Basic information

2011/2239(DEC) DEC - Discharge procedure	Procedure completed
2010 discharge: Clean Sky Joint Undertaking **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	A7-0115/2012	Summary
10/05/2012	Decision by Parliament	T7-0190/2012	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	2011/2239(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/07275

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE474.061	06/02/2012	
Amendments tabled in committee		PE483.675	07/03/2012	
Committee report tabled for plenary, single reading		A7-0115/2012	04/04/2012	Summary
Text adopted by Parliament, single reading		T7-0190/2012	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	N7-0030/2012 OJ C 368 16.12.2011, p. 0008	25/10/2011	Summary

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

Final act	
Decision 2012/0606 OJ L 286 17.10.2012, p. 0313	Summary

2010 discharge: Clean Sky Joint Undertaking

2011/2239(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 accounts of the **Clean Sky** Joint Undertaking.

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 Network and Information Security Agency (ENISA).

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

- **description of the Joint Undertaking's tasks**: the Clean Sky Joint Undertaking, which is located in Brussels, was established in 2007 by Regulation (EC) No 71/2008 for the period up to 31 December 2017. The objective of the Clean Sky Joint Undertaking is to accelerate the development, validation and demonstration of clean air transport technologies in the EU for earliest possible deployment;
- **the Joint Undertaking's budget for the 2010 financial year**: the maximum EU contribution to the Clean Sky Joint Undertaking is EUR 800 million to be paid from the budget of the Seventh Research Framework Programme until 2017. In 2010, the EU contribution amounted to EUR 168 million in commitment appropriations and EUR 129 million in payment appropriations.

The complete version of the Agency's final accounts may be found at the following address: http://www.cleansky.eu/content/homepage/about-us

2010 discharge: Clean Sky Joint Undertaking

2011/2239(DEC) - 10/05/2012 - Final act

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

NON-LEGISLATIVE ACT: Decision 2012/606/EU of the European Parliament on discharge in respect of the implementation of the budget of the Clean Sky Joint Undertaking 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 Executive Director of the Clean Sky Joint Undertaking 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, 2012/607/EU, adopted on the same day, approves the closure of this Joint Undertaking's accounts for the 2010 financial year.

2010 discharge: Clean Sky Joint Undertaking

2011/2239(DEC) - 25/10/2011 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the Clean Sky Joint Undertaking 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 Clean Sky Joint Undertaking.

In the Court's opinion, the Clean Sky 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 Clean Sky Joint Undertaking for the financial year ended 31 December 2010 are, in all material respects, **legal and regular.**

The report confirms that the maximum EU contribution to the Clean Sky Joint Undertaking to cover running costs and research activities is EUR 800 million to be paid from the budget of the Seventh Research Framework Programme. Other Members of the Joint Undertaking are to contribute resources at least equal to the EU contribution, including in-kind contributions. The Joint Undertaking started working autonomously on 16 November 2009.

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

The Court's observations:

- **implementation of the budget**: the final budget included commitment appropriations of EUR168 million and payment appropriations of EUR 129 million. While the utilisation rate for commitment appropriations was 96%, the rate for payment appropriations was only 58 %. This reflects the significant delays in the implementation of the activities as compared with the initial plan. The low implementation of the budget is also reflected in the cash balance, which stood at EUR 53 million at the end of the year (41 % of the available payment appropriations in 2010);

- **internal control systems**: the Joint Undertaking has not completely implemented its internal controls and financial information systems during 2010. In particular, further work is needed on the ex-ante control procedures applied for the validation of cost claims. These are important elements of the Joint Undertaking's system of internal control. However, in four cases the Joint Undertaking, when validating the cost claims, did not take into account exceptions included in the audit certificates. The limited review of the IT controls showed that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission, but the formalisation of policies and procedures, however, is lagging behind in certain areas;

- **lack of host State agreement**: according to the Council Regulation setting up the Joint Undertaking, a host agreement should be concluded between the Joint Undertaking and Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium. However, as at the end of 2010, no such agreement had been signed.

The Joint Undertaking's response:

- **implementation of the budget:** the Joint Undertaking has taken steps during 2010 to ensure, as far as possible, that further delays and therefore lower budget implementation do not continue during the programme. Having received the cost claims relating to 2010, the Joint Undertaking has noticed an improvement in the rate of activity and budget implementation. It endeavours to continue this improvement with its Members and Partners;

- **internal control systems**: following the remarks of the Court and based on a dedicated risk assessment of the Joint Undertaking's Internal Control system, the Internal Audit Officer of the Joint Undertaking provided professional advice and consultancy services related to the ex-ante validation of cost claims in the year 2010 and 2011. She also coordinated and managed the ex-post audit process of the JU in 2011.

- **host state**: a draft of the host State agreement has been submitted to the Belgian Government for approval. It has been informally confirmed but official confirmation is expected. The signature of both the Joint Undertaking and the Belgian State will follow a related adoption of the document by the Governing Board.

Lastly, the Court of Auditors' report contains a **summary of the Joint Undertaking's activities** in 2010. The main task of the Clean Sky Joint Undertaking may be described as follows:

- technical projects: e.g Smart Fixed-Wing Aircraft (the aerodynamic definition of the laminar wing design) ; Green Regional Aircraft ; Green Rotorcraft. A significant effort was dedicated to the implementation of the platform of simulation called Phoenix (standing for Platform Hosting Operational & Environmental Investigations for Rotorcraft). There are many other projects in the field of sustainable and green engines;
- eco-Design: system requirements and validation plan issued. Choice of simulation tool for Electrical Network Analysis Model;
- development of a SABER conversion software tool: CfP 'SMART' project began in September 2010;
- analysis of results of External related projects (including Sourdine II, Optimal, and ERAT).

2010 discharge: Clean Sky Joint Undertaking

2011/2239(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 Clean Sky Joint Undertaking, 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 Executive 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 Rules, and that the underlying transactions for that financial year are legal and regular;
- it calls on the Joint Undertaking to adapt the structure and presentation of its annual budgets to the provisions foreseen in the Joint Undertaking's founding act and in its Financial Rules, and to comply with the budgetary principle of annuality: due attention should be paid to the **proper implementation of commitment and payment appropriations**, thus avoiding under-spending, excessive carry-overs and high cash balances;
- the Council asks the Joint Undertaking to fully implement and further strengthen its internal controls and financial information systems in order to **ensure the legality and regularity** of all declared expenditure, notably as regards the ex-ante verification of cost claims;
- it invites the Joint Undertaking's Accounting Officer to validate without delay the business processes providing financial information. Moreover, it invites the Joint Undertaking to perform timely ex-post audits to assess its management of grants;
- the Council encourages the Joint Undertaking to complete its Financial Rules in order to ensure that the operational roles of the Commission's Internal Auditor and the Joint Undertaking's internal audit function are clearly defined.

2010 discharge: Clean Sky Joint Undertaking

2011/2239(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 Clean Sky Joint Undertaking and called on the European Parliament to grant the Executive Director of the Clean Sky Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010.

Noting that the Court of Auditors stated 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 accounts. However, they make a number of recommendations that need to be taken into account when the discharge is granted.

- **Budget and Financial Management**: Members note that the structure and presentation of the Joint Undertaking’s 2010 budget were not in line with the requirements of its founding Regulation (EC) No 71/2008 nor with its Financial Rules. They call on the Court of Auditors to assure the discharge authority that the structure and presentation of the Joint Undertaking’s budget are now fully in line. They also note that the low rate for payment appropriations was only 58 % and and regret the EUR 53 million cash balance, at the end of the year representing 41 % of the available payment appropriations;
- **Internal control systems**: Members note that the Joint Undertaking has not completely implemented its internal controls and financial information systems during 2010 and that further work is needed on the ex-ante control procedures applied for the validation of cost claims. They note that in 2010, the Joint Undertaking created a checklist for the Integrated Technology Demonstrators to improve the quality f the submitted cost claims and to clarify the reporting needs for certain aspects of claims. Also in 2010, the Joint Undertaking validated costs claimed by members for the execution of projects in 2008 and 2009 and that the assessment of the eligibility of certain costs resulted in the rejection of approximately 11% of the expenses. Member ascertain that the Joint Undertaking, together with the Innovative Medicines Initiative Joint Undertaking and the Fuel Cells and Hydrogen Joint Undertaking, launched the procurement procedure for ex-post audit services from external firms. Moreover, they note that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission but they stress that the formalisation of policies and procedures in strategic IT planning and monitoring cycle, security policies and rules, IT Risk management, Business Continuity Plan and Recovery Plan is lagging behind; this situation should be remedied;
- **Call for Proposals and Projects Negotiation**: Members call on the Joint Undertaking to inform the discharge authority about the verification mechanisms that it implements to ensure the full independence of experts and observers and therefore to mitigate the risks of conflicts of interest during the evaluation of tenders;
- **Performance**: Members note that the first interim evaluation by the Commission of the Joint Undertaking took place at the end of 2010 and acknowledge that the interim evaluation identified certain weaknesses. This evaluation drew up a list of recommendations to the Joint Undertaking and another list to its Management Board. Members ask the Joint Undertaking to inform the discharge authority on the measures introduced following the results of this first interim evaluation;
- **Lack of host State agreement**: Members reiterate that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it.

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: Clean Sky Joint Undertaking

2011/2239(DEC) - 10/05/2012 - Text adopted by Parliament, single reading

The European Parliament adopted a decision to grant discharge to the Executive Director of the Clean Sky Joint Undertaking in respect of the implementation of 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 notes that the structure and presentation of the Joint Undertaking's 2010 budget were not in line with the requirements of its founding Regulation (EC) No 71/2008 nor with its Financial Rules. It calls on the Court of Auditors to assure the discharge authority that the structure and presentation of the Joint Undertaking's budget are now fully in line. Members also note that the low rate for payment appropriations was only 58 % and regret the EUR 53 million cash balance, at the end of the year representing 41 % of the available payment appropriations;
- **Internal control systems**: Parliament notes that the Joint Undertaking has not completely implemented its internal controls and financial information systems during 2010 and that further work is needed on the ex-ante control procedures applied for the validation of cost claims. It notes that in 2010, the Joint Undertaking created a checklist for the Integrated Technology Demonstrators to improve the quality of the submitted cost claims and to clarify the reporting needs for certain aspects of claims. Also in 2010, the Joint Undertaking validated costs claimed by members for the execution of projects in 2008 and 2009 and that the assessment of the eligibility of certain costs resulted in the rejection of approximately 11% of the expenses. Members note with satisfaction that overpaid pre-financing was recovered by the Joint Undertaking. They ascertain from the AAR that the Joint Undertaking, together with the Innovative Medicines Initiative Joint Undertaking and the Fuel Cells and Hydrogen Joint Undertaking, launched the procurement procedure for ex-post audit services from external firms. Parliament notes the Court of Auditors' finding that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission;
- **Call for Proposals and Projects Negotiation**: Parliament calls on the Joint Undertaking to inform the discharge authority about the verification mechanisms that it implements to ensure the full independence of experts and observers and therefore to mitigate the risks of conflicts of interest during the evaluation of tenders;
- **Performance**: Parliament notes that the first interim evaluation by the Commission of the Joint Undertaking took place at the end of 2010 and acknowledges that the interim evaluation identified certain weaknesses. This evaluation drew up a list of recommendations to the Joint Undertaking and another list to its Management Board. Members ask the Joint Undertaking to inform the discharge authority on the measures introduced following the results of this first interim evaluation;
- **Lack of host State agreement**: Parliament reiterates that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it.

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 INFSO 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.