



Brussels, 30 January 2015  
(OR. en)

5306/15  
ADD 1

FIN 28  
PE-L 5

**"I/A" ITEM NOTE**

---

From: Budget Committee  
To: Permanent Representatives Committee/Council

---

Subject: Discharge to be given to the joint undertakings in respect of the  
implementation of the budget for the financial year 2013  
- *Draft Council recommendations*

---

ANNEX 1:	European Joint Undertaking for ITER and the Development of Fusion Energy .....	2
ANNEX 2:	SESAR Joint Undertaking .....	6
ANNEX 3:	Artemis Joint Undertaking .....	8
ANNEX 4:	Clean Sky Joint Undertaking .....	12
ANNEX 5:	Innovative Medicines Initiative Joint Undertaking .....	16
ANNEX 6:	Fuel Cells and Hydrogen Joint Undertaking .....	19
ANNEX 7:	ENIAC Joint Undertaking .....	22

**Draft COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Director**  
**of the European Joint Undertaking for ITER and the Development of Fusion Energy**  
**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 2013**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>1</sup>, and in particular Article 208(2) thereof,

Having regard to Council Decision 2007/198/Euratom of 27 March 2007 establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it<sup>2</sup>, and in particular Article 5(3) thereof,

Having regard to the Financial Regulation of the European Joint Undertaking for ITER and the Development of Fusion Energy adopted by its Governing Board on 22 October 2007,

---

<sup>1</sup> OJ L 298, 26.10.2012, p. 1.

<sup>2</sup> OJ L 90, 30.3.2007, p. 58.

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, hereinafter referred to as the "Joint Undertaking", 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<sup>1</sup>,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2013 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY 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 2013.

Done at Brussels,

*For the Council*  
*The President*

---

---

<sup>1</sup> OJ C 452, 16.12.2014, p. 44.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION  
ON THE DISCHARGE TO BE GIVEN TO THE JOINT UNDERTAKING**

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, some observations need to be made.

The Council, following the Court's observations, urges 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.

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.

The Council welcomes the progress made by the Joint Undertaking with regard to the establishment and implementation of its internal control systems. However, since some deficiencies still persist, the Council invites the Joint Undertaking to continue its efforts in upgrading and making more efficient various components of its internal control systems.

With regard the procurement and grant award procedures, the Council regrets that numerous weaknesses were still identified by the Court. It calls 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.

The Council is also concerned 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 urges 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 stresses 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.

Finally, the Council invites 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.

**Draft COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the SESAR Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the SESAR Joint Undertaking**  
**for the financial year 2013**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>1</sup>, and in particular Article 208(2) thereof,

Having regard to Council Regulation (EC) No 219/2007 of 27 February 2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic management system (SESAR)<sup>2</sup>, and in particular Article 4b thereof,

Having regard to the Financial Rules of the SESAR Joint Undertaking adopted by its Administrative Board on 28 July 2009,

---

<sup>1</sup> OJ L 298, 26.10.2012, p. 1.

<sup>2</sup> OJ L 64, 2.3.2007, p. 1.

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 of the SESAR Joint Undertaking, hereinafter referred to as the "Joint Undertaking", 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<sup>1</sup>,

Whereas the Council welcomes that the observations in the Court of Auditors' report in relation to the financial year 2013 do not call for any comments,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY 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 2013.

Done at Brussels,

*For the Council*

*The President*

---

---

<sup>1</sup> OJ C 452, 16.12.2014, p. 58.

**Draft COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the ECSEL Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the ARTEMIS Joint Undertaking**  
**for the financial year 2013**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 74/2008 of 20 December 2007 on the establishment of the "ARTEMIS Joint Undertaking" to implement a Joint Technology Initiative in Embedded Computing Systems<sup>1</sup>, and in particular Article 11(4) thereof,

Having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking<sup>2</sup>, and in particular Articles 1(2) and 12 thereof,

Having regard to the Financial Rules of the ARTEMIS Joint Undertaking adopted by its Governing Board on 18 December 2008,

---

<sup>1</sup> OJ L 30, 4.2.2008, p. 52.

<sup>2</sup> OJ L 169, 7.6.2014, p. 152.



Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 of the ARTEMIS Joint Undertaking, and the report by the Court of Auditors on the annual accounts of the ARTEMIS Joint Undertaking for the financial year 2013, accompanied by the ARTEMIS Joint Undertaking's replies to the Court's observations<sup>1</sup>,

Whereas, in accordance with Article 1(2) of Council Regulation (EU) No 561/2014, the ECSEL Joint Undertaking has replaced and succeeded the ARTEMIS Joint Undertaking; whereas discharge should therefore be given to the Executive Director of the ECSEL Joint Undertaking,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2013 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up by the ECSEL Joint Undertaking as the successor Joint Undertaking,

Whereas, following the above examination, the implementation of the budget of the ARTEMIS Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS the European Parliament to give a discharge to the Executive Director of the ECSEL Joint Undertaking in respect of the implementation of the budget of the ARTEMIS Joint Undertaking for the financial year 2013.

Done at Brussels,

*For the Council*  
*The President*

---

---

<sup>1</sup> OJ C 452, 16.12.2014, p. 8.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION  
ON THE DISCHARGE TO BE GIVEN TO THE JOINT UNDERTAKING**

The Council welcomes the Court's opinion that, in all material respects, the ARTEMIS Joint Undertaking's annual accounts fairly present the financial position as at 31 December 2013 and the results of operations and cash flows for the year then ended, in accordance with the provisions of the ARTEMIS Joint Undertaking's Financial Rules.

However, the 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 ARTEMIS Joint Undertaking's *ex-post* audit strategy does not provide sufficient assurance that this key control tool is functioning effectively. The Council urges the ECSEL Joint Undertaking as the successor Joint Undertaking to examine the audit strategies of the National Funding Authorities (NFAs), to ensure that all NFAs deliver their audit reports in time, and that they include all relevant information for the *ex-post* audit strategy to function effectively. In addition, the following observations need to be made.

With regard to the budget implementation, the Council calls on the ECSEL 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 if necessary in order to avoid excessive carry-overs, in line with the budgetary principle of annuality.

Moreover, the Council is concerned about the fact that the internal audit capability has not been set up yet and that the Financial Rules are not in line with the provisions of the Financial Regulation referring to the powers of the Commission's Internal Auditor. It insists on the need to swiftly remedy this situation.

The Council also requests to put in place a proper procedure for dealing with conflict of interests situations.

The Council furthermore invites the ECSEL Joint Undertaking to further improve the monitoring and reporting of the research results.

Finally, the Council calls on the ECSEL Joint Undertaking to take duly into account recommendations put forward in the Commission's Second Interim Evaluation report and to implement them.

---

**Draft COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Clean Sky 2 Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the Clean Sky Joint Undertaking**  
**for the financial year 2013**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 71/2008 of 20 December 2007 setting up the Clean Sky Joint Undertaking<sup>1</sup>, and in particular Article 11(4) thereof,

Having regard to Council Regulation (EU) No 558/2014 of 6 May 2014 establishing the Clean Sky 2 Joint Undertaking<sup>2</sup>, and in particular Articles 1(2) and 12 thereof,

Having regard to the Financial Rules of the Clean Sky Joint Undertaking adopted by its Governing Board on 7 November 2008,

---

<sup>1</sup> OJ L 30, 4.2.2008, p. 1.

<sup>2</sup> OJ L 169, 7.6.2014, p. 77.

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 of the Clean Sky Joint Undertaking, hereinafter referred to as the "Joint Undertaking", 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<sup>1</sup>,

Whereas, in accordance with Article 1(2) of Council Regulation (EU) No 558/2014, the Clean Sky 2 Joint Undertaking has replaced and succeeded the Clean Sky Joint Undertaking; whereas discharge should therefore be given to the Executive Director of the Clean Sky 2 Joint Undertaking, hereinafter referred to as the "successor Joint Undertaking",

Whereas the observations in the Court of Auditors' report in relation to the financial year 2013 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up by the successor Joint Undertaking,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS the European Parliament to give a discharge to the Executive Director of the successor Joint Undertaking in respect of the implementation of the budget of the Joint Undertaking for the financial year 2013.

Done at Brussels,

*For the Council*

*The President*

---

---

<sup>1</sup> OJ C 452, 16.12.2014, p. 17.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION  
ON THE DISCHARGE TO BE GIVEN TO THE JOINT UNDERTAKING**

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, some observations need to be made.

In order to avoid excessive carry-overs, the Council calls on the successor 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. It welcomes the improvements achieved so far in the overall implementation rates.

The Council invites the successor Joint Undertaking, to implement further improvements as regards expenditure relating to calls for proposals, and in particular to shorten the delay of signature of grant agreements, in order to achieve a better execution rate of payment appropriations in the future.

The Council welcomes the Joint Undertaking's replies with regard to the completion of the financial application for the management of grants and invites the successor Joint Undertaking to continue the efforts related to the improvement of control systems and procedures, notably the *ex-ante* control of cost claims, and to provide more clarity to all actors through dedicated workshops and trainings.

As regards the Court's remarks on the internal audit function, the Council invites the successor Joint Undertaking to bring its own Financial Rules concerning the internal audit arrangements, and in particular those regarding the powers of the Commission's internal auditor, in line with the revised Framework Financial Regulation. Moreover, the Council takes note of the weaknesses detected by the Commission's Internal Audit Service regarding the internal control system and asks the successor Joint Undertaking to remedy the detected weaknesses without delay.

Finally, the Council also invites the successor Joint Undertaking to improve the monitoring and reporting of research results.

---

**Draft COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Innovative Medicines Initiative 2 Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the Innovative Medicines Initiative Joint Undertaking**  
**for the financial year 2013**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 73/2008 of 20 December 2007 setting up the Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines<sup>1</sup>, and in particular Article 11(4) thereof,

Having regard to Council Regulation (EU) No 557/2014 of 6 May 2014 establishing the Innovative Medicines Initiative 2 Joint Undertaking<sup>2</sup>, and in particular Articles 1(2) and 12 thereof,

Having regard to the Financial Rules of the Innovative Medicines Initiative Joint Undertaking adopted by its Governing Board on 2 February 2009,

---

<sup>1</sup> OJ L 30, 4.2.2008, p. 38.

<sup>2</sup> OJ L 169, 7.6.2014, p. 54.



Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 of the Innovative Medicines Initiative Joint Undertaking, hereinafter referred to as the "Joint Undertaking", 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<sup>1</sup>,

Whereas, in accordance with Article 1(2) of Council Regulation (EU) No 557/2014, the Innovative Medicines Initiative 2 Joint Undertaking has replaced and succeeded the Innovative Medicines Initiative Joint Undertaking; whereas discharge should therefore be given to the Executive Director of the Innovative Medicines Initiative 2 Joint Undertaking, hereinafter referred to as the "successor Joint Undertaking",

Whereas the observations in the Court of Auditors' report in relation to the financial year 2013 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to those comments being followed up by the successor Joint Undertaking,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS the European Parliament to give a discharge to the Executive Director of the successor Joint Undertaking in respect of the implementation of the budget of the Joint Undertaking for the financial year 2013.

Done at Brussels,

*For the Council*

*The President*

---

<sup>1</sup> OJ C 452, 16.12.2014, p. 35.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION  
ON THE DISCHARGE TO BE GIVEN TO THE JOINT UNDERTAKING**

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

However, the Council regrets the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts, due to the error rate above the materiality threshold detected during its *ex-post* audits. The Council, while recognising the improvements compared to 2012, urges the successor Joint Undertaking to take the necessary corrective actions to recover the ineligible expenditure and to decrease the rate of error in order to achieve an unqualified opinion of the Court. In addition, the following observations need to be made.

In order to avoid excessive carry-overs, the Council calls on the successor 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.

The Council welcomes the developments achieved so far in establishing effective and reliable internal control systems and invites the successor Joint Undertaking to continue the effort in line with the Court's recommendations.

Finally, the Council also invites the successor Joint Undertaking to improve the monitoring of research results.

**Draft COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Fuel Cells and Hydrogen 2 Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the Fuel Cells and Hydrogen Joint Undertaking**  
**for the financial year 2013**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 521/2008 of 30 May 2008 setting up the Fuel Cells and Hydrogen Joint Undertaking<sup>1</sup>, and in particular Article 11(4) thereof,

Having regard to Council Regulation (EU) No 559/2014 of 6 May 2014 establishing the Fuel Cells and Hydrogen 2 Joint Undertaking<sup>2</sup>, and in particular Articles 1(2) and 12 thereof,

Having regard to the Financial Rules of the Fuel Cells and Hydrogen Joint Undertaking adopted by its Governing Board on 26 September 2008,

---

<sup>1</sup> OJ L 153, 12.6.2008, p. 1.

<sup>2</sup> OJ L 169, 7.6.2014, p. 108.

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 of the Fuel Cells and Hydrogen Joint Undertaking, hereinafter referred to as the "Joint Undertaking", 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<sup>1</sup>,

Whereas, in accordance with Article 1(2) of Council Regulation (EU) No 559/2014, the Fuel Cells and Hydrogen 2 Joint Undertaking has replaced and succeeded the Fuel Cells and Hydrogen Joint Undertaking; whereas discharge should therefore be given to the Executive Director of the Fuel Cells and Hydrogen 2 Joint Undertaking, hereinafter referred to as the "successor Joint Undertaking",

Whereas the observations in the Court of Auditors' report in relation to the financial year 2013 call for a comment by the Council, which is annexed to this recommendation; whereas the Council stresses the importance it attaches to this comment being followed up by the successor Joint Undertaking,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS the European Parliament to give a discharge to the Executive Director of the successor Joint Undertaking in respect of the implementation of the budget of the Joint Undertaking for the financial year 2013.

Done at Brussels,

*For the Council*

*The President*

---

---

<sup>1</sup> OJ C 452, 16.12.2014, p. 67.

**COMMENT ACCOMPANYING THE COUNCIL RECOMMENDATION  
ON THE DISCHARGE TO BE GIVEN TO THE JOINT UNDERTAKING**

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, one observation needs to be made.

As regards the Court's remarks on the internal audit function, the Council takes note of the weaknesses detected by the Joint Undertaking's Internal Audit Capability regarding the Grant Management-negotiation, contracting and prefinancing, and asks the successor Joint Undertaking to remedy the detected weaknesses without delay.

**Draft COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the ECSEL Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the ENIAC Joint Undertaking**  
**for the financial year 2013**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 72/2008 of 20 December 2007 setting up the ENIAC Joint Undertaking<sup>1</sup>, and in particular Article 11(4) thereof,

Having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking<sup>2</sup>, and in particular Articles 1(2) and 12 thereof,

Having regard to the Financial Rules of the ENIAC Joint Undertaking adopted by its Governing Board on 30 May 2008,

---

<sup>1</sup> OJ L 30, 4.2.2008, p. 21.

<sup>2</sup> OJ L 169, 7.6.2014, p. 152.

Having examined the revenue and expenditure accounts for the financial year 2013 and the balance sheet at 31 December 2013 of the ENIAC Joint Undertaking, and the report by the Court of Auditors on the annual accounts of the ENIAC Joint Undertaking for the financial year 2013, accompanied by the ENIAC Joint Undertaking's replies to the Court's observations<sup>1</sup>,

Whereas, in accordance with Article 1(2) of Council Regulation (EU) No 561/2014, the ECSEL Joint Undertaking has replaced and succeeded the ENIAC Joint Undertaking; whereas discharge should therefore be given to the Executive Director of the ECSEL Joint Undertaking,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2013 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to those comments being followed up by the ECSEL Joint Undertaking as the successor Joint Undertaking,

Whereas, following the above examination, the implementation of the budget of the ENIAC Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS the European Parliament to give a discharge to the Executive Director of the ECSEL Joint Undertaking in respect of the implementation of the budget of the ENIAC Joint Undertaking for the financial year 2013.

Done at Brussels,

*For the Council*

*The President*

---

---

<sup>1</sup> OJ C 452, 16.12.2014, p. 26.

**COMMENTS ACCOMPANYING THE COUNCIL RECOMMENDATION  
ON THE DISCHARGE TO BE GIVEN TO THE JOINT UNDERTAKING**

The Council welcomes the Court's opinion that, in all material respects, the ENIAC Joint Undertaking's annual accounts fairly present the financial position as at 31 December 2013 and the results of operations and cash flows for the year then ended, in accordance with the provisions of the ENIAC Joint Undertaking's Financial Rules.

However, the 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 ENIAC Joint Undertaking's *ex-post* audit strategy does not provide sufficient assurance that this key control tool is functioning effectively. The Council urges the ECSEL Joint Undertaking as the successor Joint Undertaking to examine the audit strategies of the National Funding Authorities (NFAs), to ensure that all NFAs deliver their audit reports in time and that they include all relevant information for the *ex-post* audit strategy to function effectively. In addition, the following observations need to be made.

With regard to the budget implementation, the Council calls on the ECSEL 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 if necessary in order to avoid excessive carry-overs, in line with the budgetary principle of annuality.

The Council also requests to put in place a proper procedure for dealing with conflict of interests situations.



The Council furthermore invites the ECSEL Joint Undertaking to further improve the monitoring and reporting of the research results.

Finally, the Council calls on the ECSEL Joint Undertaking to take dully into account the recommendations put forward in the Commission's Second Interim Evaluation report and to implement them.

---