

2012 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

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The Committee on Budgetary Control adopted the report by Paul RÜBIG (EPP, AT) in which it recommended the European Parliament to grant discharge to the Executive Director of the Artemis Joint Undertaking in respect of the implementation of the Joint Undertaking's budget for the financial year 2012.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Undertaking for the financial year 2012 are reliable, and that the underlying transactions are legal and regular, Members approved the closure of the Joint Undertaking's accounts. They made, however, a number of recommendations that needed to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the [draft resolution on performance, financial management and control of EU agencies](#).

- **Qualified opinion:** Members were concerned that for the second year in a row, the Joint Undertaking received a **qualified opinion from the Court of Auditors on the legality and the regularity of the transactions underlying the annual accounts** on the grounds that the Joint Undertaking was not in a position to assess whether the ex post audit strategy provides sufficient assurance with respect to the legality and regularity of the underlying transactions. They stressed that the Court of Auditors considers that the information available on the implementation of the Joint Undertaking's ex post audit strategy is not sufficient for the Court to conclude whether this key control tool is functioning effectively. Members noted that the audit of project cost claims has been delegated to the National Funding Authorities (NFAs) of the Member States, but that the administrative agreements signed with the NFAs do not include the practical arrangements for ex post audits. They reiterated that the Joint Undertaking should reinforce without delay the quality of its ex ante and ex post controls.
- **Budgetary and Financial Management:** Members recalled that, according to the audit report by the Court of Auditors, payments made in 2012 relating to certificates of acceptance of costs issued by the Member States' NFAs amounted to EUR 7.3 million, which represents 43% of total operational payments. They are concerned that the Joint Undertaking received audit reports from the NFAs covering approximately 45% of the costs relating to completed projects, that the Joint Undertaking did not assess the quality of those audits, that, by the end of April 2013, the Joint Undertaking had not received information on the audit strategies of all NFAs. They also noted that the Joint Undertaking's initial budget included operational commitment appropriations amounting to EUR 55.1 million and that at the end of the year, the Governing Board decided to reduce the operational appropriations budget to EUR 39.5 million. They regretted the fact, nevertheless, that the utilisation rate for operational payment appropriations only reached the level of 62% and reminded the Joint Undertaking of the need to implement concrete measures to attain budget equilibrium, consistent with the relevant operational procedures of the participating Member States.
- **Implementation rate and carryovers:** Members were concerned about the low implementation rate of the budget and, moreover, about the underlying activities of the Joint Undertaking. They emphasised that the deposits in bank accounts at the end of 2012 totalled EUR 17.2 million, representing 57% of the authorised payment appropriations. They ascertained from the Court of Auditors' report that although the Council Regulation setting up the Joint Undertaking envisaged a

maximum total budget of EUR 410 million to cover operational expenditure, the actual implementation rate and the anticipated value of calls for proposals together represent EUR 206 million, or only 50.2% of the total budget.

Members also made a series of observations on transfers, procurement and recruitment procedures as well as comments on internal controls.

They also invited the Court of Auditors to monitor the Joint Undertaking's policies as regards the management and prevention of conflicts of interests by drafting a Special Report on the matter by the next discharge procedure.

JTI: Members invited the Court of Auditors to **comprehensively analyse** the JTIs and the other joint undertakings in a separate report in light of the substantial amounts involved and the risks notably reputational – presented. Members noted that the Joint Undertakings' total 2012 forecasted budgeted income amounted to some EUR 2.5 billion or about 1.8% of the Union general budget for the financial year 2012, while approximately EUR 618 million came from the general budget (cash contribution from the European Commission) and approximately EUR 134 million came from the industrial partners and members of the Joint Undertakings.

They recalled that Parliament has previously requested that the Court of Auditors draw up a special report on the capacity of the joint undertakings, together with their private partners, to ensure added value and efficient execution of Union research, technological development and demonstration programmes.

Members agreed with the Court of Auditors' conclusion that the JTIs have been set up to support long-term industrial investment, in particular research areas but noted that it has taken on average two years to grant financial autonomy to a JTI, with the Commission usually remaining responsible for one third of the expected operational lifetime of the JTIs.