Basic information

2012/2215(DEC) DEC - Discharge procedure	Procedure completed
2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy) **Subject** 8.70.03.07 Previous discharges	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	GERBRANDY Gerben-Jan (ALDE)	29/02/2012
	Shadow rapporteur RÜBIG Paul (PPE) AYALA SENDER Inés (S&D) STAES Bart (Verts/ALE) BRADBOURN Philip (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
25/07/2012	Non-legislative basic document published	COM(2012)0436	Summary

13/09/2012	Committee referral announced in Parliament		
19/03/2013	Vote in committee		
21/03/2013	Committee report tabled for plenary	A7-0077/2013	Summary
16/04/2013	Debate in Parliament		
17/04/2013	Decision by Parliament	T7-0170/2013	Summary
17/04/2013	Results of vote in Parliament		
17/04/2013	End of procedure in Parliament		
16/11/2013	Final act published in Official Journal		

Technical information

Procedure reference	2012/2215(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/10572

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE497.952	29/01/2013	
Amendments tabled in committee		PE506.003	27/02/2013	
Committee report tabled for plenary, single reading		A7-0077/2013	21/03/2013	Summary
Text adopted by Parliament, single reading		T7-0170/2013	17/04/2013	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	05755/2013	01/02/2013	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0436	25/07/2012	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0041/2013 OJ C 006 10.01.2013, p. 0036	15/11/2012	Summary

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

Final act	
Decision 2013/0624 OJ L 308 16.11.2013, p. 0363	Summary

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2012/2215(DEC) - 15/11/2012 - 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 2011, together with the replies of the Joint Undertaking.

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 (F4E).

In the Court's opinion, the **annual accounts of the Joint Undertaking fairly present, in all material respects, its financial position as of 31 December 2011** 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 Joint Undertaking for ITER and the Development of Fusion Energy for the financial year ended 31 December 2011 are, in all material respects, **legal and regular**.

The report confirms that ITER's budget for 2011 amounted to EUR 263.57 million of which 93% funded by Community contribution. Staff totalled 315.

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:

Court's comments:

- internal control: the Court of Auditors has previously reported that the Joint Undertaking's internal control systems had not been fully established and implemented as required by its Financial Regulation. On 31 May 2010 the Joint Undertaking's Internal Auditor issued a report which raised concerns about the financial circuits and the separation of duties. In response to this, the Governing Board adopted a management improvement plan in June 2010;
- procurement and grants: as pointed out in its 2010 report, the Joint Undertaking needs to enhance its efforts to increase competition. The audit also revealed that the ex ante control procedures applied to payments made under contracts and grant agreements are not sufficiently documented;
- late payment of membership contributions: payments of the 2011 contributions by 12 members were subject to delays;
- **EU contribution to ITER construction phase**: the Court recalls that in July 2010, the Council agreed the revised budget estimate of the Joint Undertaking's contribution for the construction phase amounting to EUR 6.6 billion (2008 value), thus **doubling the initial estimate**; on 1 December 2011 an agreement was reached by the Council, the European Parliament and the Commission on the financing of the EUR 1.3 billion of additional costs for the ITER project for 2012-2013;
- host State agreement: according to the Host State Agreement signed with the Kingdom of Spain on 28 June 2007, the permanent premises should have been made available to the Joint Undertaking by June 2010. However, at the time of the audit (April 2012) this had not occurred.

Joint Undertaking's replies:

- reorganisation of internal control systems: the financial activities have been regrouped and reinforced in a new Budget and Finance unit including the control environment functions (ex-post, financial audits & monitoring, etc.) while segregating the operational and financial activities;

- procurement: as a consequence of the experience gained during financial monitoring visits carried out in 2011, F4E is now in a position to define the strategy to cover the financial control for both procurements and grants. Given the reduced financial dimensions of grants versus standard and operational procurements, this strategy will focus the main effort of the financial control on the ex-post control of procurement;
- membership contributions: F4E has established a new framework in 2011 for the collection of the Membership contribution;
- **financing of ITER**: the estimates for the total value of the project are based on the Toschi report. F4E is now undertaking an exercise to align all the incurred cost up to date to the 2008 values in order to be able to establish the potential deviations from the estimates. An integrated project monitoring tool which allows for the monitoring of potential cost deviations has been developed and is operational since September 2012 at F4E, migrating project management data, such as schedules, and financial management to the new Work Breakdown Structure. Additional development is ongoing for Earn Value Management and the Baseline Cost Estimate by contract;
- host seat agreement: the Host Agreement signed between 'Fusion and for Energy' and the Kingdom of Spain in 2007 does indeed foresee that Spain will provide F4E with permanent premises no later than 3 years after the signature of the agreement. The Agreement also foresees 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.

Lastly, the Court of Auditors' report contains a summary of the **Joint Undertaking's activities in 2011**. This is focused on the following:

- operational contracts: 38 awarded for a total value of EUR 163 556 000;
- administrative contracts: 17 awarded (including 7 Joint Procurements) for a total value of EUR 5 162 000;
- grants: 22 awarded for a total value of EUR 13 061 000;
- procurement arrangements: 2 for the ITER project (equivalent to EUR 50 135 000); 10 for the broader approach (equivalent to EUR 42 490 000);
- ITER credit awarded: equivalent to EUR 56 066 000.

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2012/2215(DEC) - 01/02/2013

Having examined the revenue and expenditure accounts for the financial year 2011 and the balance sheet at 31 December 2011 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 2011, 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 2011.

The observations in the Court of Auditors' report in relation to the financial year 2011 call for some comments by the Council, which may be summarised as follows:

- the Council welcomes the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2011 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 that financial year are legal and regular;
- however, it regrets the Court's observation that **weaknesses persisted in the Joint Undertaking's procurement and grant award procedures**, in particular 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, inter alia by making systematic use of pre-information notices as an instrument for increasing ex-ante publicity for forthcoming tenders;
- it also asks the Joint Undertaking to pursue its efforts to **reinforce its organisational and financial management structure** by implementing an integrated system to manage budgetary, financial and operational information, including the evaluation and management of risks at corporate level. In this context, it recalls the importance of having effective tools on hand to allow for the regular monitoring of the validity of cost estimates and the timely reporting on potential deviations, thus avoiding in the future to the highest possible extent any further unforeseen major revision of estimated project costs;
- it invites the Joint Undertaking to further **improve its audit and ex-post control strategies**;
- lastly, the Council encourages the Joint Undertaking to **pursue its efforts to avoid the late payment of membership contributions**.

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2012/2215(DEC) - 21/03/2013 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Gerben-Jan GERBRANDY (ADLE, NL) 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 the Joint Undertaking's budget for the financial year 2011.

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 2011 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the Undertaking's accounts. However, they make 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 performance, financial management and control of EU agencies:

- **Financing, budget and financial management**: Members recall that at the creation of the Joint Undertaking the indicative total resources deemed necessary for the period 2007 to 2014 were EUR 9.653 million.
- **Implementation rate of appropriations and carryovers**: Members note that the utilisation rates for the available commitment and payment appropriations were 99.7% and 85.7% respectively and that out of the EUR 611 000 000 of commitment appropriations available for operational activities, 42 % were implemented through direct individual commitments while the remaining 58% was implemented through global commitments.

The report notes that the Joint Undertaking needs to enhance its efforts to increase competition as the number of offers received for the operational procurement procedures signed in 2011 was still low and amounted to two on average while for grants the average number of proposals received was only one per call. **Members reiterate that the Joint Undertaking must find value for money in all possible acquisitions**.

Members also made a series of observations as regards the Undertaking's procurement procedures, its internal control standards, intellectual property rights and industrial policy, the Union's contribution to ITER construction phase.

Lastly, Members reiterate the invitation for the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament on common issues which occur due to the nature of the joint undertakings in order to ensure their **added value and efficient execution of Union research, technological development and demonstration programmes. They further note that the same report should include an assessment of the effectiveness of the joint undertakings' establishment and structure**.

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2012/2215(DEC) - 17/04/2013 - Text adopted by Parliament, single reading

The European Parliament adopted a decision on discharge to be granted to the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2011. The vote on the decision to grant discharge covers the closure of the accounts (in accordance with Annex VI, Article 5(1) of the European Parliament's Rules of Procedure).

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 2011 are reliable and that the underlying transactions are legal and regular, Parliament adopted a resolution containing 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 performance, financial management and control of EU agencies.

- **Financing, budget and financial management:** Parliament recalls that at the creation of the Joint Undertaking the indicative total resources deemed necessary for the period 2007 to 2014 were EUR 9.653 million.
- **Implementation rate of appropriations and carryovers:** Parliament notes that the utilisation rates for the available commitment and payment appropriations were 99.7% and 85.7% respectively and that out of the EUR 611 000 000 of commitment appropriations available for operational activities, 42 % were implemented through direct individual commitments while the remaining 58% was implemented through global commitments.
- **Procurement procedures:** the Joint Undertaking needs to enhance its efforts to **increase competition** as the number of offers received for the operational procurement procedures was still low and amounted to two on average while for grants the average number of proposals received was only one per call. It reiterates that **the Joint Undertaking must find value for money in all possible acquisitions**.
- **Host State agreement:** Parliament recognises that although a Host State 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. It notes, however, that the Joint Undertaking continues to occupy temporary premises sponsored by Spain.

Parliament makes a series of observations as regards the Undertaking's internal control standards, intellectual property rights and industrial policy, and other issues relating to its management. It also raises the issue of the Union's contribution to ITER construction phase.

Lastly, Parliament reiterates the invitation for the Court of Auditors to provide, within a reasonable deadline, a special report to Parliament on common issues which occur due to the nature of the joint undertakings in order to ensure their **added value and efficient execution of Union research, technological development and demonstration programmes.** It further notes that the same report should include **an assessment of the effectiveness of the joint undertakings' establishment and structure**.

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2012/2215(DEC) - 17/04/2013 - Final act

PURPOSE: to grant discharge to the European Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2011.

NON-LEGISLATIVE ACT: Decision 2013/624/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 2011.

CONTENT: with the present decision, and in accordance with Article 319 of the Treaty on the Functioning of the European Union (TFEU), the European Parliament grants discharge to the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy in respect of its budget for the financial year 2011.

This decision is in line with the European Parliament's resolution adopted on 17 April 2013 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 17 April 2013).

A parallel decision, 2013/625/EU, adopted on the same day, approves the closure of the Undertaking's accounts for the 2011 financial year.

2011 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2012/2215(DEC) - 25/07/2012 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2011, as part of the 2011 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 2011 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 2011, 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 2011 financial year: the total contribution from Euratom for the period 2007 to 2041 was set at EUR 7 649 million. The EIT's budget for 2011, as presented in the Commission document on the consolidated annual accounts of the European Union, gives the following figures:
    - forecasted income budget: EUR 242 million;
    - entitlements established: EUR 279 million;
    - amounts received: EUR 243 million;
    - outstanding: EUR 36 million.

The complete version of ITER's final accounts may be found at the following address:

http://fusionforenergy.europa.eu/aboutfusion/keydocs.aspx