the Host State Agreement signed with Spain on 28 June 2007, permanent premises should have been made available to the Joint Undertaking by June 2010. At the time of the audit (April 2013), this had not occurred.

Joint Undertaking's replies:

audits: improvements have been made according to ITER as regards the audits, despite the Courts observations. Progress has also been made in the implementation of the action plans;

- public procurement: due to their low average value, negotiated procedures correspond to 40 % of yearly operational procurement procedures but only to less than 10 % of the JU's yearly commitment: in this respect the use of low-value negotiated procedures allows the JU to focus the limited internal resources on the high value/high risk procurements, with a beneficial risk mitigating effect;
- host agreement: the Host Agreement signed between 'Fusion and for Energy' and Spain in 2007 does indeed foresee that Spain will provide F4E with permanent premises no later than 3 years after the signature of the agreement. While Spain has not yet provided permanent premises, the Joint Undertaking occupies temporary premises free of cost, as Spain pays for the full cost of the premises (rent and maintenance as foreseen by the Host Agreement, while F4E pays for the tenant's part of the temporary premises). In order to provide the final premises, Spain launched an informal procedure to select an appropriate site and architectural project. The selection of the site and project is foreseen to take place before the end of 2013.

As regards the **activities of the Joint Undertaking in 2012**, the report refers to the Annual Activity Report 2012 which can be found at <http://www.fusionforenergy.europa.eu/>