2013 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2014/2135(DEC) - 21/10/2014 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking for the financial year 2013, 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.

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the ENIAC Joint Undertaking, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Joint Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 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.

Basis for a qualified opinion on the legality and regularity of the underlying transactions: the Court noted that, except for the possible effects of the matter described below, the transactions underlying the annual accounts of the Joint Undertaking for the financial year ended 31 December 2013 are, in all material respects, legal and regular.

The administrative agreements established between the Joint Undertaking and the NFAs of the Member States provide in principle that the NFAs will perform audits on behalf of the Joint Undertaking. The Joint Undertaking's ex-post audit strategy relies heavily on the NFAs to audit project cost claims. In 2013, the Joint Undertaking itself carried out a **limited review of cost claims** which is not sufficient to give assurance on the error rate reported by the Joint Undertaking.

As a consequence, the Court concluded that the information available on the implementation of the Joint Undertaking's ex post audit strategy was **not sufficient to conclude whether this key control tool is functioning effectively**. The Court issued a qualified opinion for ENIAC because there was insufficient appropriate audit evidence on which to base the opinion and the possible effects are considered material but not pervasive.

At the end of this audit, the Court concluded the following:

- **internal audit function**: the Commission's Internal Audit Service audited the adequacy and effectiveness of the Grant Management process and concluded that the procedures in place are providing enough assurance. The two main recommendations included in the report, dealing with the setting up of a documented process for selecting experts and control over access rights, were addressed by the Joint Undertaking;
- **conflicts of interest**: ENIAC has set up comprehensive measures to prevent conflicts of interest and published them on its website. Further improvements should be considered such as setting up a database to include all information related to conflicts of interest.

Cross-cutting remarks for all the Joint undertakings: the prevention of conflicts of interest is addressed by most Joint Undertakings by the adoption of specific rules and by the development of tools to document all related information. An Interim Evaluation was performed over 2013 assessing all Joint Undertakings in terms of relevance, efficiency, effectiveness and research quality. The reports, while positive, also highlighted areas for further improvement.

Joint Undertaking's replies: the Joint Undertaking replied point by point to all of the technical elements highlighted by the Court of Auditors. ARTEMIS submitted a common action plan with ENIAC to mitigate this qualified opinion. Visits to National Funding Authorities (NFA) took place already in Germany, Belgium and France, followed by additional documentation; the assessment reports are in the process of being elaborated. The results may be found in the Court of Auditor's report.

As regards the **activities of the Joint Undertaking in 2013**, the report refers to the Annual Activity Report 2013 which can be found at www.eniac.eu.

It should be noted that the budget for the Joint Undertaking for 2013 amounted to EUR 172 608 784.19 in commitment appropriations and EUR 36 609 726.23 in payment appropriations.

Remark: the ARTEMIS and ENIAC Joint Undertakings were merged to create the Electronic Components and Systems for European Leadership Joint Technology Initiative (**ECSEL JTI**). In addition to combining the ARTEMIS initiative on embedded systems and the ENIAC initiative on nano-electronics, ECSEL JTI will incorporate research and innovation on smart systems. ECSEL JTI started in June 2014 and will run for 10 years.