2013 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2014/2129(DEC) - 30/01/2015

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 of the European Joint Undertaking for ITER and the Development of Fusion Energy, and the report by the Court of Auditors on the annual accounts of the Joint Undertaking for the financial year 2013, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommended the European Parliament to give a discharge to the Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2013.

Overall, the Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly 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 the Joint Undertaking's Financial Regulation and the accounting rules adopted by the Commission's accounting officer, and that the underlying transactions for that financial year are legal and regular.

Nevertheless, the Council made some observations. They may be summarised as follows:

- **work in progress**: the Council urged the Joint Undertaking to present in the annual accounts information on the degree of advancement of the work in progress in order to ensure transparency on the status of the activities carried out so far by the Joint Undertaking as regards the procurement arrangements signed with the ITER International Organisation;
- **carry-overs**: in order to avoid excessive carry-overs, the Council calls on the Joint Undertaking to pay due attention to the proper implementation of commitment and payment appropriations in the course of the budgetary year and to decommit unused appropriations if necessary, in line with the budgetary principle of annuality;
- **internal controls**: the Council noted that some deficiencies still persist in this regard therefore the Council invited the Joint Undertaking to continue its efforts in upgrading and making more efficient various components of its internal control systems;
- **procurement**: the Council regretted that numerous weaknesses were still identified by the Court. It called on the Joint Undertaking to maximise competition in the areas of procurement and grant contract management, and to improve the controls and verifications at different stages of the procurement and grant procedures, with a view to mitigating any financial risk for the EU funds;
- **financial regulation**: the Council invited the Joint Undertaking to follow thoroughly the Court's recommendations and to amend its financial rules to reflect the changes brought by the new Framework Financial Regulation, to implement specific measures to mitigate certain risks related to the protection of the Intellectual Property Rights and to adopt the necessary rules for the proper implementation of Staff Regulations.

The Council also noted its concern about the **significant escalation in the costs of the ITER project that has been estimated at EUR 290 million** in November 2013. Taking into account that the Council, in its conclusions of July 2010, agreed to finance the ITER project up to EUR 6.6 billion, the Council urged the Joint Undertaking to put in place, without delay, the appropriate tools for monitoring the validity of cost estimates and of any potential costs deviations, and to report duly in its annual activity report on the

results of the operations and on the associated risks. The Council stressed the importance of a **realistic approach of the management of the ITER project**, including the setting up of a realistic reference schedule and preventing any risks linked to the evolution of commodity prices.