Basic information

2018/2212(DEC) DEC - Discharge procedure	Procedure completed
2017 discharge: SESAR Joint Undertaking **Subject** 8.70.03.02 2017 discharge	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	DLABAJOVÁ Martina (ALDE)	25/07/2018
	Shadow rapporteur ZDECHOVSKÝ Tomáš (PPE) POCHE Miroslav (S&D) MARIAS Notis (ECR) OMARJEE Younous (GUE/NGL) TARAND Indrek (Verts/ALE) VALLI Marco (EFDD) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
TRAN Transport and Tourism	LEONTINI Innocenzo (PPE)	15/10/2018

European Commission

Commission DG	Commissioner
Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
		COM(2018)0521	Summary

28/06/2018	Non-legislative basic document published		
11/09/2018	Committee referral announced in Parliament		
20/02/2019	Vote in committee		
28/02/2019	Committee report tabled for plenary	A8-0118/2019	Summary
26/03/2019	Decision by Parliament	T8-0293/2019	Summary
26/03/2019	Results of vote in Parliament		
26/03/2019	Debate in Parliament		
26/03/2019	End of procedure in Parliament		
27/09/2019	Final act published in Official Journal		

Technical information

Procedure reference	2018/2212(DEC)
Procedure type	DEC - Discharge procedure
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/14364

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE626.834	17/12/2018	
Amendments tabled in committee		PE634.573	30/01/2019	
Committee opinion	TRAN	PE630.391	01/02/2019	
Committee report tabled for plenary, single reading		A8-0118/2019	28/02/2019	Summary
Text adopted by Parliament, single reading		T8-0293/2019	26/03/2019	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary non-legislative basic document	05827/2019	31/01/2019	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2018)0521	28/06/2018	Summary

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0008/2019 OJ C 452 14.12.2018, p. 0066	02/10/2018	Summary

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

Final act
Budget 2019/1551 OJ L 249 27.09.2019, p. 0348

2017 discharge: SESAR Joint Undertaking

2018/2212(DEC) - 28/06/2018 - Non-legislative basic document

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2017, as part of the 2017 discharge procedure.

Analysis of the accounts of the **SESAR Joint Undertaking** to develop the new generation European air traffic management.

CONTENT: the organisational governance of the EU consists of institutions, agencies and other EU bodies whose expenditure is included in the general budget of the Union.

This Commission document concerns the **EU's consolidated accounts for the year 2017** and details how spending by the EU institutions and bodies was carried out. The consolidated annual accounts of the EU provide financial information on the activities of the institutions, agencies and other bodies of the EU from an accrual accounting and budgetary perspective.

It is the responsibility of the Commission's Accounting Officer to prepare the EU's consolidated annual accounts and ensure that they present fairly, in all material aspects, the financial position, the result of the operations and the cash flows of the EU institutions and bodies with a view to granting discharge.

Discharge procedure: **the final step of a budget lifecycle is the discharge**. It is the decision by which the European Parliament '**releases**' the Commission from its responsibility for management of a given budget by marking the end of that budget's existence. It is granted by the European Parliament on the recommendation of the Council.

The decision is based in particular on the European Court of Auditors reports, in particular its annual report, in which the Court provides a Statement of Assurance (DAS) on the legality and regularity of transactions (payments and commitments).

The procedure results in the granting, postponement or refusal of discharge.

The final discharge report including specific recommendations to the Commission for action is adopted in plenary by the European Parliament and are subject to an annual follow up report in which the Commission outlines the concrete actions it has taken to implement the recommendations made.

All EU institutions and other agencies, bodies and joint undertakings are subject to their own discharge procedures.

The SESAR JU: the SESAR JU, located in Brussels (BE), was set up in 2007 by Regulation (EC) 219/2007 and last amended by the Council Regulation (EC) 721/2014. The Regulation extended the mandate of SJU up to 31 December 2024 to continue research and innovation on air traffic management and in particular the coordinated approach in the context of the Single European Sky to achieve the performance targets there defined. The aim of this Joint Undertaking is to ensure the modernisation of the European air traffic management (ATM) system and the rapid implementation of the European air traffic management Master Plan by coordinating and concentrating all relevant research and development efforts in the EU.

As regards SESAR's accounts, these are presented in detail in the document published by the Joint Undertaking (please refer to the final accounts of the SESAR JU).

2017 discharge: SESAR Joint Undertaking

2018/2212(DEC) - 31/01/2019 - Supplementary non-legislative basic document

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the SESAR Joint Undertaking, as well as the Court of Auditors' report on the annual accounts of the Joint Undertaking for the financial year 2017, accompanied by the Joint Undertaking's replies to the Court's observations, the Council recommended 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 2017.

The Council welcomed the Court's opinion that, in all material respects, the Joint Undertaking's annual accounts present fairly its financial position as at 31 December 2017 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of the Joint Undertaking's Financial Rules, and that the underlying transactions for 2017 are legal and regular in all material respects.

Nevertheless, the following observations were made:

- ***financial management***: the Council invited the Joint Undertaking to remedy the shortcomings in its financial control processes detected by the external audit;

- ***procurement***: the Joint Undertaking should enhance its procurement procedures by including the weighted average method as an option to evaluate financial offers.

2017 discharge: SESAR Joint Undertaking

2018/2212(DEC) - 26/03/2019 - Text adopted by Parliament, single reading

The European Parliament decided to grant the Executive Director of the SESAR Joint Undertaking discharge in respect of the implementation of the joint undertaking’s budget for the financial year 2017 and to approve the closure of the joint undertaking’s accounts.

Noting that the Court of Auditors considered that the annual accounts of the Joint Undertaking for the financial year 2017 accurately reflected the financial position of the Joint Undertaking as at 31 December 2017, as well as the results of its operations, Parliament adopted by 489 votes to 122, with 6 abstentions, a resolution containing a series of observations which form an integral part of the discharge decision.

General

The resolution noted that the Union contribution for the deployment phase of the SESAR 2 Programme 2014 to 2024 funded by Horizon 2020 is EUR 585 000 000. Under the new Horizon 2020 Membership Agreements, the contribution from Eurocontrol is expected to be around EUR 500 000 000, and the other partners from the aviation industry will contribute with at least EUR 720 700 000, and being around 90 % the in-kind contributions from Eurocontrol and other partners.

The Joint Undertaking has presented its budget in two separate sections: (1) SESAR 1 and (2) SESAR 2020. It is recalled that SESAR 1 was co-financed from TEN-T and the Seventh Research Framework programmes and SESAR 2020 is co-financed from Horizon 2020.

Budget and financial management

In 2017, the total payment appropriations of the Joint Undertaking were EUR 191 813 383. The commitment appropriations were EUR 113 346 265. The utilisation rates for commitment and payment appropriations were 80.24 % and 67.97 % respectively. Members noted that the implementation rates for SESAR 1 commitments and payment appropriations were 11 % and 68 % respectively, with such a low rates explained by an unexpected assigned revenue of around EUR 17 million and that in December 2016, the SESAR 1 programme was formally closed and the last payment was done in December 2017.

Parliament noted that for SESAR 2020, the commitments and payments were 92 % and 68 % implemented respectively, being the last one low due to delays in the implementation of the Horizon 2020 projects conducted by the industry members and a rather conservative budget planning considering the risk of delayed reception of the annual financial implementation delegation agreements.

Multiannual budget implementation under Horizon 2020

Out of the EUR 639 800 000 of Horizon 2020 operational and administrative budget allocated to the Joint Undertaking for the implementation of SESAR 2020, by the end of 2017 the Joint Undertaking had made commitments of EUR 236 700 000 and payments of EUR 112 300 000. Those payments were mainly pre-financing payments for the first and second wave of SESAR 2020 projects. Members welcomed the publication by SESAR of the roadmap to ensure safe and secure drone operations across Europe.

Other observations

The resolution also contained a series of observations on procurement and recruitment procedures, the prevention and management of conflicts of interests and internal audits. It noted in particular:

- that the Joint Undertaking launched eight procurement procedures, leading to 14 Framework and Direct Service Contracts;

- during 2017 ten audits were carried out by a different external audit company and for one audit the Framework Contract of the Directorate-General for Budget had to be used due to an identified conflict of interest of the three firms in the Joint Undertaking Framework Contract;

- the Commission’s Final Evaluation on SESAR 1 Programme (2007-2016) was carried out during 2017, showing that the Joint Undertaking is delivering on its objectives, helping to overcome fragmentation and create continuity of research goals;

- that the European airspace management remains fragmented and the Single European Sky as a concept has not yet been achieved. Members reiterated the vital role of SESAR in coordinating and implementing research into the SESAR project and meeting the project objectives;

- delays were observed in the execution of the ATM Master Plan.

2017 discharge: SESAR Joint Undertaking

2018/2212(DEC) - 28/02/2019 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Martina DLABAJOVÁ (ALDE, CZ) on discharge in respect of the implementation of the budget of the SESAR Joint Undertaking for the financial year 2017.

The committee called on the European Parliament to grant the Joint Undertaking’s Executive Director discharge in respect of the implementation of the Joint Undertaking’s budget for the financial year 2017.

Noting that the Court of Auditors issued a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions for the financial year 2017, Members called on Parliament to approve the closure of the joint undertaking’s accounts.

They made, however, a number of recommendations that need to be taken into account when the discharge is granted. They may be summarised as follows:

Budget and financial management

In 2017, the total payment appropriations of the Joint Undertaking were EUR 191 813 383. The commitment appropriations were EUR 113 346 265. The utilisation rates for commitment and payment appropriations were 80.24 % and 67.97 % respectively. Members noted that the implementation rates for SESAR 1 commitments and payment appropriations were 11 % and 68 % respectively, with such a low rates explained by an unexpected assigned revenue of around EUR 17 million and that in December 2016, the SESAR 1 programme was formally closed and the last payment was done in December 2017.

The report noted that for SESAR 2020, the commitments and payments were 92 % and 68 % implemented respectively, being the last one low due to delays in the implementation of the Horizon 2020 projects conducted by the industry members and a rather conservative budget planning considering the risk of delayed reception of the annual financial implementation delegation agreements.

Multiannual budget implementation under Horizon 2020

Members noted that out of the EUR 639 800 000 of Horizon 2020 operational and administrative budget allocated to the Joint Undertaking for the implementation of SESAR 2020, by the end of 2017 the Joint Undertaking had made commitments of EUR 236 700 000 and payments of EUR 112 300 000. Those payments were mainly pre-financing payments for the first and second wave of SESAR 2020 projects.

They welcomed the publication by SESAR of the roadmap to ensure safe and secure drone operations across Europe.

Other observations

The report also contained a series of observations on procurement and recruitment procedures, the prevention and management of conflicts of interests and internal audits. It noted in particular:

- that the Joint Undertaking launched eight procurement procedures, leading to 14 Framework and Direct Service Contracts;

- during 2017 ten audits were carried out by a different external audit company and for one audit the Framework Contract of the Directorate-General for Budget had to be used due to an identified conflict of interest of the three firms in the Joint Undertaking Framework Contract;

- the Commission’s Final Evaluation on SESAR 1 Programme (2007-2016) was carried out during 2017, showing that the Joint Undertaking is delivering on its objectives, helping to overcome fragmentation and create continuity of research goals;

- that the European airspace management remains fragmented and the Single European Sky as a concept has not yet been achieved. Members reiterated the vital role of SESAR in coordinating and implementing research into the SESAR project and meeting the project objectives;

- delays were observed in the execution of the ATM Master Plan.

2017 discharge: SESAR Joint Undertaking

2018/2212(DEC) - 02/10/2018 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors’ report on the annual accounts of the Single European Sky Air Traffic Management Research Joint Undertaking for the financial year 2017, together with the Joint Undertaking’s reply.

CONTENT: the Court of Auditors carried out the audit on the annual accounts of the Single European Sky Air Traffic Management Research Joint Undertaking Joint Undertaking (SESAR).

In brief, the SESAR project aims to modernise ATM in Europe by defining, developing and delivering new or improved technologies and procedures

Statement of assurance and reliability of the accounts

The Court considered that:

- the Undertaking's annual accounts present fairly, in all material respects, its financial position as at 31 December 2017 and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer;

- the transactions underlying the annual accounts for the year ended 31 December 2017 are legal and regular in all material respects.

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

The Court's observations

Financial management

The available 2017 budget for SESAR I was EUR 19.3 million in commitment appropriations and EUR 121.8 million in payment appropriations; and the available 2017 budget for SESAR 2020 was EUR 111.7 million in commitment appropriations and EUR 91.2 million in payment appropriations. The implementation rates for the SESAR I commitments and payment appropriations were low at 11 % and 68 % respectively. The implementation rate for SESAR 2020 commitment and payment appropriations was 92 % and 68 % respectively. The lower than expected implementation rate for payment appropriations was mainly due to delays in the implementation of Horizon 2020 projects conducted by the industry members and a rather conservative budget planning considering the risk of delayed reception of the annual financial implementation delegation agreements.

Multiannual budget implementation under FP7 and TEN-T.

Internal controls

Shortcomings were noted in the Joint Undertaking's financial control processes. This situation is mainly due to the complex financial regulatory framework under which the Joint Undertaking has to operate, the recent departure of key finance staff and the resulting work overload in the finance department.

Based on an assessment of the Joint Undertaking's internal control system and substantive testing of revenue, payment, grant and procurement operations and a review of a sample of finalised ex-post audits including recoveries arising from the errors detected, the audit results provided us with reasonable assurance that the overall residual error rate for the Joint Undertaking is below materiality.

Leverage of contributions

One of the main objectives of the Joint Undertaking is to leverage contributions from industry partners in the area of its activities. The estimated leverage factor of air traffic industry funds to be achieved according to the Joint Undertaking's founding regulation without Eurocontrol is 0.85.

Joint Undertaking's replies

Financial management

Over the period 2010-2017, the average time for receiving the annual financial implementation delegation agreements was more than six months. Consequently, in order to ensure continuity of operations, the SESAR Joint Undertaking has to plan its budget in such a way to have enough cash and payment appropriations to be able to cover payments during at least the first half of the following year.

Internal controls

Over the last two years, the SESAR Joint Undertaking has been operating under several financial regulatory systems because it had to implement simultaneously projects under FP7, TEN-T, Horizon 2020, Connecting Europe Facility (CEF) and delegation agreements for assigned revenue.