

Procedure file

Basic information		
DEC - Discharge procedure	2017/2181(DEC)	Procedure completed
2016 discharge: SESAR Joint Undertaking		
Subject 8.70.03.06 2016 discharge		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 CONT Budgetary Control	 HAYES Brian	20/09/2017
		Shadow rapporteur	
		 POCHE Miroslav	
		 CZARNECKI Ryszard	
		 DLABAJOVÁ Martina	
		 TARAND Indrek	
		 VALLI Marco	
		 KAPPEL Barbara	
	Committee for opinion	Rapporteur for opinion	Appointed
	 ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
	 TRAN Transport and Tourism		25/10/2017
		 DE MONTE Isabella	
European Commission	Commission DG Budget	Commissioner OETTINGER Günther	

Key events			
26/06/2017	Non-legislative basic document published	COM(2017)0365	Summary
13/09/2017	Committee referral announced in Parliament		

20/03/2018	Vote in committee		
23/03/2018	Committee report tabled for plenary	A8-0077/2018	Summary
18/04/2018	Results of vote in Parliament		
18/04/2018	Debate in Parliament		
18/04/2018	Decision by Parliament	T8-0172/2018	Summary
18/04/2018	End of procedure in Parliament		
03/10/2018	Final act published in Official Journal		

Technical information

Procedure reference	2017/2181(DEC)
Procedure type	DEC - Discharge procedure
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/10863

Documentation gateway

Non-legislative basic document		COM(2017)0365	26/06/2017	EC	Summary
Court of Auditors: opinion, report		N8-0048/2018 OJ C 426 12.12.2017, p. 0056	19/09/2017	CofA	Summary
Committee draft report		PE613.430	25/01/2018	EP	
Supplementary non-legislative basic document		05943/2018	09/02/2018	CSL	Summary
Committee opinion	TRAN	PE612.370	22/02/2018	EP	
Amendments tabled in committee		PE618.282	01/03/2018	EP	
Committee report tabled for plenary, single reading		A8-0077/2018	23/03/2018	EP	Summary
Text adopted by Parliament, single reading		T8-0172/2018	18/04/2018	EP	Summary

Final act

Budget 2018/1454
[OJ L 248 03.10.2018, p. 0381](#) Summary

2016 discharge: SESAR Joint Undertaking

PURPOSE: presentation by the Commission of the consolidated annual accounts of the European Union for the financial year 2016, as part of the 2016 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 2016 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, including the SESAR JU, with a view to granting discharge.

Discharge procedure: the final step of a budget lifecycle is the discharge of the budget for a given financial year. It represents the political aspect of the external control of budget implementation and is the decision by which the European Parliament, acting on a Council recommendation, "releases" the Commission (and other EU bodies) from its responsibility for management of a given budget by marking the end of that budget's existence. The European Parliament is the discharge authority within the EU.

The discharge procedure may produce three outcomes: (i) the granting; (ii) postponement or; (iii) the refusal of the 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.

Each agency is subject to its own discharge procedure, including the SESAR JU.

The SESAR Joint Undertaking: the SESAR JU, located in Brussels (BE), was set up in 2007 by [Regulation \(EC\) 219/2007](#) for a period extending to 31 December 2017. The aim of this Joint Undertaking is to ensure the modernisation of the European air traffic management 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 SESARs accounts, these are presented in detail in the document published by the Joint Undertaking (please refer to the [final accounts of the SESAR JU](#)).

2016 discharge: SESAR Joint Undertaking

PURPOSE: presentation of the EU Court of Auditors report on the annual accounts of the SESAR Joint Undertaking for the financial year 2016, together with the Joint Undertakings reply.

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 focused on the annual accounts of the SESAR Joint Undertaking. The SESAR project is divided into three phases:

- a definition phase (2004-2007) led by the European Organisation for the Safety of Air Navigation (Eurocontrol), with co-financing from the European Union budget through the Trans-European Networks Transport (TEN-T) programme. The outcome was the European ATM Master Plan, which defines the content and describes the development and deployment of the next generation of ATM systems;
- a two-term development phase (2007-2013, extended to 2016) managed by the SESAR JU with co-financing from the TEN-T and Seventh Research Framework (FP7) programmes;
- a deployment phase (2014-2024) to be led by industry and stakeholders for the large-scale production and implementation of the new ATM infrastructure.

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 SESAR Joint Undertaking, which comprise the financial statements and the reports on the implementation of the budget for the financial year ended 31 December 2016;
- the legality and regularity of the transactions underlying those accounts.

Opinion on the reliability of the accounts: in the Courts opinion, the Joint Undertakings annual accounts present fairly, in all material respects, its financial position as at 31 December 2016, 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 rules adopted by the Commissions accounting officer.

Opinion on the legality and regularity of the transactions underlying the accounts: in the Courts opinion, the transactions underlying the annual accounts for the year ended 31 December 2016 are, in all material respects, legal and regular.

The audit also revealed the following points:

- budgetary and financial management: taking into account unused payment appropriations from previous years (EUR 5.7 million), the final 2016 budget available from FP7 and Horizon 2020 included commitment appropriations of EUR 101.4 million and payment appropriations of EUR 162.8 million. The utilisation rates for commitment and payment appropriations were 95.7% and 63.2% respectively. The low implementation rate for payment appropriations is mainly due to delays in the implementation of the studies and developments conducted by the members of the SESAR Joint Undertaking.

Reply from the Joint Undertaking: the Joint Undertaking stated that one of the main reasons for the delay in implementation of payments for member studies and developments has been difficulties in adapting the common Horizon 2020 IT tools to the special needs of the SESAR Joint Undertaking. This process started in 2016 and is still ongoing.

2016 discharge: SESAR Joint Undertaking

Having examined the revenue and expenditure accounts for the financial year 2016 and the balance sheet as at 31 December 2016 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 2016, 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 2016.

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 2016 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 2016 are legal and regular in all material respects.

Nevertheless, the following observations were made:

- in-kind contributions: the Council encouraged the Joint Undertaking to develop without delay the Terms of Reference and a model certificate to validate the members' in-kind contributions to the projects;
- internal controls: the Council invited the Joint Undertaking to establish a systematic internal procedure for reassessing weak financial viability of grant process coordinators, including measures for mitigating and compensating increased financial risk;
- procurement: lastly, the Council called on the Joint Undertaking to ensure cost-effectiveness in the procedures for the procurement of services based on a reasonable market price reference system.

2016 discharge: SESAR Joint Undertaking

The Committee on Budgetary Control adopted the report by Brian HAYES (EPP, IE) on discharge in respect of the implementation of the budget of the SESAR Joint Undertaking for the financial year 2016.

The committee called on the European Parliament to grant the joint undertakings Executive Director discharge in respect of the implementation of the joint undertakings budget for the financial year 2016.

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 2016, Members called on Parliament to approve the closure of the joint undertakings 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 2016, the payment budget of the Joint Undertaking was EUR 157 100 000 (2015: EUR 136 900 000). The final 2016 budget available from the Seventh Framework Programme (FP7) and Horizon 2020 included commitment appropriations of EUR 101 400 000 and payment appropriations of EUR 162 800 000.

The utilisation rates for commitment and payment appropriations were 95.7 % and 63.2 % respectively. The low implementation rate for payment appropriations was caused by delays in the implementation of the studies and developments conducted by the members of the Joint Undertaking. One of the main reasons for the delay in implementation of payments for member studies and developments has been difficulties in adapting the common Horizon 2020 IT tools to the special needs of the Joint Undertaking; however prioritisation should be given to ensure these issues do not arise again in the future.

Members deplored that EUR 14.5 million payment appropriations related to SESAR 2020 calls for proposals and activities initially budgeted in 2016 had to be cancelled by an amended budget for 2016 due to external factors beyond control of the Joint Undertaking. They are concerned about the continuing rising trend for outstanding commitments (RAL), which increased from EUR 72.1 million to EUR 83.8 million during 2016, and called for this trend to be reversed following transition to SESAR 2020.

The report also highlighted the signing of the renewed Eurocontrol/SESAR Joint Undertaking agreement in 2016, which outlines the new role of Eurocontrol as a co-founder of SESAR and includes a series of commitments and engagements regarding the implementation of SESAR 2020. Members welcomed the expansion of membership to 19 members, representing over 100 companies across the industry, who will participate in the industrial research, validation and demonstration activities of SESAR 2020.

Other observations: the report also contained a series of observations on procurement and recruitment procedures, the prevention and management of conflicts of interests, calls for proposal, internal audits and control systems.

Members noted that all SESAR 1 projects were closed from an operational standpoint at the end of 2016 and that 61 solutions which are ready for industrialisation and deployment, contained in the first edition of the SESAR Solution Catalogue, have been delivered to the aviation community. 54 solutions initiated in SESAR 1 will be further developed in SESAR 2020, exemplifying the efforts to ensure an effective transition between the two programmes.

Lastly, Members drew attention to the importance of the resolving the problem of the fragmentation of the European sky, as at present the European Single Market is not exploiting to the full the advantages offered by the Single European Sky. They reiterated the vital role of the Joint Undertaking in coordinating and implementing research into the SESAR project, which is a pillar project of the Single European Sky, although the deadline for meeting the SESAR project objectives has been deferred from the original date of 2020 to 2035.

2016 discharge: SESAR Joint Undertaking

The European Parliament has decided to grant discharge to the Director of the SESAR Joint Undertaking on the implementation of the budget of the Joint Undertaking for the financial year 2016 and to approve the closure of the accounts of the undertaking common for the same financial year.

Noting that the Court of Auditors considered that the annual accounts of the Joint Undertaking for the financial year 2016 accurately reflected the financial position of the Joint Undertaking as at 31 December 2016, as well as the results of its operations, Parliament adopted by 494 votes in favor, 193 against and 10 abstentions, a resolution containing a series of observations which form an integral part of the discharge decision:

Budget and financial management: in 2016, the payment budget of the Joint Undertaking was EUR 157 100 000 (2015: EUR 136 900 000). The final 2016 budget available from the Seventh Framework Programme (FP7) and Horizon 2020 included commitment appropriations of EUR 101 400 000 and payment appropriations of EUR 162 800 000.

The utilisation rates for commitment and payment appropriations were 95.7 % and 63.2 % respectively. The low implementation rate for

payment appropriations was caused by delays in the implementation of the studies and developments conducted by the members of the Joint Undertaking. One of the main reasons for the delay in implementation of payments for member studies and developments has been difficulties in adapting the common Horizon 2020 IT tools to the special needs of the Joint Undertaking; however prioritisation should be given to ensure these issues do not arise again in the future.

Members deplored that EUR 14.5 million payment appropriations related to SESAR 2020 calls for proposals and activities initially budgeted in 2016 had to be cancelled by an amended budget for 2016 due to external factors beyond control of the Joint Undertaking. They are concerned about the continuing rising trend for outstanding commitments (RAL), which increased from EUR 72.1 million to EUR 83.8 million during 2016, and called for this trend to be reversed following transition to SESAR 2020.

Parliament also highlighted the signing of the renewed Eurocontrol/SESAR Joint Undertaking agreement in 2016, which outlines the new role of Eurocontrol as a co-founder of SESAR and includes a series of commitments and engagements regarding the implementation of SESAR 2020. Members welcomed the expansion of membership to 19 members, representing over 100 companies across the industry, who will participate in the industrial research, validation and demonstration activities of SESAR 2020.

Other observations: the resolution also contained a series of observations on procurement and recruitment procedures, the prevention and management of conflicts of interests, calls for proposal, internal audits and control systems.

Members noted that all SESAR 1 projects were closed from an operational standpoint at the end of 2016 and that 61 solutions which are ready for industrialisation and deployment, contained in the first edition of the SESAR Solution Catalogue, have been delivered to the aviation community. 54 solutions initiated in SESAR 1 will be further developed in SESAR 2020, exemplifying the efforts to ensure an effective transition between the two programmes.

Parliament called on the Joint Undertaking to evaluate the results of the deployment of SESAR solution, especially from the point of view of assuring the interoperability and of the steps forward in completion of the Single European Sky.

In its procedures for the procurement of services, the Joint Undertaking sets a maximum contract budget. Parliament was concerned by the fact that this maximum amount is not based on a systematic cost estimation process and a reasonable market price reference system.

The Joint Undertaking was asked to establish a systematic internal procedure to reassess a finding of weak financial viability in respect of a grant project coordinator.

Lastly, Members drew attention to the importance of resolving the problem of the fragmentation of the European sky, as at present the European Single Market is not exploiting to the full the advantages offered by the Single European Sky. They reiterated the vital role of the Joint Undertaking in coordinating and implementing research into the SESAR project, which is a pillar project of the Single European Sky, although the deadline for meeting the SESAR project objectives has been deferred from the original date of 2020 to 2035.

2016 discharge: SESAR Joint Undertaking

PURPOSE: to grant discharge to the SESAR Joint Undertaking for the financial year 2016.

NON-LEGISLATIVE ACT: Decision (EU) 2018/1454 of the European Parliament on discharge in respect of the implementation of the budget of the SESAR Joint Undertaking for the financial year 2016.

CONTENT: the European Parliament decided to grant discharge to the Executive Director of the SESAR Joint Undertaking for the implementation of the latter's budget for the financial year 2016.

This decision is accompanied by a resolution of the European Parliament containing the observations which form an integral part of the discharge decision in respect of the implementation of the general budget of the European Union for the financial year 2016 (please refer to the summary dated 18.4.2018).

In this resolution, Parliament welcomed the signing of the renewed Eurocontrol/SESAR Joint Undertaking agreement in 2016, which outlines the new role of Eurocontrol as a co-founder of SESAR and includes a series of commitments and engagements regarding the implementation of SESAR 2020. It welcomed the expansion of membership to 19 members, representing over 100 companies across the industry, who will participate in the industrial research, validation and demonstration activities of SESAR 2020. It took note of the adoption of the first edition of the Joint Undertakings Single Programming Document for the period 2017-2019.

Parliament also welcomed the publication of the SESAR European Drones Outlook Study in November 2016 and considered that a variety of innovations, including technologies related to Air Traffic Management, are required to safely integrate drones into European airspace. It noted with interest its overview of the development of the European drone market to 2050.