



**COUNCIL OF
THE EUROPEAN UNION**

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"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 2012
- *Draft Council recommendations*

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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 2012

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Council Decision 2007/198/Euratom of 27 March 2007 establishing the European Joint Undertaking for ITER¹ and the Development of Fusion Energy and conferring advantages upon it², and in particular Article 5(3) thereof,

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 1605/2002³, and in particular Article 208(2) 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,

¹ International Thermonuclear Experimental Reactor.

² OJ L 90, 30.3.2007, p. 58 as amended by Council Decision 2013/791/Euratom of 13 December 2013 (OJ L 349, 21.12.2013, p. 100).

³ OJ L 298, 26.10.2012, p. 1.

Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 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 2012, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2012 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,

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 2012.

Done at Brussels,

For the Council

The President

¹ OJ C 369, 17.12.2013, 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 2012 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 observation, urges the Joint Undertaking to present in the annual accounts information on the degree of advancement of the works in progress in order to provide transparency on the status of the activities carried out so far by F4E 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 make all possible efforts 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 with the significant escalation in the costs of the ITER project that has been estimated at EUR 290 million in June 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 to 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 implement a plan for monitoring and reporting on intellectual property rights, to avoid late payment of membership contributions, to adopt the necessary rules for the proper implementation of Staff Regulations, and to respect the host state agreement with the Kingdom of Spain.

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 2012

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 219/2007 of 27 February 2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic management system (SESAR)¹, and in particular Article 4b thereof,

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 1605/2002², and in particular Article 208(2) thereof,

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

¹ OJ L 64, 2.3.2007, p. 1, as amended by Council Regulation (EC) No 1361/2008 of 16 December 2008 (OJ L 352, 31.12.2008, p. 12).

² OJ L 298, 26.10.2012, p. 1.

Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 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 2012, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2012 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,

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 2012.

Done at Brussels,

For the Council

The President

¹ OJ C 369, 17.12.2014, p. 49.

**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 2012 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.

The Council notes that, following the Court's assessment, improvements are necessary with regard to the *ex-ante* controls and welcomes the Joint Undertaking's commitment to continue working on the elements raised by the Court.

Draft COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Artemis Joint Undertaking
in respect of the implementation of the budget
of the Artemis Joint Undertaking
for the financial year 2012

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 Systems¹, and in particular Article 11(4) thereof,

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 1605/2002², and in particular Article 208(2) thereof,

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

¹ OJ L 30, 4.2.2008, p. 52, with Corrigendum in OJ L 219, 14.8.2008, p. 73.

² OJ L 298, 26.10.2012, p. 1.

Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 of the Artemis 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 2012, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2012 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,

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 2012.

Done at Brussels,

For the Council

The President

¹ OJ C 369, 17.12.2014, p. 1.

**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 2012 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. Nevertheless, some observations need to be made.

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 Joint Undertaking's *ex-post* audit strategy does not provide sufficient assurance that this key control tool is functioning effectively. The Council urges the Joint Undertaking to examine the audit strategies of the National Funding Authorities (NFAs), to ensure that all NFAs deliver their audit reports on time, and that they include all relevant information for the *ex-post* audit strategy to function effectively.

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 recognises the improvements achieved in 2012 by the Joint Undertaking in its financial, accounting and management control procedures. However, further work is still necessary, in particular regarding the implementation of the internal control standards and the financial verification of cost claims. The Council takes note of the Joint Undertaking's response concerning the internal audit capability.

With regard to the Court's remarks on the internal audit function, the Council invites the Joint Undertaking to bring its own Financial Rules concerning internal audit arrangements, and in particular regarding the powers of the Commission's internal auditor, in line with the revised Framework Financial Regulation.

The Council furthermore invites the Joint Undertaking to improve the monitoring and reporting of research results, in line with the provision of the relevant regulations of the Seventh Framework Programmes, as well as the reporting of reservations in its annual activity report, in order to address the shortcomings identified in the *ex-post* audit strategy.

Draft COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Clean Sky Joint Undertaking
in respect of the implementation of the budget
of the Clean Sky Joint Undertaking
for the financial year 2012

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 Undertaking¹, and in particular Article 11(4) thereof,

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 1605/2002², and in particular Article 208(2) thereof,

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

¹ OJ L 30, 4.2.2008, p. 1, with Corrigenda in OJ L 33, 7.2.2008, p. 12 and OJ L 220, 15.8.2008, p. 35, as amended by Commission Decision 2009/520/EC of 3 July 2009 (OJ L 175, 4.7.2009, p. 14).

² OJ L 298, 26.10.2012, p. 1.

Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 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 2012, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2012 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,

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 2012.

Done at Brussels,

For the Council

The President

¹ OJ C 369, 17.12.2014, p. 10.

**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 2012 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 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.

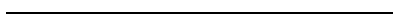
The Council invites the Joint Undertaking, to implement further improvements as regards the expenditure relating to calls for proposals, and in particular to closure of projects, in order to achieve a better execution rate of payment appropriations in the future.

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 Joint Undertakings to continue efforts related to the improvement of its 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 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 delays in the implementation of the programme and the system of evaluating the utilisation of resources and asks the Joint Undertaking to remedy the detected weaknesses without delay.

The Council also invites the Joint Undertaking to improve the monitoring and reporting of research results, in line with the provision of the relevant regulations of the Seventh Framework Programmes.

Finally, the Council welcomes the follow-up work completed during 2012 on the Court's last year recommendations.



Draft COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Innovative Medicines Initiative Joint Undertaking
in respect of the implementation of the budget
of the Innovative Medicines Initiative Joint Undertaking
for the financial year 2012

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 Medicines¹, and in particular Article 11(4) thereof,

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 1605/2002², and in particular Article 208(2) thereof,

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

¹ OJ L 30, 4.2.2008, p. 38.

² OJ L 298, 26.10.2012, p. 1.

Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 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 2012, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2012 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,

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 2012.

Done at Brussels,

For the Council

The President

¹ OJ C 369, 17.12.2014, p. 25.

**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 2012 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 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 urges the 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.

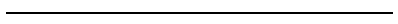
In order to avoid excessive carry-overs, the Council calls on the Joint Undertaking to pay due attention to the proper implementation of commitment and payment appropriations in the course of the budgetary year and to decommit unused appropriations if necessary, in line with the budgetary principle of annuality.

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

With regard to the Court's remarks on the internal audit function, the Council invites the 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.

The Council also invites the Joint Undertaking to improve the monitoring and reporting of research results, in line with the provision of the relevant regulations of the Seventh Framework Programmes.

Finally, the Council welcomes the follow-up work completed during 2012 on the Court's last year recommendations.



Draft COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the Fuel Cells and Hydrogen Joint Undertaking
in respect of the implementation of the budget
of the Fuel Cells and Hydrogen Joint Undertaking
for the financial year 2012

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 Undertaking¹, and in particular Article 11(4) thereof,

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 1605/2002², and in particular Article 208(2) thereof,

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

¹ OJ L 153, 12.6.2008, p. 1, as amended by Council Regulation (EU) No 1183/2011 of 14 November 2011 (OJ L 302, 19.11.2011, p. 3).

² OJ L 298, 26.10.2012, p. 1.

Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 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 2012, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2012 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,

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 2012.

Done at Brussels,

For the Council

The President

¹ OJ C 369, 17.12.2014, p. 57.

**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 2012 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.

The Council invites the Joint Undertaking to improve the monitoring and reporting of research results, in line with the provision of the relevant regulations of the Seventh Framework Programmes.

Draft COUNCIL RECOMMENDATION
of
on the discharge to be given to the Executive Director
of the ENIAC Joint Undertaking
in respect of the implementation of the budget
of the ENIAC Joint Undertaking
for the financial year 2012

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 Undertaking¹, and in particular Article 11(4) thereof,

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 1605/2002², and in particular Article 208(2) thereof,

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

¹ OJ L 30, 4.2.2008, p. 21, with Corrigendum in OJ L 219, 14.8.2008, p. 72.

² OJ L 298, 26.10.2012, p. 1.

Having examined the revenue and expenditure accounts for the financial year 2012 and the balance sheet at 31 December 2012 of the ENIAC 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 2012, accompanied by the Joint Undertaking's replies to the Court's observations¹,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2012 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,

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 2012.

Done at Brussels,

For the Council

The President

¹ OJ C 369, 17.12.2014, p. 18.

**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 2012 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 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 does not provide sufficient assurance that this key control tool is functioning effectively. The Council urges the Joint Undertaking to examine the audit strategies of the National Funding Authorities (NFAs), to ensure that all NFAs deliver their audit reports on time, and that they include all relevant information for the *ex-post* audit strategy to function effectively.

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.

With regards to the Court's remarks on the internal audit function, the Council invites the 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.

The Council also invites the Joint Undertaking to improve the monitoring and reporting of research results, in line with the provision of the relevant regulations of the Seventh Framework Programmes.

The Council insists on respecting the Joint Undertaking's statutes stipulating that the financial contributions from the Joint Undertaking's Member States should amount to at least 1.8 times the EU's financial contribution.

Finally, the Council welcomes the follow-up work completed during 2012 on the Court's last year recommendations.

