Basic information

2009/2187(DEC) DEC - Discharge procedure	Procedure completed
2008 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	MATHIEU HOUILLON Véronique (PPE)	01/10/2009
	Shadow rapporteur STAVRAKAKIS Georgios (S&D) STAES Bart (Verts/ALE) SØNDERGAARD Søren Bo (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2994	2010-02-16

European Commission

Commission DG	Commissioner
Budget	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
23/09/2009	Non-legislative basic document published	SEC(2009)1089	Summary

12/11/2009	Committee referral announced in Parliament		
23/03/2010	Vote in committee		Summary
26/03/2010	Committee report tabled for plenary	A7-0094/2010	
21/04/2010	Debate in Parliament		
05/05/2010	Decision by Parliament	T7-0120/2010	Summary
05/05/2010	Results of vote in Parliament		
05/05/2010	End of procedure in Parliament		
25/09/2010	Final act published in Official Journal		

Technical information

Procedure reference	2009/2187(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/01459

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE430.555	02/02/2010	
Amendments tabled in committee		PE439.372	03/03/2010	
Committee report tabled for plenary, single reading		A7-0094/2010	26/03/2010	
Text adopted by Parliament, single reading		T7-0120/2010	05/05/2010	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05829/2010	01/02/2010	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	SEC(2009)1089 	23/09/2009	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary

CofA	Court of Auditors: opinion, report	N7-0013/2010 OJ C 310 18.12.2009, p. 0001	22/10/2009	Summary
CofA	Document attached to the procedure	N7-0036/2009 OJ C 269 10.11.2009, p. 0001	10/11/2009	

Additional information		
Source	**Document**	**Date**
European Commission	EUR-Lex	

Final act	
Decision 2010/0552 OJ L 252 25.09.2010, p. 0223	Summary

2008 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2009/2187(DEC) - 23/09/2009 - Non-legislative basic document

PURPOSE: to present the final accounts of the European Joint Undertaking for ITER for the year 2008.

CONTENT: this document sets out a detailed account of the implementation of the Joint Undertaking for ITER for 2008. It notes that the final budget of the joint undertaking was EUR 149.8 millions, of which 81.5% was due to a Community contribution.

To recall, the The ITER International Fusion Energy Organisation was set up in October 2007 for an initial period of 35 years to implement the ITER project, which aims to demonstrate the scientific and technological feasibility of fusion energy. The members are Euratom, China, India, Japan, Korea, Russia and the USA. The European Joint Undertaking for ITER and the Development of Fusion Energy was established in March 2007 for a period of 35 years. The members of the Joint Undertaking are the European Atomic Energy Community (Euratom) represented by the European Commission, the Member States of Euratom and other countries which have concluded cooperation agreements with Euratom in the field of controlled nuclear fusion and have expressed their wish to become members (at 31 December 2008: Switzerland).

The tasks of the Joint Undertaking are):

- to provide the contribution of Euratom to the ITER International Fusion Energy Organisation;
- to provide the contribution of Euratom to the 'broader approach activities' (complementary joint fusion research activities) with Japan for the rapid realisation of fusion energy;
- to prepare and coordinate a programme of activities in preparation for the construction of a demonstration fusion reactor and related facilities including the International Fusion Materials Irradiation Facility.

With regard to staff, the joint undertaking (whose seat is in Barcelona) has 145 posts in the establishment plan of which 101 were occupied and 56 other posts (contractual, seconded national experts, employment agency staff) being a total of 157 staff doing operational, administrative and support tasks, or mixed tasks.

In 2008, ITER concentrated on the following activities :

ITER International Agreement: in the framework of this Agreement, the following activities took place:

- 11 procurements and 16 grants were launched and 3 procurement arrangements were concluded with the ITER Organisation;
- a prototype superconductor for the ITER poloidal field coils made of niobium-titanium was successfully tested;
- sub-scale pre-compression rings tested beyond the values required by ITER;
- a poloidal sector model of the vacuum vessel was completed;
- the manufacture of a full-scale shield prototype representative of the blanket module;
- the mock-ups of the wall facing directly the plasma were successfully tested under a high heat flux;
- the qualification of the divertor vertical target was achieved;
- a test facility for the demonstration of the remote handling operations on the divertor was completed;
- high power tests on the first industrial prototype of the 2 MW coaxial cavity gyrotron;

- Cadarache site: the area was levelled and the main platform was prepared for excavations and construction.

Broader Approach Agreement: the following activities took place:

- JT-60SA tokamak: a re baselining exercise was completed whereby cost savings were obtained while maintaining the device performance;
- IFMIF/EVED (International Fusion Materials Irradiation Facility) programme: several design activities were advanced and all major aspects of the accelerator system are now fixed;
- FERC programme: the interfaces between the building and the supercomputer have been defined and benchmark codes established.

2008 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2009/2187(DEC) - 01/02/2010

Based on the observations contained in the revenue and expenditure account and the balance sheet of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2008, as well as on the Court of Auditor's report and the Joint Undertaking's replies to the Court's observations, the Council recommends that the Parliament grant the Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2008.

The Council welcomes the Court's opinion that, on the one hand, the Joint Undertaking's annual accounts present fairly, in all material aspects, the financial position as at 31 December 2008 and the results of operations and cash-flows for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Regulation, and that, on the other hand, the underlying transactions for the financial year ended on 31 December 2008 are, in all material respects, legal and regular.

However, the Council considers that observations made in the Court of Auditor's report call for a certain number of observations to be taken into account when granting discharge, particularly on the following points:

- **respect of budgetary and financial principles in force**: while taking into account that the Joint Undertaking is recently established and that it started to work autonomously on 18 March 2008, the Council calls on the Joint Undertaking to comply with the financial provisions in force and with the budgetary principles. Due attention should be paid to presenting a budget that can be implemented, thus avoiding underspending. The Joint Undertaking should complete its Financial Regulation, in particular in order to strengthen parts concerning the award of research grants, as suggested by the Court;
- **deficiencies of the internal control systems**: the Council notes with concern the Court's findings on the various deficiencies of the internal control systems, in particular as regards internal audit, and calls on the Joint Undertaking to remediate to these shortcomings without delays. In this context, the Council notes in particular that further work needs to be done in the documentation of IT processes and activities, and the mapping of IT risks. The Joint Undertaking should also develop a Business Continuity Plan and a data protection policy;
- **late payments**: special attention should be paid to the question of late payment of membership contributions, in order to avoid them to occur in the future;
- **annual activity report**: the Court calls on the Joint Undertaking to pay attention to the content and timely adoption of the Annual Activity Report of the Joint Undertaking, in line with the Court's observations.

2008 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2009/2187(DEC) - 22/10/2009

PURPOSE: to present the Court of Auditor's report for 2008 on the annual accounts of the European Joint Undertaking for ITER.

CONTENT: the Court of Auditors report states that the Annual Accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy present fairly, in all material respects, its financial position as of 31 December 2008 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation. It states also that the transactions underlying the annual accounts of the Joint Undertaking for ITER for the financial year ended 31 December 2008 are, in all material respects, legal and regular.

The report includes tables on the expenditure incurred by the undertaking as well as an analysis of the expenditure together with the replies of the undertaking.

Budgetary and financial management: the Court made the following comments:

- **implementation of the budget**: for the year 2008, the budget outturn account showed a surplus of 57,6 million euro, which represents 38 % of the 149.7 million euro accrued revenue. Of this surplus 32.2 million euro were carried over to 2009 and 25.4 million euro has to be repaid to the Commission. The under spending mostly relates to delays in the progress of the Euratom fusion programme;
- **internal control systems**: the Joint Undertaking is in a start-up phase and has not completely implemented its internal controls and financial information system during 2008. At the end of the year, the underlying business processes had not yet been formalised. The Joint Undertaking should have an internal auditing service which must comply with relevant international standards. However, at the end of 2008, this important element of the internal control system had not been set up;

- **Financial Regulation of the Joint Undertaking**: whilst this has been adopted, the Court considers that amendments are required in order to strengthen the financial framework of the Joint Undertaking. In particular, the Financial Regulation should contain more stringent rules on the award of research grants and should also make provision for the audit of the Joint Undertaking by the Internal Audit Service of the Commission;
- **late payment of membership contributions**: within three months of the adoption of the budget, the Joint Undertaking should request its members to pay their annual contributions. Although the budget was adopted in December 2007, the Joint Undertaking only requested payment at the end of May 2008. The members were requested to pay their contributions by July 2008. Only five of the 23 members paid within this deadline. The Joint Undertaking had to issue three reminders and one member had still not paid at the end of 2008;
- **annual activity report**: the Court received the Annual Activity Report only in September 2009, three months after the deadline. Although the report provides financial and operational information, it does not meet all the requirements of the applicable regulations. The report does not include an assessment of the efficiency and effectiveness of the internal control system as required by the Financial Regulation.

Replies of the Joint Undertaking:

- **implementation of the budget**: the undertaking considers that the under spending to which the Court refers was inherent to the first year of financial autonomy from the Commission as well as to the delays in the start-up of the ITER International Organisation and the Euratom fusion programme as a whole. As part of the action plan for the internal control standards, additional monitoring and reporting will be identified to tighten even further the controls on budget execution;
- **internal control systems** : the undertaking can confirm that the Internal Auditor took up his duties on 1 July 2009. An Action Plan for the implementation of the internal control standards has been prepared;
- **financial regulation**: an internal Working Group has been set up regularly to analyse the necessity of amending the Financial Regulation and its Implementing Rules in order to strengthen the financial framework;
- **late payment of membership contributions**: the undertaking states that this is attributable to the transitional period it became financially autonomous from the Commission. Most of the members needed some time to establish internal procedures necessary for authorising the payment of this specific contribution. All members have since paid their 2008 annual membership contributions;
- **annual activity report**: lastly, the undertaking states that the delay is mainly attributable to the fact that a meeting of the Governing Board did not take place before the deadline set out in the Financial Regulation. This situation will be amended.

2008 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2009/2187(DEC) - 05/05/2010 - Final act

PURPOSE: to grant discharge to the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2008.

LEGISLATIVE ACT: Decision 2010/552/EU of the European Parliament on the discharge for the implementation of the budget of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2008.

CONTENT: with the present decision, the European Parliament grants discharge to the Director of the Joint Undertaking for ITER and the Development of Fusion Energy for the implementation of its budget for the financial year 2008.

This decision is in line with the European Parliament’s resolution adopted on 5 May 2010 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 05/05/2010).

A parallel decision, adopted on the same day, approves the closure of this Agency’s accounts.

2008 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2009/2187(DEC) - 05/05/2010 - Text adopted by Parliament, single reading

The European Parliament adopted by 544 votes to 31, with 64 abstentions, a decision on discharge to be granted to the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy in respect of the implementation of its budget for the financial year 2008.

Furthermore, Parliament adopted a resolution with observations which are an integral part of the decision to grant discharge.

The main points are as follows:

- **carryover of appropriations:** Parliament notes that the Court of Auditors identified a surplus of EUR 57.6 million. Part of that surplus was carried over to the 2009 financial year. It notes the Joint Undertaking's reply to the effect that the under-spending to which the Court of Auditors refers stemmed from the fact that this was the Joint Undertaking's first year of financial autonomy from the Commission;
- **commitment irregularities:** Parliament notes that in six cases considered by the Court of Auditors, the Joint Undertaking made budget commitments only after it had already entered into legal obligations. It calls, accordingly, on the Joint Undertaking to comply with the Financial Regulation in this respect as well;

- **ITER Financial Regulation:** Parliament calls for a number of specific changes to be made to the ITER Financial Regulation, including as regards exceptions to the budgetary principles, the role of the Commission's Internal Audit Service, late payment of members' contributions, the rules on the award of grants and the transitional provisions;
- **internal control systems:** Parliament expressly recommends that the Joint Undertaking carries out further work on documenting IT processes and activities and analysing IT risks. It stresses, furthermore, that ITER has appointed a Data Protection Officer and the necessary steps have been taken to further develop the Business Continuity and Data Recovery Plan. Parliament concludes that the Joint Undertaking has a permanently high level of cash holdings (EUR 58 980 569.87 in 2008). It asks the Commission to examine what scope there is for introducing needs-orientated management of cash holdings at the Joint Undertaking, and what changes of approach are necessary in order to keep the Joint Undertaking's cash holdings permanently as low as possible.

Noting that the Agency’s annual accounts for the financial year 2008 are reliable, and the underlying transactions are legal and regular, Parliament approves the closure of the Joint Undertaking’s accounts. However, it makes a number of recommendations that need to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the draft resolution on financial management and control of EU agencies (see 2010/2007(INI) adopted in parallel).