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*Plenary sitting*

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**A8-0276/2016**

29.9.2016

## **SECOND REPORT**

on discharge in respect of the implementation of the budget of the ARTEMIS  
Joint Undertaking for the financial year 2014  
(2015/2199(DEC))

Committee on Budgetary Control

Rapporteur: Marian-Jean Marinescu

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## 1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on discharge in respect of the implementation of the budget of the ARTEMIS Joint Undertaking for the financial year 2014 (2015/2199(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the ARTEMIS Joint Undertaking for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the ARTEMIS Joint Undertaking for the period 1 January to 26 June 2014, together with the Joint Undertaking's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to Joint Undertaking in respect of the implementation of the budget for the financial year 2014 (05587/2016 – C8-0055/2016),
- having regard to its decision of 28 April 2016<sup>3</sup> postponing the discharge decision for the financial year 2014, and the replies from the Executive Director of the ECSEL Joint Undertaking (formerly the ARTEMIS Joint Undertaking and the ENIAC Joint Undertaking),
- having regard to Article 319 of 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>4</sup>, and in particular Article 209 thereof,
- 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>5</sup>,
- having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking<sup>6</sup>, and in particular Article 1(2) and Article 12 thereof,

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<sup>1</sup> OJ C 422, 17.12.2015, p. 9.

<sup>2</sup> OJ C 422, 17.12.2015, p. 10.

<sup>3</sup> OJ L 246, 14.9.2016, p. 425.

<sup>4</sup> OJ L 298, 26.10.2012, p. 1.

<sup>5</sup> OJ L 30, 4.2.2008, p. 52.

<sup>6</sup> OJ L 169, 7.6.2014, p. 152.

- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup>,
  - having regard to Commission Delegated Regulation (EU) No 110/2014 of 30 September 2013 on the model financial regulation for public-private partnership bodies referred to in Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>2</sup>,
  - having regard to Rule 94 of and Annex V to its Rules of Procedure,
  - having regard to the second report of the Committee on Budgetary Control (A8-0276/2016),
1. Grants the Executive Director of the ECSEL Joint Undertaking (formerly the ARTEMIS Joint Undertaking and the ENIAC Joint Undertaking) discharge in respect of the implementation of the ARTEMIS Joint Undertaking's budget for the financial year 2014;
  2. Sets out its observations in the resolution below;
  3. Instructs its President to forward this decision, and the resolution forming an integral part of it, to the Executive Director of the ECSEL Joint Undertaking (formerly the ARTEMIS Joint Undertaking and the ENIAC Joint Undertaking), the Council, the Commission and the Court of Auditors, and to arrange for their publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 357, 31.12.2002, p. 72.

<sup>2</sup> OJ L 38, 7.2.2014, p. 2.

## 2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION

### **on the closure of the accounts of the ARTEMIS Joint Undertaking for the financial year 2014 (2015/2199(DEC))**

*The European Parliament,*

- having regard to the final annual accounts of the ARTEMIS Joint Undertaking for the financial year 2014,
- having regard to the Court of Auditors' report on the annual accounts of the ARTEMIS Joint Undertaking for the period 1 January to 26 June 2014, together with the Joint Undertaking's reply<sup>1</sup>,
- having regard to the statement of assurance<sup>2</sup> as to the reliability of the accounts and the legality and regularity of the underlying transactions provided by the Court of Auditors for the financial year 2014, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 12 February 2016 on discharge to be given to Joint Undertaking in respect of the implementation of the budget for the financial year 2014 (05587/2016 – C8-0055/2016),
- having regard to its decision of 28 April 2016<sup>3</sup> postponing the discharge decision for the financial year 2014, and the replies from the Executive Director of the ECSEL Joint Undertaking (formerly the ARTEMIS Joint Undertaking and the ENIAC Joint Undertaking),
- having regard to Article 319 of 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>4</sup>, and in particular Article 209 thereof,
- 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>5</sup>,
- having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking<sup>6</sup>, and in particular Article 1(2) and Article 12 thereof,

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<sup>1</sup> OJ C 422, 17.12.2015, p. 9.

<sup>2</sup> OJ C 422, 17.12.2015, p. 10.

<sup>3</sup> OJ L 246, 14.9.2016, p. 425.

<sup>4</sup> OJ L 298, 26.10.2012, p. 1.

<sup>5</sup> OJ L 30, 4.2.2008, p. 52.

<sup>6</sup> OJ L 169, 7.6.2014, p. 152.

- having regard to Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup>,
  - having regard to Commission Delegated Regulation (EU) No 110/2014 of 30 September 2013 on the model financial regulation for public-private partnership bodies referred to in Article 209 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council<sup>2</sup>,
  - having regard to Rule 94 of and Annex V to its Rules of Procedure,
  - having regard to the second report of the Committee on Budgetary Control (A8-0276/2016),
1. Approves the closure of the accounts of the ARTEMIS Joint Undertaking for the financial year 2014;
  2. Instructs its President to forward this decision to the Executive Director of the ECSEL Joint Undertaking (formerly the ARTEMIS Joint Undertaking and the ENIAC Joint Undertaking), the Council, the Commission and the Court of Auditors, and to arrange for its publication in the *Official Journal of the European Union* (L series).

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<sup>1</sup> OJ L 357, 31.12.2002, p. 72.

<sup>2</sup> OJ L 38, 7.2.2014, p. 2.

### 3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**with observations forming an integral part of the decision on discharge in respect of the implementation of the budget for ARTEMIS Joint Undertaking for the financial year 2014  
(2015/2199(DEC))**

*The European Parliament,*

- having regard to its decision on discharge in respect of the implementation of the budget of ARTEMIS Joint Undertaking for the financial year 2014,
  - having regard to Rule 94 of and Annex V to its Rules of Procedure,
  - having regard to the second report of the Committee on Budgetary Control (A8-0276/2016),
- A. whereas the ARTEMIS Joint Undertaking ('the Joint Undertaking') was set up in December 2007 for a period of 10 years to establish and implement a research agenda for the development of key technologies for embedded computing systems across different application areas in order to strengthen Union competitiveness and sustainability and to allow for the emergence of new markets and societal applications;
- B. whereas the Joint Undertaking started to work autonomously in October 2009;
- C. whereas the maximum contribution for the period of 10 years from the Union to the Joint Undertaking is EUR 420 000 000, to be paid from the budget of the Seventh Research Framework Programme;
- D. whereas financial contributions from ARTEMIS Member States should amount in total to at least 1,8 times the Union's financial contribution and the in-kind contribution of research and development organisations participating in projects over the duration of the Joint Undertaking is to be equal to or greater than the contribution of public authorities;
- E. whereas the Joint Undertaking and the ENIAC Joint Undertaking ('ENIAC') were merged to create the Electronic Components and Systems for European leadership Joint Technology Initiative ('ECSEL JTI'), which started its activity in June 2014 and will run for 10 years;

#### ***Budgetary and financial management***

1. Notes that the Joint Undertaking's accounts for the period 1 January 2014 to 26 June 2014 present fairly, in all material respects, its financial position on 26 June 2014 and the results of its operations and cash flows for the period then ended, in accordance with the provisions of its financial rules and the accounting rules adopted by the Commission's accounting officer;
2. Is concerned that the Court of Auditors ('the Court') in its report on the annual accounts of the Joint Undertaking for the financial year 2014 (the 'Court's report') issued a

qualified opinion regarding the regularity and legality of the underlying transactions on the grounds that the administrative agreements signed with the national funding authorities ('NFAs') regarding the audit of project cost claims do not include practical arrangements for *ex-post* audits;

3. Notes from the Court's report that the Joint Undertaking did not assess the quality of the audit reports received from the NFAs concerning the costs relating to completed projects; notes, furthermore, that, after an assessment of the audit strategies of three of the NFAs, it was not possible to conclude whether *ex-post* audits are functioning effectively due to different methodologies used by NFAs which did not allow the Joint Undertaking to calculate either a weighted error rate or a residual rate error;
4. Notes that ECSEL JTI carried out an extensive assessment of the effectiveness of the assurance systems for a sample of 10 ARTEMIS and ENIAC Member States representing the largest share of ECSEL JTI operational budget and covering 89.5% of the total Joint Undertaking's grants allocated and notes that, based on the End of Project certificates up to 13 June 2016, the assessment demonstrates that the coverage rate is three times higher than the threshold of 20% above which the national systems are considered sufficient as per the *ex-post* audit strategy;
4. Notes that the ECSEL JTI has invited NFAs to produce evidence that the implementation of the national procedures provide a reasonable assurance on the legality and regularity of transactions and notes that by the deadline of 30 June 2016, 76% of the NFAs so invited, representing 96.79% of joint Artemis and ENIAC JUs spending, submitted the documents required and confirmed that the implementation of the national procedures provides a reasonable assurance on the legality and regularity of transactions;
5. Takes note of the fact that, according to the Court's report, the Joint Undertaking's final budget for the financial year 2014 included commitment appropriations of EUR 2 554 510 and payment appropriations of EUR 30 330 178 (operational);

### ***Internal control***

6. Notes with concern that the Joint Undertaking took no action regarding some internal control standards relating to information and financial reporting: in particular, evaluation of activities, assessment of the internal control systems and internal audit capability ('IAC'); observes that this was due to the impending merger; notes that in the meantime ECSEL JTI achieved substantial progress with regard to the implementation of the ICS and Establishing Internal Audit Capability.



## RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	26.9.2016
<b>Result of final vote</b>	+: 17 -: 5 0: 0
<b>Members present for the final vote</b>	Inés Ayala Sender, Ryszard Czarnecki, Dennis de Jong, Martina Dlabajová, Luke Ming Flanagan, Jens Geier, Ingeborg Gräßle, Verónica Lope Fontagné, Georgi Pirinski, Petri Sarvamaa, Claudia Schmidt, Bart Staes, Marco Valli, Derek Vaughan, Tomáš Zdechovský, Joachim Zeller
<b>Substitutes present for the final vote</b>	Cătălin Sorin Ivan, Julia Pitera, Miroslav Poche, Richard Sulík
<b>Substitutes under Rule 200(2) present for the final vote</b>	John Stuart Agnew, Edouard Ferrand