2014 discharge: ENIAC Joint Undertaking for the implementation of the Joint Technology Initiative on nanoelectronics

2015/2202(DEC) - 20/10/2015 - 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 2014, 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 2014;
- 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 2014 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 transactions underlying the accounts: the Court noted that for this Joint Undertaking, the audit of project cost claims has been delegated to the national funding authorities of the Member States (NFAs). However, ENIAC did not assess the quality of these audits. The Court performed an assessment of the audit strategies, including audit reports, of national funding authorities. It indicates that the methodologies used did not allow the Joint Undertaking to calculate a reliable weighted error rate nor a residual error rate. Therefore the Court feels that it is not possible to conclude whether ENIAC's ex-post audits are functioning effectively. Hence, it gave a qualified opinion. The audit also revealed the following points:

- **financial and budgetary management**: the utilisation rate for administrative commitment appropriations was 43 % because the merger took place in June whereas the budget was adopted for the whole year;
- **procurement:** the Court notes that the amount of appropriations committed for the calls for proposals was between 90% and 100%;
- **internal control**: the Joint Undertakings' ex-post audit strategies are a key tool for assessing the legality and regularity of the underlying transactions. ECSEL's administrative agreements do not include practical arrangements for ex-post audits, and the Court has given a qualified opinion on this point.

Cross-cutting remarks for all the Joint undertakings: the monitoring and reporting of research results is laid down in the Seventh Framework Programme (FP7). In the grant agreements signed with members and other beneficiaries, the Joint Undertakings have included specific provisions governing intellectual property rights and the dissemination of research activities and results. The implementation of these provisions is monitored by the Joint Undertakings at different stages of the funded projects and significant progress has been achieved in 2014. However, in order to meet the requirements of Horizon 2020 and to better contribute to the dissemination of FP7 research results, the Court considers that cooperation between the Joint Undertakings and the Commission must be developed as much as possible with special regard to the further integration of some of the Joint Undertakings' data into the Commission's systems.

The Court also indicates that there is room to improve procedures, in particular in the implementation of the ex-post audit strategy, and cooperation with the Commission as regards the integration of the research results.

Replies of the Joint Undertaking: the Joint Undertaking replies point by point to all the technical remarks made by the Court of Auditors. It indicates particularly, that the ECSEL Joint Undertaking undertook extensive assessments of the national assurance systems and concluded that the latter can provide a reasonable protection of the financial interests of the Joint Undertaking members. However, as indicated by the Court, the national methodologies do not allow the calculation of a weighted error rate nor a residual error rate for the projects launched under ARTEMIS and ENIAC Joint Undertakings.

With regard to the **activities of the Joint Undertaking in 2014**, the report refers to the Joint Undertaking' s latest available annual activity report for 2013 available at the following address: www.ecsel.eu.

It should be noted that the budget for the Joint Undertaking was EUR 2 356 000 for commitments and EUR 76 500 250 for payments.

Remark: the ARTEMIS and ENIAC Joint Undertakings were merged to create ECSEL (the Electronic Components and Systems for European Leadership Joint Undertaking.) The latter combines not only the Artemis JU on embedded systems and ENIAC JU on nanoelectronics, but also integrates work on implementing a research agenda for the development of key technologies for embedded computing systems across different application areas. ECSEL JU started its activities on 27 June 2014 and will run for 10 years.