



2014/2132(DEC)

6.7.2015

DRAFT SECOND REPORT

on discharge in respect of the implementation of the budget of the ARTEMIS
Joint Undertaking for the financial year 2013
(2014/2132(DEC))

Committee on Budgetary Control

Rapporteur: Ryszard Czarnecki

CONTENTS

	Page
1. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION	3
2. PROPOSAL FOR A EUROPEAN PARLIAMENT DECISION	5
3. MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	7

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 2013 (2014/2132(DEC))

The European Parliament,

- having regard to the final annual accounts of the ARTEMIS Joint Undertaking for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the ARTEMIS Joint Undertaking for the financial year 2013, together with the Joint Undertaking's replies¹,
- having regard to the statement of assurance² 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the Joint Undertaking in respect of the implementation of the budget for the financial year 2013 (05306/2015 – C8-0049/2015),
- having regard to its decision of 29 April 2015³ postponing the discharge decision for the financial year 2013, and the replies from the Executive Director of the of the ECSEL Joint Undertaking (formerly the ARTEMIS Joint Undertaking),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁴,
- 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 1605/2002⁵, 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 Systems⁶,
- having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the

¹ OJ C 452, 16.12.2014, p. 8.

² OJ C 452, 16.12.2014, p. 9.

³ Texts adopted of that date, P8_TA(2015)0163.

⁴ OJ L 248, 16.9.2002, p. 1.

⁵ OJ L 298, 26.10.2012, p. 1.

⁶ OJ L 30, 4.2.2008, p. 52.

ECSEL Joint Undertaking¹, and in particular Article 1(2) and Article 12 thereof,

- 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 Communities²,
 - 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 Council³,
 - 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 (A8-0000/2015),
1. Grants the Executive Director of the ECSEL Joint Undertaking discharge in respect of the implementation of the ARTEMIS Joint Undertaking's budget for the financial year 2013 / Refuses to grant the Executive Director of the ECSEL Joint Undertaking discharge in respect of the implementation of the ARTEMIS Joint Undertaking's budget for the financial year 2013;
 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, 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).

¹ OJ L 169, 7.6.2014, p. 152.

² OJ L 357, 31.12.2002, p. 72.

³ 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 2013 (2014/2132(DEC))

The European Parliament,

- having regard to the final annual accounts of the ECSEL Joint Undertaking (formerly the ARTEMIS Joint Undertaking) for the financial year 2013,
- having regard to the Court of Auditors' report on the annual accounts of the ARTEMIS Joint Undertaking for the financial year 2013, together with the Joint Undertaking's replies¹,
- having regard to the statement of assurance² 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 2013, pursuant to Article 287 of the Treaty on the Functioning of the European Union,
- having regard to the Council's recommendation of 17 February 2015 on discharge to be given to the Joint Undertaking in respect of the implementation of the budget for the financial year 2013 (05306/2015 – C8-0049/2015),
- having regard to its decision of 29 April 2015³ postponing the discharge decision for the financial year 2013, and the replies from the Executive Director of the ECSEL Joint Undertaking (formerly the ARTEMIS Joint Undertaking),
- having regard to Article 319 of the Treaty on the Functioning of the European Union,
- having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities⁴,
- 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 1605/2002⁵, 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 Systems⁶,
- having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the

¹ OJ C 452, 16.12.2014, p. 8.

² OJ C 452, 16.12.2014, p. 9.

³ Texts adopted of that date, P8_TA(2015)0163.

⁴ OJ L 248, 16.9.2002, p. 1.

⁵ OJ L 298, 26.10.2012, p. 1.

⁶ OJ L 30, 4.2.2008, p. 52.

ECSEL Joint Undertaking¹, and in particular Article 1(2) and Article 12 thereof,

- 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 Communities²,
 - 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 Council³,
 - 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 (A8-0000/2015),
1. Approves the closure of the accounts of the ARTEMIS Joint Undertaking for the financial year 2013;
 2. Instructs its President to forward this decision to the Executive Director of the ECSEL 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).

¹ OJ L 169, 7.6.2014, p. 152.

² OJ L 357, 31.12.2002, p. 72.

³ 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 of the ARTEMIS Joint Undertaking for the financial year 2013
(2014/2132(DEC))**

The European Parliament,

- having regard to its decision on discharge in respect of the implementation of the budget of the ARTEMIS Joint Undertaking for the financial year 2013,
 - 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 (A8-0000/2015),
- A. whereas the ARTEMIS Joint Undertaking ("the Joint Undertaking") was set up in December 2007 for a period of 10 years to define 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 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 shall be equal to or greater than the contribution of public authorities,
- D. whereas the Joint Undertaking and the ENIAC Joint Undertaking were merged to create the Electronic Components and Systems for European leadership Joint Technology Initiative (ECSEL JTI) which has started its activity in June 2014 and will run for 10 years,

Budgetary and Financial Management

1. Recalls that the Court of Auditors ("the Court") stated that the 2013 annual accounts of the Joint Undertaking present fairly, in all material respects, its financial position as of 31 December 2013 and the results of its operations and its cash flows for the year-end, in accordance with the provisions of its Financial Rules;
2. Acknowledges from the Joint Undertaking that the practical arrangements for *ex post* audits concerning the administrative agreements signed with the national funding authorities ("NFAs") have been put in place; takes note that the practical arrangements include the introduction of a specific reporting form, reinforced by the assessment of the national assurance systems by the Joint Undertaking and visits to the NFAs by the Court;
3. Recalls that the *ex post* strategy adopted by the Joint Undertaking states that it must

assess at least once a year whether the information sent by the NFAs provide sufficient assurance as to the regularity and legality of the executed transactions;

4. Acknowledges from the Joint Undertaking that the 23 NFAs that shared information on their audit strategies represent 95 % of the total grants awarded; welcomes the fact that in order to complement the information obtained by the Joint Undertaking, the Court acquires additional information directly from the NFAs in order to express an opinion on the legality and regularity of the transactions underlying the accounts;
5. Acknowledges from the Joint Undertaking that it made progress in implementing the action plan aimed at remedying the deficiencies identified by the Court in its qualified opinion; notes that the assurances provided by the national systems were positively assessed for countries representing 54 % of the total grants, while the assessments for further countries are in an advanced phase of execution which will bring the assessed grant coverage to 84 %; calls on the Joint Undertaking to continue the assessment in order to reach 100 % coverage of the total grants;
6. Takes note that a workshop on assurance was organised, bringing together the representatives of the Court, the Commission and the Commission's Internal Audit Service, as well as representatives of NFAs active in the Joint Undertaking; notes that this workshop highlighted requirements of European programmes and enabled the exchange of information and best practices with the NFAs;
7. Notes that the Joint Undertaking developed a new methodology for residual error rate estimation, similar to the one used by the Commission services in charge of co-managed funding; acknowledges that the first evaluation of the residual error rate based on the 157 audited transactions was 0,73 %, while a recent update based on 331 transactions resulted in an error rate of 0,66 %, below the materiality threshold of 2 %;
8. Recalls that the utilisation rate of payment appropriations after the end of year budget amendment was 69 %; acknowledges from the Joint Undertaking that the delay in issuing payment certificates by the NFAs is one of the main reasons for the low utilisation rate as the payments are executed without delay as soon as the national certificates are received; acknowledges moreover that the slower payment pace did not affect the technical execution of the projects;
9. Ascertains from the Joint Undertaking that the contributions committed by Member States were at the level of 1,8 compared to the Union commitments; acknowledges that the commitments by Member States had to be reduced below the 1,8 threshold when awarding the grants in order to comply with the limitations imposed by the state aid rules; takes note that the resulting contributions to the Joint Undertaking by the Union were EUR 181 454 844, whereas the Member States contributions were EUR 341 842 261, resulting in a level of 1,88;

Internal control systems

10. Takes note from the Joint Undertaking that further to the requirements of Article 6(2) of its establishing Regulation, the Internal Audit Capability (IAC) established in the ENIAC Joint Undertaking (ENIAC JU) is now established as the Joint Undertaking's IAC due to the merger of the two Joint Undertakings;

11. Acknowledges from the Joint Undertaking that its Disaster Recovery Plan for the Joint Undertaking's common IT infrastructure is approved;

Prevention and management of conflicts of interests and transparency

12. Notes that due to the merger with the ENIAC JU, the Comprehensive policy for the prevention and management of conflicts of interests of the ENIAC JU is also applicable to the Joint Undertaking; notes, furthermore, that the procedures for managing situations of conflicts of interests, as well as the mechanism proceedings in the event of a violation of the rules, are part of the adopted policy;
13. Acknowledges from the Joint Undertaking that the CVs and the declarations of interests of its Executive Director and managers as required by the Staff Regulations and the implementing rules were collected and posted on the Joint Undertaking's web site; notes that a comprehensive database including all identified information related to conflicts of interests as well as the measures taken, has been established and is regularly maintained;

Monitoring and reporting of research results

14. Recalls that the Seventh Framework Programme (FP7) Decision¹ establishes a monitoring and reporting system related to the protection, dissemination and transfer of research results; acknowledges from the Joint Undertaking that 211,5 publications and 16,6 patents per EUR 10 000 000 of Union grants shows a high productivity of its research results and that it is compliant with all requests expressed so far by the FP7 coordinators.

¹ Article 7 of Decision No 1982/2006 of the European Parliament and the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) (OJ L 412, 30.12.2006, p. 6).