

Basic information	
2014/2129(DEC) DEC - Discharge procedure	Procedure completed
2013 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy) Subject 8.70.03.03 2013 discharge	

Key players				
European Parliament	Committee responsible		Rapporteur	Appointed
	CONT Budgetary Control		VISTISEN Anders (ECR)	26/09/2014
			Shadow rapporteur MARINESCU Marian-Jean (PPE) BALČYTIS Zigmantas (S&D) DLABAJOVÁ Martina (ALDE) ŠOLTES Igor (Verts/ALE) VALLI Marco (EFDD)	
	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		GEORGIEVA Kristalina	

Key events			
Date	Event	Reference	Summary
30/07/2014	Non-legislative basic document published	COM(2014)0510 	Summary
20/10/2014	Committee referral announced in Parliament		
23/03/2015	Vote in committee		
31/03/2015	Committee report tabled for plenary	A8-0108/2015	Summary

28/04/2015	Debate in Parliament		
29/04/2015	Decision by Parliament	T8-0168/2015	Summary
29/04/2015	Results of vote in Parliament		
29/04/2015	End of procedure in Parliament		
30/09/2015	Final act published in Official Journal		

Technical information	
Procedure reference	2014/2129(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/01572

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE541.304	23/01/2015	
Amendments tabled in committee		PE549.351	05/03/2015	
Committee report tabled for plenary, single reading		A8-0108/2015	31/03/2015	Summary
Text adopted by Parliament, single reading		T8-0168/2015	29/04/2015	Summary
Council of the EU				
Document type	Reference	Date	Summary	
Document attached to the procedure	05306/2015	30/01/2015	Summary	
European Commission				
Document type	Reference	Date	Summary	
Non-legislative basic document	COM(2014)0510 	30/07/2014	Summary	
Other institutions and bodies				
Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0006/2015 OJ C 452 16.12.2014, p. 0044	21/10/2014	Summary

Final act

2013 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2014/2129(DEC) - 30/07/2014 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2013, as part of the 2013 discharge procedure.

Analysis of the accounts of the *Fusion for Energy Joint Undertaking – ITER project*.

CONTENT: this Commission document sets out the consolidated annual accounts of the European Union for the financial year 2013 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 F4E Joint Undertaking for the ITER project.

The document contains the figures on which the discharge procedure is based.

Discharge procedure of the EU Joint Undertakings: the EU Budget finances a wide range of policies and programmes throughout the EU. In accordance with the priorities set by the European Parliament and the Council in the multi-annual financial framework (MFF), the European Commission carries out specific programmes, activities and projects in the field with the technical support of some specialised agencies.

The consolidated annual accounts of the EU provide information on the activities of the institutions, agencies and other bodies of the EU from a budgetary and accrual accounting perspective.

The consolidated reports on the implementation of the general budget of the EU include the budget implementation of all Institutions. **Agencies and Joint Undertakings (JUs) do not have a separate budget inside the EU budget;** and they are partially financed by a Commission budget subsidy.

Each JU is subject to its own discharge procedure.

F4E: in 2013, the tasks and budget of the Joint Undertaking were as follows:

- **F4E and ITER:** the F4E Joint Undertaking, located in Barcelona (ES), is the technical and organisational structure to provide Euratom's contribution to the ITER international project (whose main facilities are located in Cadarache - FR). The JU was set up under [Council Decision 2007/198/Euratom](#) for a period of 35 years. ITER involves the EU and China, India, Russia, South Korea, Japan and USA. It was created to manage the ITER facilities, to encourage the exploitation of the ITER facilities, to promote public understanding and acceptance of fusion energy, and to undertake any other activities that are necessary to achieve its purpose;
- **accounts of the JU:** the EU (Euratom) contribution to ITER International is given through the *Fusion for Energy Agency*, including also the contributions from Member States and from Switzerland. The total contribution is legally considered as a Euratom contribution to ITER since the Member States and Switzerland do not have ownership interests in ITER. As the EU legally holds the participation in the joint venture ITER International, the Commission must recognise the participation in its accounts. At 31 December 2013, the Commission held 43.33% of the ownership participation in ITER. The total (indicative) Euratom contribution foreseen for ITER (from 2007 to 2014) is EUR 8 949 million. The accounts of the JU for the year 2013 as presented by the Commission in its document on the consolidated annual accounts of the European Union are as follows:

§ **Commitment appropriations :**

- **committed** : EUR 1.297 billion;
- **paid** : EUR 1.297 billion;
- **carried-over** : 0.

§ **Payment appropriations :**

- **committed** : EUR 439 million;
- **paid** : EUR 393 million;
- **carried-over** : EUR 23 million.

N.B.: the *Fusion for Energy Agency* recorded an important amount of RAL over the term of the contract (EUR 2.035 billion in the context of the ITER project).

Please also consult the [final accounts of the Fusion4Energy Joint Undertaking](#).

2013 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2014/2129(DEC) - 29/04/2015 - Text adopted by Parliament, single reading

The European Parliament decided by 227 votes to 459, with 9 abstentions, to defer the decision to postpone the discharge to the Director of the **Joint Undertaking for ITER and the Development of Fusion Energy** for the financial year 2013. With the rejection of the decision to postpone, discharge shall be granted and the accounts shall be deemed closed (see Annex V, Article 5(1) of the Rules of Procedure).

Parliament also adopted by 634 votes to 31, with 9 abstentions, a resolution containing a number of recommendations that form an integral part of the discharge decision and as well as the general recommendations that appear in [the resolution on performance, financial management and control of EU agencies](#):

Budgetary management and additional cost of the ITER project: Parliament was concerned that there was a significant risk of increase to which the amount of the Joint Undertaking's contribution to the construction phase of the ITER project was exposed. It wanted to see a **realistic approach for an effective budget and financial management**, with an overall realistic schedule for the whole project. It recalled that EUR 6.6 billion was approved in 2008 values, in order for the Joint Undertaking to contribute to the ITER construction phase of the project, but this amount was double compared to the initial budgeted costs and did not include an amount of EUR 663 000 000 proposed by the Commission and intended to cover potential contingencies.

Parliament is deeply concerned that in November 2013 the Joint Undertaking estimated the budget shortfall until the finalisation of the construction phase of the project to be EUR 290 000 000, representing a deviation of 4.39% over the figure approved by the Council in 2010 and representing an increase of 10.7% compared to the initial budget of the project. In relation to these risks, the Joint Undertaking has not yet implemented a system at contract level to regularly monitor the cost deviations and has not updated the valuation of the Joint Undertaking to the ITER project beyond the finalisation of the construction phase.

Parliament considered that the significant increase of the project might **put into danger other programmes** that were also financed by the Union's budget and might be contradictory to the "value for money" principle. It pointed out with concern that the Joint Undertaking had not detailed in its financial statements the degree of advancement of the work in-progress. However, this information was essential in reflecting the status of the activities carried out so far. The resolution noted in regard to the Joint Undertaking's commitment appropriations that, out of EUR 1 254 000 000 which were available for operational activities, 61.7% were implemented through direct individual commitments while the remaining 38.3% were implemented through global commitments. Members were concerned that seven members had paid their 2013 annual membership contribution late, which might have had an impact on the way the project was run. Parliament awaited a report to the discharge authority concerning the contributions of all members other than the Commission, including the application of the evaluation rules for in-kind contributions, together with an assessment by the Commission.

Other observations: Parliament also made a series of observations on conflicts of interests at the JU as well as on public procurement and the legal framework of the Undertaking. It called on the Joint Undertaking to submit in a due term a report to the discharge authority concerning **the actual level of project implementation**, potential risks and future development of the project, together with an assessment by the Commission.

Parliament noted that the Joint Undertaking had not yet adopted and implemented certain measures aimed at mitigating specific risks related to the **protection of the intellectual property rights** and the dissemination of research results. It acknowledged the Joint Undertaking's opinion that the costs of implementation of such measures did not appear proportionate to the size of the residual risk and would be difficult to implement in practice. Moreover, it noted that the Joint Undertaking's contractors are offered exclusive exploitation rights over intellectual property produced in fields outside fusion, while in the field of fusion the contractors have non-exclusive rights.

2013 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2014/2129(DEC) - 21/10/2014 - 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 2013, 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).

Statement of assurance: pursuant to the provisions of Article 287 of the Treaty on the Functioning of the European Union (TFEU), the Court has audited:

- the annual accounts of the Joint Undertaking for ITER and the Development of Fusion Energy, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2013;

- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Court's opinion, the Joint Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2013 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its financial rules and the accounting rules adopted by the Commission's accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Court's opinion, the transactions underlying the annual accounts of the Joint Undertaking for the year ended 31 December 2013 are, in all material respects, legal and regular.

The Court drew attention to the fact that in its conclusions adopted on 7 July 2010, the Council approved EUR 6.6 billion (in 2008 values) for the Joint Undertaking contribution to the ITER construction phase of the project. **This figure, which doubled the initial budgeted costs for this phase of the project**, did not include an amount of EUR 663 million proposed by the European Commission in 2010 to cover potential contingencies.

According to the Court, the amount of the Joint Undertaking contribution to the construction phase of the ITER project is exposed to significant risks of increase, mainly resulting from changes in the scope of the project deliverables and due to the current schedule which is considered unrealistic. In November 2013, the Joint Undertaking estimated the shortfall ('negative contingency') until the finalisation of the construction phase of the project to be EUR 290 million. The slippage for the construction phase of the project was estimated by the Joint Undertaking at the time of the audit (April 2014) to be **at least 30 months**.

In relation to these risks, the Court noted that the Joint Undertaking has not yet implemented a system at contract level to regularly monitor the cost deviations, and has not updated the valuation of the Joint Undertaking contribution to the ITER project beyond the finalisation of the construction phase.

The audit approach taken by the Court comprises analytical audit procedures, testing of transactions at the level of the Joint Undertaking and an assessment of key controls of the supervisory and control systems. This is supplemented by evidence provided by the work of other auditors and an analysis of management representations and of annual activity reports.

The 2013 audit placed special emphasis on ex post audits.

At the end of this audit, the Court concluded the following:

- **presentation of the accounts:** in the notes to the financial statements, 'ITER Procurement Arrangement (ITER IO)', reflect the Procurement Arrangements signed and the Procurement Arrangements credited so far. However, the table does not show the degree of advancement of the works in progress and it only contains a limited estimate of the advancement of the work in progress;
- **internal controls:** the Court of Auditors has previously reported that the Joint Undertaking's internal control systems had not been fully established. Although significant progress was achieved during 2013, a number of actions still need to be implemented. The Joint Undertaking needs to increase the competitiveness of procurement procedures and reduce the use of negotiated procedures. Regarding grants, the average number of proposals received was only one per call.

Cross-cutting remarks for all the Joint undertakings: the prevention of conflicts of interest is addressed by most Joint Undertakings by the adoption of specific rules and by the development of tools to document all related information. An Interim Evaluation was performed over 2013 assessing all Joint Undertakings in terms of relevance, efficiency, effectiveness and research quality. The reports, while positive, also highlighted areas for further improvement. In general, all Joint Undertakings have produced reliable accounts but there is room for improvement, in particular the implementation of the ex post audit strategy and, in the case of F4E, **cost control mechanisms**.

Joint Undertaking's replies: the Joint Undertaking replied point by point to all of the technical elements highlighted by the Court of Auditors. Significant progress has been made during 2013 in the internal control system and further actions are being taken in order to strengthen the F4E Control environment.

As regards the **activities of the Joint Undertaking in 2013**, the report refers to the Annual Activity Report 2013 which can be found at <http://www.fusionforenergy.europa.eu/>

It should be noted that the budget for the Joint Undertaking for 2013 amounted to EUR 431.6 million in payment appropriations of which 69% funded by Community contribution.

2013 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2014/2129(DEC) - 29/04/2015 - Final act

PURPOSE: to grant discharge to the ITER Joint Undertaking for the financial year 2013.

NON LEGISLATIVE ACT : Decision (EU, EURATOM) 2015/1701 of the European Parliament on discharge in respect of the implementation of the budget of the Joint Undertaking for ITER and the Development of Fusion Energy for the financial year 2013.

CONTENT: with the present decision, the European Parliament grants discharge to the Director of the Joint Undertaking for ITER and the Development of Fusion Energy for the implementation of the latter's budget for the financial year 2013.

This decision is in line with the European Parliament's resolution adopted on 29 April 2015 and comprises a series of observations that form an integral part of the discharge decision (please refer to the summary of the opinion of 29 April 2015).

Amongst Parliament's main observations, the latter noted with concern a significant risk of increase to which the amount of the Joint Undertaking's contribution to the construction phase of the ITER project is exposed. It called on the Joint Undertaking to adopt a **realistic approach for an effective budget and financial management** of ITER.

2013 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2014/2129(DEC) - 31/03/2015 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Anders Primdahl VISTISEN (ECR, DK) on discharge in respect of the implementation of the budget of the **Joint Undertaking for ITER and the Development of Fusion Energy** for the financial year 2013.

It called on the European Parliament to postpone its decision on granting the Director of the Joint Undertaking discharge in respect of the implementation of the joint undertaking's budget for the financial year 2013.

The committee called on Parliament to **postpone the closure of the accounts of the Joint Undertaking for the financial year 2013**.

It made a number of recommendations that needed 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](#).

Budgetary and financial management: Members were concerned that there was a significant risk of increase to which the amount of the Joint Undertaking's contribution to the construction phase of the ITER project was exposed. They wanted to see a **realistic approach for an effective budget and financial management**, with an overall realistic schedule for the whole project. They recalled that EUR 6.6 billion was approved in 2008 values, in order for the Joint Undertaking to contribute to the ITER construction phase of the project, but this amount was double compared to the initial budgeted costs and did not include an amount of EUR 663 000 000 proposed by the Commission and intended to cover potential contingencies. Members considered that the significant increase of the project might **put into danger other programmes** that were also financed by the Union's budget and might be contradictory to the "value for money" principle. They pointed out with concern that the Joint Undertaking had not detailed in its financial statements the degree of advancement of the work in-progress. However, this information was essential in reflecting the status of the activities carried out so far. The report noted in regard to the Joint Undertaking's commitment appropriations that, out of EUR 1 254 000 000 which were available for operational activities, 61.7 % were implemented through direct individual commitments while the remaining 38.3 % were implemented through global commitments. Members were concerned that seven members had paid their 2013 annual membership contribution late, which might have had an impact on the way the project was run. They awaited a report to the discharge authority concerning the contributions of all members other than the Commission, including the application of the evaluation rules for in-kind contributions, together with an assessment by the Commission.

Members also made a series of observations on conflicts of interests at the JU as well as on public procurement and the legal framework of the Undertaking. They called on the Joint Undertaking to submit in a due term a report to the discharge authority concerning **the actual level of project implementation**, potential risks and future development of the project, together with an assessment by the Commission.

Other observations: lastly, Members noted that the Joint Undertaking had not yet adopted and implemented certain measures aimed at mitigating specific risks related to the protection of the intellectual property rights and the dissemination of research results. They acknowledged the Joint Undertaking's opinion that the costs of implementation of such measures did not appear proportionate to the size of the residual risk and would be difficult to implement in practice.

2013 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy (Fusion for Energy)

2014/2129(DEC) - 30/01/2015

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 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 2013, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommended 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 2013.

Overall, 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 2013 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 the accounting rules adopted by the Commission's accounting officer, and that the underlying transactions for that financial year are legal and regular.

Nevertheless, the Council made some observations. They may be summarised as follows:

- **work in progress:** the Council urged the Joint Undertaking to present in the annual accounts information on the degree of advancement of the work in progress in order to ensure transparency on the status of the activities carried out so far by the Joint Undertaking as regards the procurement arrangements signed with the ITER International Organisation;
- **carry-overs:** in order to avoid excessive carry-overs, 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 and to decommit unused appropriations if necessary, in line with the budgetary principle of annuality;

- **internal controls:** the Council noted that some deficiencies still persist in this regard therefore the Council invited the Joint Undertaking to continue its efforts in upgrading and making more efficient various components of its internal control systems;
- **procurement:** the Council regretted that numerous weaknesses were still identified by the Court. It called on the Joint Undertaking to maximise competition in the areas of procurement and grant contract management, and to improve the controls and verifications at different stages of the procurement and grant procedures, with a view to mitigating any financial risk for the EU funds;
- **financial regulation:** the Council invited the Joint Undertaking to follow thoroughly the Court's recommendations and to amend its financial rules to reflect the changes brought by the new Framework Financial Regulation, to implement specific measures to mitigate certain risks related to the protection of the Intellectual Property Rights and to adopt the necessary rules for the proper implementation of Staff Regulations.

The Council also noted its concern about the **significant escalation in the costs of the ITER project that has been estimated at EUR 290 million** in November 2013. Taking into account that the Council, in its conclusions of July 2010, agreed to finance the ITER project up to EUR 6.6 billion, the Council urged the Joint Undertaking to put in place, without delay, the appropriate tools for monitoring the validity of cost estimates and of any potential costs deviations, and to report duly in its annual activity report on the results of the operations and on the associated risks. The Council stressed the importance of a **realistic approach of the management of the ITER project**, including the setting up of a realistic reference schedule and preventing any risks linked to the evolution of commodity prices.