Basic information

2012/2221(DEC) DEC - Discharge procedure	Procedure completed
2011 discharge: ENIAC Joint Undertaking **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		
22/03/2013	Committee report tabled for plenary	A7-0105/2013	Summary
16/04/2013	Debate in Parliament		
17/04/2013	Decision by Parliament	T7-0167/2013	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	2012/2221(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/7/10585

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE497.956	29/01/2013	
Amendments tabled in committee		PE506.007	27/02/2013	
Committee report tabled for plenary, single reading		A7-0105/2013	22/03/2013	Summary
Text adopted by Parliament, single reading		T7-0167/2013	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	N7-0039/2013 OJ C 006 10.01.2013, p. 0018	15/11/2012	Summary

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

Final act	
Decision 2013/0618 OJ L 308 16.11.2013, p. 0345	Summary

2011 discharge: ENIAC Joint Undertaking

2012/2221(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 **ENIAC 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 ENIAC Joint Undertaking.

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

- **description of the EIGE's tasks:** the European Joint Undertaking for the implementation of the Joint Technology Initiative on Nanoelectronics (ENIAC Joint Undertaking), located in Brussels, was set up by Council Regulation (EC) No 72/2008 setting up the ENIAC Joint Undertaking in December 2007 for a period of 10 years. The main objective of the Joint Undertaking is to define and implement a 'research agenda' for the development of key competences for nanoelectronics across different application areas in order to strengthen European competitiveness and sustainability, and allow the emergence of new markets and societal applications;
- **ENIAC's budget for the 2011 financial year:** the maximum EU contribution to the ENIAC Joint Undertaking to cover running costs and research activities is EUR 450 million to be paid from the budget of the Seventh Research Framework Programme.

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

http://www.eniac.eu/web/documents/general.php

2011 discharge: ENIAC Joint Undertaking

2012/2221(DEC) - 15/11/2012 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the ENIAC Joint Undertaking, together with the Joint Undertaking's replies.

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 ENIAC Joint Undertaking.

In the Court's opinion, the **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 considers, however, that the **transactions underlying the annual accounts** of the Joint Undertaking for the financial year ended 31 December 2011 are only **partially legal and regular** and gives a **qualified opinion in this respect**. The Court's audit shows that the payments made in 2011 relating to certificates of acceptance of costs issued by the National Funding Authorities of Member States amounted to EUR 6.8 million, which represents 45 % of the total operational payments. The audit of project cost claims has been delegated to the national authorities of Member States. The administrative agreements signed with the authorities in question do not include the practical arrangements for the ex post audits. By the end of the

audit (September 2012), the Joint Undertaking had not received sufficient information relating to the audit strategies of the authorities 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. Conseqently, 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 Joint Undertaking's 2011 budget included commitment and payment appropriations amounting to EUR 66 million and EUR 35 million respectively. The number of staff employed by the Authority at the end of the year was 26.

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

Court's comments:

- implementation of the budget : the utilisation rates for the available commitment and payment appropriations were 97 % and 48 % (16) respectively. The Court detected a lack of adequate procedures and control weaknesses in the decommitment of unused appropriations. Appropriations, which should have been implemented by the end of 2010, and appropriations that should have been implemented by the end of 2011 were decommitted in January 2012;
- control systems: ENIAC has not yet fully implemented effective and efficient internal controls and financial information systems. This resulted in significant errors and delays in the financial reporting that were corrected before the adoption of the final accounts. The Accounting Officer of the Joint Undertaking validated the financial and accounting systems (ABAC and SAP) on 20 December 2010. However, the underlying business processes that provide financial information were not validated during 2011;
- audit capability : the Commission's Internal Audit Service carried out a risk assessment exercise. Based on the results of the assessment, the strategic audit plan for 2012-2014 was presented to the Governing Board for adoption on 22 November 2011. 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.
- Member States' contribution: the Court also remarked on the shortfall in contributions from Member States. Furthermore, contrary to the Statutes of ENIAC, Greece is using EU structural funds to cover its national contributions to the Greek beneficiaries of the ENIAC projects instead of providing national funding.

Joint Undertaking's replies:

- qualified opinion: generally ENIAC considers that it engaged in a process of collecting the relevant information regarding the audit procedures in the ENIAC member states. In 2011, in line with the strategic audit plan, the Internal Audit Service of the Commission (IAS), acting as internal auditor of the Joint Undertaking, has started a consultancy engagement on assessing whether the execution of audit strategies already in existence in the ENIAC member states can provide reasonable assurance. IAS has only finished the assessment in 2012, concluding that this approach will not provide the necessary information to reach reasonable assurance. Consequently, ENIAC defined and started executing its own ex post audit plan that shall be completed before the end of the year. It also indicates that it has strong reasons to consider that all its financial operations are regular and reliable. Detailed plans for monitoring accounting have been put in place, but serious difficulties have been encountered in running appropriately the financial and accounting systems;
- with regard to audit capacity, ENIAC states that in 2011, it went through a period of frequent changes: moving to new premises, using a completely new IT infrastructure for its financial transactions, executing the recruiting process that considerable increased the census and experiencing a strong increase in the overall level of activity. Consequently, the financial circuits underwent a period of strong and continuous evolution. The internal control systems, however, continue being strengthened and optimised, and in 2012, once the circuits and systems stabilised after the first full budgetary exercise. A complementary validation was done on 25 June 2012;
- with regard to Members' contributions, ENIAC states that these are unpredictable, depending on the type or R&D performed, the status of the participants, and the amounts each of them engages. Noticing that the average departed from the specified ratio, the EU proposed in 2012 to reduce the ENIAC JU contribution to 15 %. This also resulted in a reduction of the total R&D volume, in contradiction with the overall objective to increase the R&D investments. With respect to Greece, ENIAC considers that the condition under which Greece has been participating in the programme is not in contradiction of the ENIAC Joint Undertaking statutes.

Lastly, the Court of Auditors' report contains a summary of the Agency's activities in 2011.

- The functional operations of the Joint Undertaking consisted of: (i) moving to the White Atrium building, installing new offices and IT infrastructure; (ii) recruiting and integrating new team members; (iii) progressed in closing grant agreements; (iv) performed and accounted for more than 1 400 payments since its financial autonomy; (v) issued and brought to conclusion 2 calls for proposals in one year; (vi) performed large scale public events, produced smaller scale publications and well- received press releases.

With respect to operational activities, ENIAC has mainly:

- implemented its research programme : since inception, the ENIAC JU has awarded EUR 171.6 million to the participants;
- increased the R&D investments in nanoelectronics : approximately 47 % of the total of approximately 3 700 researchers involved in R&D on nanoelectronics in 2012 will be engaged in the projects selected for funding by the ENIAC, achieving synergy and coordination of the European R&D effort. ENIAC coordinated its activities primarily with the EUREKA cluster CATERNE, co-organising the European Nanoelectronics Forum in Dublin;
- promoted the participation of small and medium size enterprises.

2011 discharge: ENIAC Joint Undertaking

2012/2221(DEC) - 01/02/2013 - Document attached to the procedure

Having examined the revenue and expenditure accounts for the financial year 2011 and the balance sheet at 31 December 2011 of the ENIAC 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;
- it Council **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**. It 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;
- lastly, the Council urges the Joint Undertaking to: (i) improve its internal control and financial information systems, in order to ensure effective and efficient controls, the decommitment of unused appropriations within the existing deadlines, and the provision of timely and reliable financial reports; (ii) 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; (iii) bring its internal audit arrangements in line with the Regulation setting up the Joint Undertaking; (iii) improve the quality of its Annual Activity Reports; (iv) respect the provision in its statutes stating as a condition that the **financial contributions from the Joint Undertaking's Member States** should amount to at least **1.8 times the EU's financial contribution**.

2011 discharge: ENIAC Joint Undertaking

2012/2221(DEC) - 22/03/2013 - 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 ENIAC 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 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 Undertaking’s accounts**, Members approve the closure of its 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 the maximum contribution for the period of 10 years from the Union to the Joint Undertaking is EUR 450 million to be paid from the budget of the Seventh Research Framework Programme. They also note that the 2011 Joint Undertaking's final budget included commitment and payment appropriations amounting to EUR 66 million and EUR 35 million respectively.
- **Implementation rate of appropriations and carryovers**: Members note that the utilisation rates were 97% for commitment appropriations and 48% for payment appropriations were and respectively. They call for a detailed progress report on those shortcomings which makes specific proposals for a gradual improvement in utilisation rates.
- **Qualified opinion of the Court of Auditors**: Members are concerned that annual accounts of the Joint Undertaking 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 reiterate that ENIAC should reinforce without delay the quality of its ex-ante controls in particular for the grant management, requests that the discharge authority is informed of the results of the following ex post audit processes conducted by the Joint Undertaking. They condemn the fact that Greece is using Union structural funds to cover its national contributions to the Greek beneficiaries of the ENIAC projects instead of providing national funding. They request that the Commission inform the discharge authority on the legality of this situation as soon as possible.

Members made a series of observations as regards the Joint Undertaking’s procurement policy, control systems and internal audits, weaknesses of the activity report as well as other management matters.

Lastly, Members invite the Court to provide, within a reasonable deadline, a special report to Parliament on common issues 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 note, furthermore, that the report should include an assessment of the **effectiveness of the joint undertakings' establishment and structure**.

2011 discharge: ENIAC Joint Undertaking

2012/2221(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 Joint Undertaking for the implementation of the ENIAC 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 450 million to be paid from the budget of the Seventh Research Framework Programme. It also notes that the 2011 Joint Undertaking's final budget included commitment and payment appropriations amounting to EUR 66 million and EUR 35 million respectively.
- **Implementation rate of appropriations and carryovers:** Parliament notes that the utilisation rates were 97% for commitment appropriations and 48% for payment appropriations respectively. It calls for a detailed progress report on those shortcomings which makes specific proposals for a gradual improvement in utilisation rates.
- **Qualified opinion of the Court of Auditors:** Parliament is concerned that annual accounts of the Joint Undertaking 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 reiterates that ENIAC should reinforce without delay the quality of its *ex-ante* controls in particular for the grant management, requests that the discharge authority is informed of the results of the following *ex post* audit processes conducted by the Joint Undertaking.
- **Greece:** Parliament condemns the fact that Greece is using Union structural funds to cover its national contributions to the Greek beneficiaries of the ENIAC projects instead of providing national funding. It requests that the Commission 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 procurement policy, control systems and internal audits, weaknesses of the activity report, as well as other management matters.

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**. In addition, it calls for a cost-benefit analysis of a **merger with Artemis** to be undertaken.

2011 discharge: ENIAC Joint Undertaking

2012/2221(DEC) - 17/04/2013 - Final act

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

NON-LEGISLATIVE ACT: Decision 2013/618/EU of the European Parliament on discharge in respect of the implementation of the budget of the ENIAC 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 ENIAC 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, 2013/619/EU, adopted on the same day, approves the closure of the Undertaking's accounts for the 2011 financial year.