Basic information

2012/2218(DEC) DEC - Discharge procedure	Procedure completed
2011 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	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	A7-0087/2013	Summary
16/04/2013	Debate in Parliament		
17/04/2013	Decision by Parliament	T7-0165/2013	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	2012/2218(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/10579

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE497.953	29/01/2013	
Amendments tabled in committee		PE506.004	27/02/2013	
Committee report tabled for plenary, single reading		A7-0087/2013	21/03/2013	Summary
Text adopted by Parliament, single reading		T7-0165/2013	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	N7-0037/2013 OJ C 006 10.01.2013, p. 0001	15/11/2012	Summary

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

Final act	
Decision 2013/0614 OJ L 308 16.11.2013, p. 0334	Summary

2011 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2012/2218(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 **Artemis Joint Undertaking**.

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 Artemis Joint Undertaking.

In 2011, the tasks and budget of this agency were as follows:

- **description of the Joint Undertaking'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 2011 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.

The complete version of the Joint Undertaking’s final accounts may be found at the following address: Governing Board

2011 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2012/2218(DEC) - 15/11/2012 - 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 2011, 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 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 Artemis Joint Undertaking for the financial year ended 31 December 2011** are, in all material respects, **partially legal and regular**.

The basis for this **qualified opinion** on the legality and the regularity of the transactions underlying the accounts concerns the audit of project cost claims which have been delegated to the NFAs of the Member States. The administrative agreements signed with the NFAs do not include the practical arrangements for the ex post audits. By the end of the audit (September 2012), Artemis had not received sufficient information relating to the audit strategies of eight of the NFAs and was not in a position to assess whether the ex-post audit strategy provides sufficient assurance with respect to the legality and regularity of the underlying transactions. The information available on the implementation of the Joint Undertaking's ex post audit strategy is not sufficient to conclude whether this key control is functioning effectively.

The report confirms that the Artemis Joint Undertaking's budget for 2011 amounted to EUR 28.5 million in commitment appropriations and 32 million in payment appropriations. Staff totalled 13 at the end of 2011.

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:

- implementation of the budget: the estimates for budget implementation for the 2008, 2009 and 2010 call for proposals at the end of the year amounted to 86%, 53% and 18% respectively. However, the actual payments made under the 2008 call were only 50%, 31% for the 2009 call and no payments had been made under the 2010 call. According to the Joint Undertaking, the relatively low implementation rate for operational payment appropriations, is the consequence of the delays at the level of the Member States in signing the national grant agreements. Contrary to the Statutes of the Artemis Joint Undertaking, Greece is using EU structural funds to cover its national contributions to the Greek beneficiaries of the Artemis projects instead of providing national funding. The Joint Undertaking accepted the continuation of Greek participation in Artemis projects but no funding is being provided by the Joint Undertaking to the Greek beneficiaries as co-financing with another source of EU funding is not allowed. The Court also notes issues with the certain carry-overs for next year;
- calls for proposals: the Council Regulation setting up the Artemis Joint Undertaking envisaged a maximum total budget of EUR 420 million to cover operational expenditure. The actual implementation and the foreseen value of the calls for proposals represent EUR 244 million or 58% of the total budget;
- internal audit capability: the Regulation setting up Artemis stipulates that the Joint Undertaking shall have an internal audit capability. However, at the end of 2011, this important element of the internal control system had not yet been set up. In 2011 the Commission's Internal Audit Service carried out a risk assessment exercise and the strategic audit plan for 2012-2014 was presented to the Governing Board for adoption on 25 January 2012. However, the financial rules of the Joint Undertaking have not yet been amended to include the provision of the Framework Regulation referring to the powers of the Commission's Internal Auditor.

Joint Undertaking's replies:

- **qualified opinion**: in its reply, Artemis acknowledges the importance of the ex-post audit strategy and the pertinence of the Court's observations. The JU stipulates that the various financing schemes and national rules in place in the different Member States imply that ex-post audit is only feasible on **completed projects**. For these reasons, the declaration of assurance of the Executive Director didn't make reference to the implementation of the ex-post audit strategy, taking into account the absence of materiality for the year 2011. It will be obviously included in the Annual Activity Report 2012;
- as regards the audit, the Commission's Internal Audit Service is the Internal Auditor of ARTEMIS since 25 November 2010 and, taking into account the size of the Artemis Joint Undertaking staff, has kindly offered to be also the Internal Audit Capability of Artemis. Lengthy discussions between the IAS and the Commission are still ongoing and have delayed the implementation of this plan. The Artemis JU hopes that the IAS will fulfill that role as soon as possible. In the meantime, the Executive Director has replaced that role of the IAS by collective (the whole team) off-site meetings addressing the main topics related to process improvements.

Lastly, the Court of Auditors' report contains a summary of the **Joint Undertaking's activities in 2011**. The main task of the Artemis Joint Undertaking was to launch a call for proposals with an overall budget of EUR 72 million.

2011 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2012/2218(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 ARTEMIS Joint Undertaking, 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 Executive 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 Rules, and that the underlying transactions for that financial year are legal and regular, with the exception of the matter described below;
- nevertheless, **it regrets the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts**, based on the Court's assessment that the Joint Undertaking's ex-post audit strategy might not provide sufficient assurance with respect to the legality and regularity of the underlying transactions and that this key control might therefore not function effectively. The Council urges the Joint

Undertaking to revise the administrative agreements signed with National Funding Authorities (NFAs) in order to include the obligation for the NFAs to carry out ex-post audits on grants paid, as well as to include in these agreements the practical arrangements for the ex-post audits;

- the Council calls on the Joint Undertaking to pay due attention to the proper implementation of commitment and payment appropriations in the course of the budgetary year, in line with the budgetary principle of annuality, thus **avoiding excessive carry-overs**. The Council invites the Joint Undertaking, in cooperation with the Commission, to adapt, if necessary, its financial programming to real needs with the intention of limiting the risk of over-budgeting;
- as regards **internal control standards**, the Council asks the Joint Undertaking to improve its internal control standards and the financial verification of cost claims, in order to ensure effective and efficient controls and validate without delay the business processes providing financial information, in particular those providing information on the validation and payment of cost claims received from the NFAs;
- lastly, the Joint Undertaking is requested to: (i) bring its internal audit arrangements in line with the Regulation setting up the Joint Undertaking; (ii) improve the quality of its Annual Activity Reports; (iii) ensure the declaration by the NFAs of bank interest generated on pre-financing payments.

2011 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2012/2218(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 Executive Director of the ARTEMIS Joint Undertaking in respect of the implementation of the 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 ARTEMIS Joint Undertaking for the financial year 2011 are reliable but has **delivered a qualified opinion on the legality and the regularity of the transactions underlying the Joint Undertaking's accounts**, 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**: the maximum contribution for the period of 10 years from the Union to the Joint Undertaking is EUR 420 million to be paid from the budget of the Seventh Research Framework Programme. Members note that the initial 2011 budget included operational appropriations amounting to EUR 46.6 million and that an amending budget was adopted reducing operational appropriations to EUR 18.6 million.
- **Implementation rate of appropriations and carryovers:** Members regret the relatively low implementation rate for operational payment appropriations standing at 86%, 53% and 18% for the 2008, 2009 and 2010 call for proposals. They call for a detailed progress report on these shortcomings;
- **Qualified opinion of the Court of Auditors:** Members are concerned that the Joint Undertaking annual accounts received a qualified opinion from the Court of Auditors on the legality and the regularity of the transactions underlying those accounts on the grounds that the Joint Undertaking was not in a position to assess whether the *ex post* audit strategy provides sufficient assurance with respect to the legality and regularity of the underlying transactions. They invite the Joint Undertaking to provide the discharge authority with an action plan to overcome that potential lack of assurance and expect that the Court of Auditors, through its independent audits, will be in position to provide the discharge authority with its own opinion on the effectiveness of the Joint Undertaking's *ex-post* audit strategy. They condemn the fact that Greece is using Union Structural Funds to cover its national contributions to the Greek beneficiaries of the Artemis projects instead of providing national funding. They request the Commission to inform the discharge authority on the legality of this situation as soon as possible.

Lastly, Members made a series of observations as regards the Joint Undertaking's procurement system, its control system and its internal audit system, the weaknesses in its annual activity report and other questions linked to the management of this Joint Undertaking. **They note in passing the possibility of a merger with the ENIAC Joint Undertaking**.

2011 discharge: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2012/2218(DEC) - 17/04/2013 - Text adopted by Parliament, single reading

The European Parliament adopted a decision on discharge to be granted to the Executive Director of the ARTEMIS Joint Undertaking 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 but that it had delivered **a qualified opinion on the legality and the regularity of the transactions underlying the Undertaking's accounts,** Parliament approved the closure of the accounts. It, however, adopted 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.

- **Financing, budget and financial management:** Parliament recalls that the maximum contribution for the period of 10 years from the Union to the Joint Undertaking is EUR 420 million to be paid from the budget of the Seventh Research Framework Programme. It notes that the initial 2011 budget included operational appropriations amounting to EUR 46.6 million and that an amending budget was adopted reducing operational appropriations to EUR 18.6 million.
- **Implementation rate of appropriations and carryovers:** Parliament regrets the relatively low implementation rate for operational payment appropriations standing at 86%, 53% and 18% for the 2008, 2009 and 2010 call for proposals. It calls for a detailed progress report on these shortcomings;
- **Qualified opinion of the Court of Auditors:** Parliament is concerned that the Joint Undertaking annual accounts received a qualified opinion from the Court of Auditors on the legality and the regularity of the transactions underlying those accounts on the grounds that the Joint Undertaking was not in a position to assess whether the *ex post* audit strategy provides sufficient assurance with respect to the legality and regularity of the underlying transactions. It invites the Joint Undertaking to provide the discharge authority with an action plan to overcome that potential lack of assurance and expect that the Court of Auditors, through its independent audits, will be in position to provide the discharge authority with its own opinion on the effectiveness of the Joint Undertaking's *ex-post* audit strategy.
- **Greece:** Parliament condemns the fact that **Greece is using Union Structural Funds to cover its national contributions to the Greek beneficiaries of the Artemis projects** instead of providing national funding. They request the Commission to inform the discharge authority on the legality of this situation as soon as possible.
- **Host State Agreement:** Parliament welcomes the fact that the Host State Agreement between the Joint Undertaking and the Belgian authorities concerning office accommodation, privileges and immunities and other support to be provided was signed on 3 February 2012.

Parliament also makes a series of observations as regards the Joint Undertaking's internal control and audit systems, the weaknesses in its annual activity report, as well as other management matters.**It notes in passing the possibility of a merger with the ENIAC Joint Undertaking.**

Lastly, Parliament invites 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: Artemis Joint Undertaking to implement a Joint Technology Initiative in Embedded Computing Systems

2012/2218(DEC) - 17/04/2013 - Final act

PURPOSE: to grant discharge to the Artemis Joint Undertaking for the financial year 2011.

NON-LEGISLATIVE ACT: Decision 2013/614/EU of the European Parliament on discharge in respect of the implementation of the budget of the Artemis Joint Undertaking 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 Executive Director of the Artemis Joint Undertaking 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, 2013/615/EU, adopted on the same day, approves the closure of the Undertaking's accounts for the 2011 financial year.