

Basic information	
2011/2237(DEC) DEC - Discharge procedure	Procedure completed
2010 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		MACOVEI Monica (PPE)	03/03/2011
			Shadow rapporteur HERCZOG Edit (S&D) GERBRANDY Gerben-Jan (ALDE) STAES Bart (Verts/ALE) CZARNECKI Ryszard (ECR) SØNDERGAARD Søren Bo (GUE/NGL) ANDREASEN Marta (EFD) EHRENHAUSER Martin (NI)	
	Committee for opinion		Rapporteur for opinion	Appointed
	ITRE Industry, Research and Energy		The committee decided not to give an opinion.	
European Commission	Commission DG		Commissioner	
	Budget		ŠEMETA Algirdas	

Key events			
Date	Event	Reference	Summary
26/07/2011	Non-legislative basic document published	COM(2011)0473 	Summary

12/10/2011	Committee referral announced in Parliament		
27/03/2012	Vote in committee		
04/04/2012	Committee report tabled for plenary	A7-0113/2012	Summary
10/05/2012	Decision by Parliament	T7-0194/2012	Summary
10/05/2012	Results of vote in Parliament		
10/05/2012	Debate in Parliament		
10/05/2012	End of procedure in Parliament		
17/10/2012	Final act published in Official Journal		

Technical information	
Procedure reference	2011/2237(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/07269

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE474.059	06/02/2012	
Amendments tabled in committee		PE483.677	07/03/2012	
Committee report tabled for plenary, single reading		A7-0113/2012	04/04/2012	Summary
Text adopted by Parliament, single reading		T7-0194/2012	10/05/2012	Summary
Council of the EU				
Document type	Reference	Date	Summary	
Document attached to the procedure	06086/2012	08/02/2012	Summary	
European Commission				
Document type	Reference	Date	Summary	
Non-legislative basic document	COM(2011)0473 	26/07/2011	Summary	
Other institutions and bodies				
Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0032/2012 OJ C 368 16.12.2011, p. 0024	25/10/2011	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Decision 2012/0614
OJ L 286 17.10.2012, p. 0342

[Summary](#)

2010 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2011/2237(DEC) - 10/05/2012 - Final act

PURPOSE: to grant discharge to the European Joint Undertaking for ITER in respect of the implementation of its budget for the financial year 2010.

NON-LEGISLATIVE ACT: Decision 2012/614/EU of the European Parliament on discharge in respect of the implementation of the budget of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010.

CONTENT: with the present decision, and in accordance with Article 319 of the Treaty on the Functioning of the European Union, the European Parliament grants discharge to the Director of the Joint Undertaking for ITER and the Development of Fusion Energy in respect of the implementation of its budget for the financial year 2010.

This decision is in line with the European Parliament's resolution adopted on 10 May 2012 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 10/05/2012).

A parallel decision, 2012/615/EU, adopted on the same day, approves the closure of this Joint Undertaking's accounts for the 2010 financial year.

2010 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2011/2237(DEC) - 26/07/2011 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2010, as part of the 2010 discharge procedure.

Analysis of the accounts of the **European Joint Undertaking for ITER**.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2010 as prepared on the basis of the information presented by the institutions, organisations and bodies of the EU, in accordance with Article 129 (2) of the Financial Regulation applicable to the EU's General Budget, including the European Joint Undertaking for ITER and the Development of Fusion Energy.

In 2010, the tasks and budget of this agency were as follows:

- **description of joint undertakings's tasks:** the joint undertaking is located in Barcelona, while the main fusion facilities are to be developed at Cadarache, in France. It was set up under [Council Decision 2007/198/Euratom](#), for a period of 35 years. Its tasks include providing the contribution of Euratom to the ITER International Fusion Energy Organisation, as well as complementary joint fusion research activities with Japan for the rapid development of fusion energy;
- **the joint undertaking's budget for the 2010 financial year:** the total contribution from Euratom for the period 2007 to 2041 was set at EUR 7 649 million. For 2010, the budget allocation was EUR 441.1 million in payment appropriations and EUR 241.7 million in payments.

The complete version of the joint undertaking's final accounts may be found at the following address: <http://fusionforenergy.europa.eu/mediacorner/annualreport.aspx>

2010 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2011/2237(DEC) - 25/10/2011 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2010, together with the Joint Undertaking's reply.

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 European Joint Undertaking for ITER and the Development of Fusion Energy (ITER Joint Undertaking or F4E).

In the Court's opinion, the ITER Joint Undertaking's **Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2010** and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

The Court also considers that the **transactions underlying the annual accounts** of the ITER Joint Undertaking for the financial year ended 31 December 2010 are, in all material respects, **legal and regular**.

The report confirms when the Joint Undertaking was set up, the indicative total resources deemed necessary for the period 2007 to 2041 were EUR 9 653 million. The total contribution from Euratom was set at EUR 7 649 million, of which a maximum of 15 % for administrative expenditure. Other resources consist of contributions from the ITER host state (France), the annual membership contributions, voluntary contributions from members other than Euratom, and additional resources to be received under terms approved by the Governing Board. The Court draws attention to the requirement for substantially increased resources for the ITER project.

The report also makes a series of observations on the **budgetary and financial management** of ITER, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- **implementation of the budget:** carry-overs from 2009 amounted to EUR 106.8 million in commitment appropriations and EUR 52.2 million in payment appropriations. The utilisation rate for payment appropriations was only 63.4 %.
- **reorganisation of the Joint Undertaking and internal control systems:** the Court reported on two previous occasions that the Joint Undertaking's internal control systems had not been fully established and implemented as required by its Financial Regulation;
- **audit strategy:** the Court welcomes the fact that the Joint Undertaking has started to develop an ex-post audit strategy, to be implemented in 2012. The strategy is a key control aiming to assess the legality and regularity of the underlying transactions and should be put in place as soon as possible.
- **late payment of membership contributions :** in 2008 and 2009, the Court observed that a number of Members of the Joint Undertaking did not pay their membership contributions within the deadline set by the Governing Board. For 2010, the deadline was 31 May 2010 but only 14 out of the 28 Members paid on time ;
- **audit committee:** the Court pointed out that, in view of the size of the budget and the complexity of the tasks to be performed by the Joint Undertaking, an Audit Committee reporting directly to the Governing Board should be set up ;
- **status of the financing of the ITER project :** in May 2010, the Commission issued a communication to the European Parliament and to the Council on the status of the ITER project, in which it estimated that around EUR 1.4 billion will be needed to meet the cost increases in the Euratom contribution to ITER in 2012 and 2013. In July 2010, the Commission made a proposal to amend the current multiannual financial framework and to meet the additional financial needs for 2012 and 2013. The Court notes that these developments may significantly affect the activities and the budget of the Joint Undertaking and possibly delay the Euratom contribution to the construction phase of the ITER project.

The Joint Undertaking's response:

- **reorganisation of the Joint Undertaking and internal control systems:** a major reorganisation has focussed on implementation of project based management and reinforcement of the internal control environment.
- **late payment of membership contributions** following the recurrent delays in the payment of membership contributions, measures were approved for interest to be levied on Annual Membership Contribution in the event of late payment. Furthermore, a framework defining the modalities for the interest rates and debit notes was adopted and put in place;

- host State agreement: the Host Agreement signed between 'Fusion and for Energy' and Spain in 2007 provides that Spain will provide F4E with permanent premises no later than 3 years after the signature of the agreement and also provides that in the meantime, and before the final premises are made available, Spain will provide temporary premises. While Spain has not yet provided permanent premises, the Joint Undertaking occupies temporary premises free of cost, and is informed that Spain is looking for a permanent solution;
- **status of the financing of the ITER project:** F4E has carried out its ITER Activities during 2010 according to the Baseline. 95 % of the activities in F4E's 2010 Work Programme were initiated as planned. F4E has continued to carry out its ITER Activities during 2011, and good progress has been made on many fronts. At the same time there have been delays on some key items and the impact of the East Japan earthquake in March has adversely affected the ITER schedule. The 2012 and 2013 extra budget has been discussed in the meeting of the Budget Committee of the Council on 27 September with the Member States. An agreement is expected before the end of the year.

Lastly, the Court of Auditors' report contains a summary of the Joint Undertaking's activities in 2010. This is focused on the following:

- operational Contracts: 44 awarded for a total value of EUR 826 million;
- procurement Arrangements worth EUR 615 million;
- ITER Credit awarded worth EUR 16.6 million.

2010 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2011/2237(DEC) - 08/02/2012

Having examined the revenue and expenditure accounts for the financial year 2010 and the balance sheet at 31 December 2010 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 2010, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommends 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 2010.

However, the Council considers that observations made in the Court of Auditor's report call for a certain number of remarks:

- the Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts fairly present the financial position as at 31 December 2010 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 the underlying transactions for that financial year are legal and regular. Nevertheless, some observations need to be made;
- nevertheless, it calls on the Joint Undertaking to comply with the financial provisions in force and with the budgetary principles. In that context, due attention should be paid to **proper budget implementation**, thus avoiding under-spending and reducing high cash balances;
- the Council urges the Joint Undertaking to fill key posts still remaining vacant, in order to fully assign responsibilities under the new financial circuits as soon as possible;
- the Council regrets the weaknesses identified by the Court in the Joint Undertaking's **procurement and grant award procedures**, notably as regards the number of offers and grant proposals received per call. It calls on the Joint Undertaking to make all possible effort to maximise competition in the areas of procurement and grant contract management;
- furthermore, the Council notes with concern the insufficient documentation of checks applied before making payments under grant agreements. It asks the Joint Undertaking to fully ensure compliance with the financial requirements and the eligibility of underlying costs;
- the Council also urges the Joint Undertaking to **complete its Financial Regulation**.

2010 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2011/2237(DEC) - 04/04/2012 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (EPP, RO) on discharge in respect of the implementation of the budget of the European Joint Undertaking for ITER and the Development of Fusion Energy and called on the European Parliament to grant the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010.

Noting that the Court of Auditors states that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the Joint Undertaking's account. However, they make a number of recommendations that need to be taken into account when the discharge is granted.

- **Budget and Financial Management:** Members take note from comments by the Joint Undertaking that it has implemented 99.9% of its 2010 budget in terms of commitment appropriations. They acknowledge with concern that carryovers from 2009 amounted to EUR 106.8 million in commitment appropriations and EUR 52.2 million in payment appropriations and that these appropriations are mainly accruing from the ITER host state and assigned to the ITER construction. Moreover, Members underline with concern the high cash balance, which amounted to EUR 78.8 million at the end of the year representing 26.8% of the available payment appropriations in 2010;

Procurement and Grants: Members are concerned that for the grants, the average number of proposals received was only one per call. They urge the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to maximise competition and to follow the value-for-money principle in the call preparation, publication, evaluation and contract management phases. Weaknesses are also observed as regards the payment of grants as well as transparency.

- **Internal control systems:** Members note with concern that the Joint Undertaking's internal control systems have not yet been fully established and implemented as required by its Financial Regulation. They call on the Joint Undertaking to validate the business processes that provide financial information to the accounting systems (ABAC and SAP);
- **Late payment of membership contributions and Host State agreement:** Members consider it essential that the deadline for paying membership contributions is respected by all Members of the Joint Undertaking.

Horizontal observations on the Joint Undertakings: Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union and that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to **EUR 11.5 billion** (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). In this context, Members call on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. They recall that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined. They consider that the **likelihood of conflicts of interest should not be dismissed but addressed properly**. They call therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Lastly, the Court of Auditors is invited to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.

2010 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy

2011/2237(DEC) - 10/05/2012 - Text adopted by Parliament, single reading

The European Parliament adopted a decision to grant discharge to the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy in respect of the implementation of the Joint Undertaking's budget for the financial year 2010. This decision also approves the closure of the Agency's accounts.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Joint Undertaking for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Parliament adopted a resolution containing a series 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 performance, financial management and control of EU agencies.

These recommendations may be summarised as follows:

- **Budget and Financial Management:** Parliament takes note from comments by the Joint Undertaking that it has implemented 99.9% of its 2010 budget in terms of commitment appropriations. It acknowledges with concern that carryovers from 2009 amounted to EUR 106.8 million in commitment appropriations and EUR 52.2 million in payment appropriations and that these appropriations are mainly accruing from the ITER host state and assigned to the ITER construction. Moreover, Members underline with concern the high cash balance, which amounted to EUR 78.8 million at the end of the year representing 26.8% of the available payment appropriations in 2010;
- **Procurement and Grants:** Parliament is concerned that for the grants, the average number of proposals received was only one per call. It urges the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to maximise competition and to follow the value-for-money principle in the call preparation, publication, evaluation and contract management phases. Weaknesses are also observed as regards the payment of grants as well as transparency.
- **Internal control systems:** Parliament notes with concern that the Joint Undertaking's internal control systems have not yet been fully established and implemented as required by its Financial Regulation. It calls on the Joint Undertaking to validate the business processes that provide financial information to the accounting systems (ABAC and SAP);
- **Late payment of membership contributions and Host State agreement:** Parliament considers it essential that the deadline for paying membership contributions is respected by all Members of the Joint Undertaking. It recognises that, although a host agreement on the site and support, privileges and immunities was signed between Spain and the Joint Undertaking, the permanent premises were yet not made available to the Joint Undertaking; notes however that the Joint Undertaking occupies temporary premises sponsored by Spain;

Horizontal observations on the Joint Undertakings: Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union and that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to **EUR 11.5 billion** (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). They note that six Joint Undertakings (IMI, ARTEMIS, ENIAC, CLEAN SKY, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFOS and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE.

In this context, Parliament calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. It recalls that Joint Undertakings are public-private partnerships and that as a consequence public

and private interests are intertwined. Members consider that the **likelihood of conflicts of interest should not be dismissed but addressed properly**. They call therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Parliament notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated and that **they should pool their resources where possible**.

Lastly, the Court of Auditors is invited to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.