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

2013/2253(DEC) - 03/04/2014 - Text adopted by Parliament, single reading

The European Parliament adopted a decision concerning the discharge to be granted to the Executive Director of the ENIAC Joint Undertaking discharge in respect of the implementation of the Office's budget for the financial year 2012. The vote on the discharge decision approved the closure of the accounts (in accordance with Annex VI, Article 5(1) of the Rules of Procedure of the European Parliament.

Noting that the Court of Auditors stated that the 2012 annual accounts of the Joint Undertaking present fairly, 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, Parliaemnt adopted by 481 votes to 63, with 20 abstentions, a resolution containing a series of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in the draft resolution on performance, financial management and control of EU agencies.

These recommendations are summarised as follows:

- **Qualified opinion**: Parliament was concerned that the Joint Undertaking received, for the second year in a row, a qualified opinion from the Court of Auditors on the legality and 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 provided sufficient assurance with respect to the legality and regularity of the underlying transactions. It stressed that the strategy relied heavily on the national funding authorities to audit project cost claims. Furthermore, the Joint Undertaking carried out in 2012 a limited review of cost claims that concluded that the error rate in the programme is below 2 %. Parliament noted, however, the Court of Auditors' opinion that the exercise did not include any audits and did not provide assurance as to the regularity of the cost claims reviewed. It insisted that the Joint Undertaking should reinforce without delay the quality of its ex ante and ex post controls.
- **Utilisation and carryovers**: Parliament took note that the Joint Undertaking’s 2012 final budget included commitment and payment appropriations amounting to EUR 128 million and 42 million respectively. It called for a detailed progress report on those shortcomings, accompanied by specific proposals for a gradual improvement in utilisation rates. Furthermore, it is concerned that the unused global commitment of EUR 2.8 million assigned to operational activities for 2010, which came with a final implementation date of 31 December 2011, had not been decommitted by the end of 2012.
- **Electronic Components and Systems for European Leadership (ECSEL) Joint Undertaking**: Parliament recalled the continuing worries of the discharge authority concerning the low implementation rates of the budget and, moreover, about the underlying activities of the Joint Undertakings associated with high cash balances. It recalled that the Joint Undertaking sought to increase and leverage private and public investments in research and innovation in two complementary domains of high importance for the industrial fabric of the Union. Parliament noted that the Commission made a proposal, in the context of the implementation of Horizon 2020, to combine Embedded computing systems (Artemis) and Nanoelectronics (ENIAC) into a single initiative and therefore wind-up Artemis and ENIAC Joint Undertakings before their normal end of life up to 31 December 2017. The new Joint Undertaking in the field of electronic components and

systems called ECSEL ('Electronic Components and Systems for European Leadership') would take the form of a tripartite institutional Public-Private Partnership (PPP) with a dedicated legal personality. Parliament recalled its request for a cost-benefit analysis of a merger that highlighted the possible advantages and disadvantages. It regretted that the Commission proposal excluded the examination of the accounts and the revenue and expenditure of the ECSEL Joint Undertaking by the Court of Auditors and stressed that the Court of Auditors had been the exclusive auditor for Joint Undertakings set up under Article 187 TFEU since 2002 and therefore building up extensive knowledge over those bodies that should not be wasted.

Parliament went on to make a series of observations on calls for proposals, internal control systems, internal audits, and horizontal aspects of European Research Joint Undertakings.

It asked 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: Parliament invited the Court of Auditors to **comprehensively analyse the Joint Technology Initiatives (JTIs)** and the other joint undertakings in a separate report in light of the substantial amounts involved and the risks- notably reputational – presented. It noted that the Joint Undertakings' total 2012 forecasted budgeted income amounted to some EUR 2.5 billion or about 1.8 % of the 2012 Union general budget while approximately EUR 618 million came from the general budget (cash contribution from the Commission) and approximately EUR 134 million came from the industrial partners and members of the Joint Undertakings. It also recalled that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to EUR 11.5 million.

Parliament recalled that it had 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. It agreed with the Court of Auditors' conclusion that the JTIs had been set up to support long-term industrial investment in particular research areas, but noted that it had 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.