2014 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy - Fusion for Energy (F4E)

2015/2196(DEC) - 27/01/2016 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2014 and the balance sheet as at 31 December 2014 of the European Joint Undertaking for ITER and the Development of Fusion Energy, as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2014, 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 2014.

The Council welcomed the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly 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 the Joint Undertaking's Financial Regulation, and that the underlying transactions for 2014 are legal and regular in all material respects.

Nevertheless, the Council made the following observations:

- **financial programming**: the Council noted with regret the low implementation rate for payment appropriations and called on the Joint Undertaking to further improve its financial programming and monitoring of the budget implementation. Even though the Council recognised the multiannual nature of the Joint Undertaking's activities and the important slippage of the entire ITER project, it maintained that it is of utmost importance to respect budgetary principles, such as the principle of annuality and to reduce the level of carry-overs to the strict minimum;
- **control systems**: the Council welcomed the progress made with regard to the Joint Undertaking's supervisory and control systems. However, it noted that weaknesses still persist as regards the monitoring and control of cost estimates and the degree of implementation of activities, the follow-up of internal audit recommendations, the monitoring and follow-up of contract implementation in the area of ITER buildings, the managing of risks related to contract management and delays in addressing the risks identified by the Fusion for Energy internal risk management system. The Council, therefore, urgently called on the Joint Undertaking to continue following up the identified risks and improving its supervisory and control systems;
- **procurement and grant award procedures**: the Council regretted that numerous weaknesses were detected by the Court. It called on the Joint Undertaking to maximise the competitiveness of its procurement procedures and grant contract management, to improve the information it provides on contract allocations in order to calculate cost deviations from the capped budget, to avoid deviations from the cost baselines identified, to more carefully assess financial offers, to respect the target dates for its procurement procedures and to improve its assessment of the scope of activities required and of the offers received under procurement procedures;
- **intellectual property**: the Council welcomed the fact that the Joint Undertaking has concluded contractual clauses ensuring that it maintains the right of access to the full intellectual property rights and that it remains able to transfer these rights, and it called on the Joint Undertaking to ensure that those clauses are observed;
- **host state agreement**: the Council encouraged the Joint Undertaking to pursue its negotiations with the host Member State to conclude a Host State agreement.

The Council noted with concern the Court's remarks about the significant risk of **further increases** in the cost of the ITER project, which has been estimated at **EUR 428 million in November 2014**. Taking into account that the Council, in its conclusions of 7 July 2010, agreed to finance the construction phase of the ITER project with up to EUR 6.6 billion, the Council called on the Joint Undertaking to urgently establish the central and uniform system to integrate all the operational data and to allow regular monitoring and controlling of estimates that the Joint Undertaking is working on. The Council, reiterated its call on the Joint Undertaking to show the degree of advancement of the work in progress in its financial statements in order to appropriately reflect the status and value of the activities carried out by the Joint Undertaking so far.