Basic information

2011/2240(DEC) DEC - Discharge procedure	Procedure completed
2010 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems **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	A7-0109/2012	Summary
10/05/2012	Decision by Parliament	T7-0189/2012	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	2011/2240(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/07277

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE474.056	06/02/2012	
Amendments tabled in committee		PE483.674	07/03/2012	
Committee report tabled for plenary, single reading		A7-0109/2012	04/04/2012	Summary
Text adopted by Parliament, single reading		T7-0189/2012	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	N7-0029/2012 OJ C 368 16.12.2011, p. 0001	25/10/2011	Summary

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

Final act	
Decision 2012/0604 OJ L 286 17.10.2012, p. 0306	Summary

2010 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2011/2240(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 **Artemis 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 Artemis Joint Undertaking.

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

- **description of the Agency's tasks**: the joint undertaking, which is located in Brussels, was set up in 2007 by Council Regulation 74/2008/EC for a period of 10 years. The main objective of the Joint Undertaking is to implement a 'Research Agenda' for the development of key technologies for Embedded Computing Systems across different application areas in order to strengthen European competitiveness and sustainability, and allow the emergence of new markets and societal applications.
- **budget of the Joint Undertaking for the 2010 financial year**: the maximum EU contribution to the Artemis Joint Undertaking to cover running costs and research activities is EUR 420 million to be paid from the budget of the Seventh Research Framework Programme. In 2010, the EU contribution amounted to EUR 38.5 million in commitment appropriations and EUR 27 million in payment appropriations.

The complete version of the Agency's final accounts may be found at the following address: http://www.artemis-ju.eu/governing_board

2010 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2011/2240(DEC) - 10/05/2012 - Final act

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

NON-LEGISLATIVE ACT: Decision 2012/604/EU of the European Parliament on discharge in respect of the implementation of the budget of the Artemis 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 Artemis 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, 2012/605/EU, adopted on the same day, approves the closure of this Joint Undertaking's accounts for the 2010 financial year.

2010 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2011/2240(DEC) - 25/10/2011 - Court of Auditors: opinion, report

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

In the Court's opinion, the Artemis 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 Artemis 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 Artemis Joint Undertaking to cover running costs and research activities is EUR 420 million to be paid from the budget of the Seventh Research Framework Programme. The Artemisia association is to make a maximum contribution of EUR 30 million to the running costs. Artemis Member States are to make in-kind contributions to the running costs (by facilitating the implementation of projects), and to provide financial contributions of at least 1.8 times the EU contribution. In-kind contributions are also to be provided by research organisations participating in projects.

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 2010 budget was not adopted by the end of the previous year (28 January 2010). Its structure and presentation were not in line with the provisions of the financial rules. The final budget included payment appropriations of EUR 27 million. The utilisation rate was 37.7 %. Deposits in bank accounts at the end of the year totalled EUR 16.6 million (60% of the available payment appropriations in 2010). The relatively low implementation rate for payment appropriations reflects the delays at Member State level;

- **internal control systems**: the Joint Undertaking has not fully implemented its internal controls and financial information systems during 2010. The ex post audit of cost claims related to the projects has been fully delegated to the Member States, without any control being exercised by the Joint Undertaking. This will make it difficult for the Joint Undertaking to ensure: (i) that the financial interests of its Members are adequately protected, as required by Council Regulation (EC) No 74/2008 and (ii) the legality and regularity of the underlying transactions.

- **lack of host 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**: because the operational part of the budget depends on the commitment of the Member States, and for most of them that is only possible after adoption of their national budget, the budget was adopted by the Governing Board in its meeting of January 2011. The structure and presentation of the budget have been adapted in the 2011 budget, according to the remarks and recommendations made previously by the Court of Auditors.

- **internal control systems**: ex post audits are primarily delegated to Artemis Member States. Exceptions are foreseen in the adopted ex post audit strategy. Artemis is currently collecting the various national strategies from Member States and their ex post audit results and will then analyse with the IAS (Artemis internal auditor) how to improve the strategy. The Charter of the Commission's Internal Audit Service was adopted by the Governing Board on 25 November 2010. The financial rules of Artemis will be amended accordingly at the appropriate occasion;

- **host state:** Artemis Joint Undertaking continues to cooperate for the implementation of the provisions of a Host State agreement and awaits the outcome of the next steps of the procedure to have an agreement signed.

Lastly, the Court of Auditors' report contains a **summary of the Joint Undertaking's activities** in 2010. The main task of the |Artemis Joint Undertaking was to launch a Call for proposals with an overall budget of EUR 93 million.

2010 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2011/2240(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 ARTEMIS 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;
- the Council calls on the Joint Undertaking to adopt its annual budgets by the end of the preceding year, to adapt their structure and presentation to the provisions foreseen 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, as regards the ex-ante verification of cost claims and notably the assurance provided by national authorities' certificates;
- it encourages the Joint Undertaking to set up its own internal audit capability.

2010 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2011/2240(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 ARTEMIS Joint Undertaking and called on the European Parliament to grant the Executive Director of the ARTEMIS 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 are concerned that the budget of the Joint Undertaking for the financial year 2010 was not adopted by the end of the previous year due to the fact that the operational part of the budget depends on the commitment of the Member States and that for most of them the amount of commitment can only be ascertained after the adoption of their national budgets. They call on the Joint Undertaking and the contributing Member States to reach an agreement on a timetable and practical arrangements for the disclosure of their respective commitments to enable the adoption of the Joint Undertaking’s budget in due time and to keep the discharge authority informed on this matter. They regret the structure and presentation of the Joint Undertaking’s 2010 budget were not in line with the provisions of the Joint Undertaking's financial rules and calls for improvement in this area. They regret that the utilisation rate only reached the level of 37.78 %;
- **Internal control systems**: Members are concerned that Joint Undertaking will have difficulties in ensuring that the financial interests of its members are adequately protected and that the underlying transactions are legal and regular. They call on the Joint Undertaking to reconsider its strategy towards the ex-post audit of cost claims .They note that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission but stress that the strategic IT planning and monitoring cycle, the security policies and rules, IT Risk management and Business Continuity Plan and Disaster Recovery Plan is lagging behind. This situation should be remedied;
- **Internal Audit**: Members note that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission’s Internal Audit Service and the Joint Undertaking’s internal auditing function are clearly defined;
- **Call for Proposals and Projects Negotiations**: Members state that the Joint Undertaking’s Call 2010 was published on 26 February 2010 and that 73 proposals for research projects were submitted in response to Project Outline (PO) phase of this Call, of which 72 satisfied the eligibility criteria. They note that the 11 selected proposals range in size from EUR 45 million to EUR 3.4 million. They note the introduction of the concept of "Maturity Index" during the Call 2010.They understand that the tool, which aims to help further analysis, was used at PO phase to judge the subjective quality of the POs and to observe the level of maturity of the response of the ARTEMIS community to the work programme. Members observe that the evaluation of the projects’ outcomes often lack details to assess their performance. They call on the Joint Undertaking to develop and implement more precise performance indicators for the future monitoring and review of its projects;
- **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 notes 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). 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. The committee is of the opinion that under the circumstances the **likelihood of conflicts of interest should not be dismissed but addressed properly**. It calls 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 asked to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.

2010 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2011/2240(DEC) - 10/05/2012 - Text adopted by Parliament, single reading

The European Parliament adopted a decision granting discharge to the Executive Director of the ARTEMIS Joint Undertaking in respect of the implementation of the budget of the Undertaking 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 is concerned that the budget of the Joint Undertaking for the financial year 2010 was not adopted by the end of the previous year due to the fact that the operational part of the budget depends on the commitment of the Member States and that for most of them the amount of commitment can only be ascertained after the adoption of their national budgets. It calls on the Joint Undertaking and the contributing Member States to reach an agreement on a timetable and practical arrangements for the disclosure of their respective commitments to enable the adoption of the Joint Undertaking’s budget in due time and to keep the discharge authority informed on this matter. It regrets the structure and presentation of the Joint Undertaking’s 2010 budget were not in line with the provisions of the Joint Undertaking's financial rules and calls for improvement in this area. It regrets that the utilisation rate only reached the level of 37.78 %;
- **Internal control systems**: Members are concerned that the Joint Undertaking will have difficulties in ensuring that the financial interests of its members are adequately protected and that the underlying transactions are legal and regular. They call on the Joint Undertaking to reconsider its strategy towards the ex-post audit of cost claims. They note that the Joint Undertaking has an adequate level of IT governance and practice for its size and mission but stress that the strategic IT planning and monitoring cycle, the security policies and rules, IT Risk management and Business Continuity Plan and Disaster Recovery Plan is lagging behind. This situation should be remedied;
- **Internal Audit**: Parliament notes that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission’s Internal Audit Service and the Joint Undertaking’s internal auditing function are clearly defined;
- **Call for Proposals and Projects Negotiations**: Parliament states that the Joint Undertaking’s Call 2010 was published on 26 February 2010 and that 73 proposals for research projects were submitted in response to Project Outline (PO) phase of this Call, of which 72 satisfied the eligibility criteria. It notes that the 11 selected proposals range in size from EUR 45 million to EUR 3.4 million. Members note the introduction of the concept of "Maturity Index" during the Call 2010. They understand that the tool, which aims to help further analysis, was used at PO phase to judge the subjective quality of the POs and to observe the level of maturity of the response of the ARTEMIS community to the work programme. Members observe that the evaluation of the projects’ outcomes often lack details to assess their performance. They call on the Joint Undertaking to develop and implement more precise performance indicators for the future monitoring and review of its projects;
- Establishing new joint undertakings under Horizon 2020: Parliament takes note of the Commission's proposal establishing the Specific Programme Implementing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020) - where the Commission raises a possibility of **combining ARTEMIS and ENIAC Joint Undertakings into one initiative** and the possibility to set up new Joint Undertakings in the context of implementing the ‘Societal challenges’ part of Horizon 2020. It calls on the Commission to keep the discharge authority informed about this matter;
- **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). 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.