



Press Release

Luxembourg, 12 November 2018

EU research joint undertakings: clean bill of health for all but one, say Auditors

The European Court of Auditors has signed off the 2017 accounts of all the EU's joint undertakings and issued clean opinions on the financial transactions for all except one. In the case of ECSEL dealing with electronic components and systems, the auditors found issues that – in some cases – prevented the effective functioning of internal control.

The auditors today published the annual reports on the EU's eight joint undertakings in research, as well as a summary of the audit results. Joint undertakings are the EU's public-private partnerships with industry, research groups and Member States. They employ some 700 staff and play an important role in carrying out specific aspects of EU research policy. The total 2017 budget of the joint undertakings amounted to €2.1 billion, or about 2% of the total EU budget. Their industry and research partners provide in-kind contributions by implementing their operational activities and cash contributions to their administrative and operational costs.

“Joint undertakings are important vehicles for cutting-edge research and innovation in the EU, as they seek to help ensure the global competitiveness of the European industry,” said Ildiko Gall-Pelcz, the Member of the European Court of Auditors responsible for the audit. “Our audit for 2017 confirmed the positive results reported in previous years. However, we highlight some matters requiring further attention and indicate areas for improvement related to budgetary and financial management, internal controls, leverage of industry and research partners’ contributions, as well as the European Commission’s evaluations”.

The auditors have signed off the accounts of all eight joint undertakings as reliable. Moreover, they issued clean opinions on the revenue and payment transactions for all except the ECSEL joint undertaking, for which the auditors – as they did last year – issued a qualified audit opinion on its payments. In particular, they singled out issues in its internal controls, which prevented them from giving assurance on whether the payments ECSEL made for the previous framework programme for research and innovation (FP7) complied with the rules. However, these issues do not affect payments for the current programme (Horizon 2020) and will consequently phase out.

The purpose of this press release is to convey the main messages of the European Court of Auditors’ annual reports on EU joint undertakings. The full reports and summary of the results are available at www.eca.europa.eu.

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The auditors also draw attention to the EU's contribution to the nuclear fusion project ITER, which risks significant cost increases of 82% on the previously approved €6,6 billion and a delay of 15 years compared to the original planning. They further found shortcomings in the joint undertaking's budget planning.

Internal controls on payments were generally effective and kept the level of errors below the materiality threshold of 2%, say the auditors, but several undertakings still showed weaknesses in the internal control and monitoring framework and in procurement, grant and recruitment procedures.

As regards the closing of FP7, the joint undertakings achieved a high level of budgetary implementation (87%). However, implementation of the budget of Horizon 2020 is delayed, being only 23% complete at the halfway stage of the programme.

One of the joint undertakings' main objectives is to leverage contributions from private industry and research members; this is where their added-value lies. For some joint undertakings the leverage of their industry partners is mainly created by contributions to activities outside of the joint undertaking's work programme, which are excluded from the auditors' mandate. However, for the joint undertaking in bio-based industries, the auditors warn of the high risk that industry will not achieve their minimum operational cash contributions by the programme-end.

Notes to Editors

The European Commission is the public member of the joint undertakings and represents the EU. The private members include various partners from industry and research. All joint undertakings follow a bipartite model with the participation of the Commission and private industry or research partners, except ECSEL, which follows a tripartite model that also includes the participation of Member States.

All EU joint undertakings are located in Brussels, except F4E, which is in Barcelona.

F4E	Development of Fusion Energy
BBi	Bio-based Industries
CS – Clean Sky	Clean Air Transport Technologies
IMI	Innovative Medicines Initiative
FCH	Fuel Cells and Hydrogen
SESAR	Single European Sky Air Traffic Management Research
ECSEL	Electronic Components and Systems for European Leadership
S2R	Shift2Rail Innovative Rail Product Solutions

A summary of the results of the ECA's 2017 annual audit of the European research joint undertakings and the reports on each of them are available on the ECA website (eca.europa.eu) in English; other languages will be added in due course.