



Council of the  
European Union

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#### 'I/A' ITEM NOTE

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From: Budget Committee

To: Permanent Representatives Committee/Council

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Subject: Council recommendations on the discharge to be given to the joint undertakings in respect of the implementation of the budget for the financial year 2017

– *Adoption*

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**COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Director**  
**of the European Joint Undertaking for ITER and the Development of Fusion Energy**  
**in respect of the implementation of the budget**  
**of the European Joint Undertaking for ITER and the Development of Fusion Energy**  
**for the financial year 2017**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Decision 2007/198/Euratom of 27 March 2007 establishing the European Joint Undertaking for ITER and the Development of Fusion Energy and conferring advantages upon it<sup>1</sup>, and in particular Article 5(3) thereof and the fourth subparagraph of Article 15(1) of the Annex thereto,

Having regard to the Financial Regulation of the European Joint Undertaking for ITER and the Development of Fusion Energy adopted by its Governing Board on 2 December 2015,

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the European Joint Undertaking for ITER and the Development of Fusion Energy, hereinafter referred to as the "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<sup>2</sup>,

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<sup>1</sup> OJ L 90, 30.3.2007, p. 58.

<sup>2</sup> OJ C 452, 14.12.2018, p. 36.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2017 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to the European Parliament to give a discharge to the Director of the Joint Undertaking in respect of the implementation of the budget for the financial year 2017.

Done at Brussels,

*For the Council*  
*The President*

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**COMMENTS ACCOMPANYING  
THE DRAFT COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO  
THE EUROPEAN JOINT UNDERTAKING FOR ITER AND THE DEVELOPMENT OF  
FUSION ENERGY**

The Council welcomes 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, its cash flows, and the changes in net assets 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, some observations need to be made.

The Council is concerned about the risk of further cost increases and delays in project implementation compared to the new baseline proposed in 2016. The Council requests that the Joint Undertaking update the valuation of its contribution to the ITER project operational phase and present it with the least possible delay.

The Council welcomes the progress achieved by the Joint Undertaking with regard to the establishment and implementation of its internal control systems. However, the Council expects the Joint Undertaking to continue its efforts in improving the follow up on the Declarations of Interest from Senior Management, as well as in enhancing the internal control and the quality of the recruitment process.

Finally, the Council encourages the Joint Undertaking to take into account any possible financial impact of the withdrawal of the United Kingdom from the EU and Euratom on its organisation, operations and accounts.

**COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Single European Sky Air Traffic Management Research (SESAR) Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the SESAR Joint Undertaking**  
**for the financial year 2017**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 219/2007 of 27 February 2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic management system (SESAR)<sup>1</sup>, and in particular Article 4b thereof,

Having regard to the Financial Rules of the SESAR Joint Undertaking adopted by its Administrative Board on 25 June 2015,

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<sup>1</sup> OJ L 64, 2.3.2007, p. 1.

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, hereinafter referred to as the "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<sup>1</sup>,

Whereas the observations in the Court of Auditors' report in relation to the financial year 2017 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,]

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to 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.

Done at Brussels,

*For the Council*

*The President*

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<sup>1</sup> OJ C 452, 14.12.2018, p. 66.

**COMMENTS ACCOMPANYING  
THE DRAFT COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO  
THE SINGLE EUROPEAN SKY AIR TRAFFIC MANAGEMENT RESEARCH (SESAR)  
JOINT UNDERTAKING**

The Council welcomes 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, its cash flows, and the changes in net assets 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, some observations need to be made.

The Council invites the Joint Undertaking to remedy the shortcomings in its financial control processes detected by the external audit.

Finally, the Council calls on the Joint Undertaking to enhance its procurement procedures by including the weighted average method as an option to evaluate financial offers.

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**COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Clean Sky 2 Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the Clean Sky 2 Joint Undertaking**  
**for the financial year 2017**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 558/2014 of 6 May 2014 establishing the Clean Sky 2 Joint Undertaking<sup>1</sup>, and in particular Article 12 thereof,

Having regard to the Financial Rules of the Clean Sky 2 Joint Undertaking adopted by its Governing Board on 19 April 2016,

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the Clean Sky 2 Joint Undertaking, hereinafter referred to as the "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<sup>2</sup>,

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<sup>1</sup> OJ L 169, 7.6.2014, p. 77.

<sup>2</sup> OJ C 452, 14.12.2018, p. 18.



Whereas the Council welcomes the fact that the observations in the Court of Auditors' report in relation to the financial year 2017 do not call for any comments,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to 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.

Done at Brussels,

*For the Council*

*The President*

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**COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Innovative Medicines Initiative 2 Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the Innovative Medicines Initiative 2 Joint Undertaking**  
**for the financial year 2017**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 557/2014 of 6 May 2014 establishing the Innovative Medicines Initiative 2 Joint Undertaking<sup>1</sup>, and in particular Article 12 thereof,

Having regard to the Financial Rules of the Innovative Medicines Initiative 2 Joint Undertaking adopted by its Governing Board on 22 December 2015,

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the Innovative Medicines Initiative 2 Joint Undertaking, hereinafter referred to as the "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<sup>2</sup>,

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<sup>1</sup> OJ L 169, 7.6.2014, p. 54.

<sup>2</sup> OJ C 452, 14.12.2018, p. 57.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2017 call for a certain comment by the Council, which is annexed to this recommendation; whereas the Council stresses the importance it attaches to this comment being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to 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.

Done at Brussels,

*For the Council*  
*The President*

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**COMMENT ACCOMPANYING  
THE DRAFT COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO  
THE INNOVATIVE MEDICINES INITIATIVE 2 JOINT UNDERTAKING**

The Council welcomes 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, its cash flows, and the changes in net assets 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, one observation needs to be made.

The Council calls on the Joint Undertaking to enhance the planning and monitoring of payment appropriations in order to improve its budgetary forecasts.

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**COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Fuel Cells and Hydrogen 2 Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the Fuel Cells and Hydrogen 2 Joint Undertaking**  
**for the financial year 2017**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 559/2014 of 6 May 2014 establishing the Fuel Cells and Hydrogen 2 Joint Undertaking<sup>1</sup>, and in particular Article 12 thereof,

Having regard to the Financial Rules of the Fuel Cells and Hydrogen 2 Joint Undertaking adopted by its Governing Board on 20 May 2016,

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the Fuel Cells and Hydrogen 2 Joint Undertaking, hereinafter referred to as the "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<sup>2</sup>,

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<sup>1</sup> OJ L 169, 7.6.2014, p. 108.

<sup>2</sup> OJ C 452, 14.12.2018, p. 48.

Whereas the Council welcomes the fact that the observations in the Court of Auditors' report in relation to the financial year 2017 do not call for any comments,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to 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.

Done at Brussels,

*For the Council*

*The President*

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**COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Electronic Components and Systems for European Leadership (ECSEL) Joint**  
**Undertaking**  
**in respect of the implementation of the budget**  
**of the ECSEL Joint Undertaking**  
**for the financial year 2017**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 561/2014 of 6 May 2014 establishing the ECSEL Joint Undertaking<sup>1</sup>, and in particular Article 12 thereof,

Having regard to the Financial Rules of the ECSEL Joint Undertaking adopted by its Governing Board on 10 October 2016,

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the ECSEL Joint Undertaking, hereinafter referred to as the "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<sup>2</sup>,

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<sup>1</sup> OJ L 169, 7.6.2014, p.152.

<sup>2</sup> OJ C 452, 14.12.2018, p. 27.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2017 call for certain comments by the Council, which are annexed to this recommendation; whereas the Council stresses the importance it attaches to these comments being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to 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.

Done at Brussels,

*For the Council*  
*The President*

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**COMMENTS ACCOMPANYING  
THE DRAFT COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO  
THE ELECTRONIC COMPONENTS AND SYSTEMS FOR EUROPEAN LEADERSHIP  
(ECSEL) JOINT UNDERTAKING**

The Council welcomes 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, its cash flows, and the changes in net assets 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, with the exception of the matter described below. Nevertheless, some observations need to be made.

The Council regrets, again, the Court's qualified opinion on the legality and regularity of the transactions underlying the accounts of the Joint Undertaking, resulting from the significant variation in the methodologies and procedures used by the different national funding authorities for the Seventh Research Framework Programme (FP7) projects. It calls on the Joint Undertaking to improve its assessment methods for the implementation of national ex-post audit procedures, in order to obtain reasonable assurance to calculate a reliable single error rate.

The Council urges the Joint Undertaking to remedy the shortcomings in its management of procurement procedures for administrative services.

Finally, the Council calls on the Joint Undertaking to ensure proper documentation in its register of exception management overrides of controls and deviations from established processes and procedures.

**COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Bio-based Industries Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the Bio-based Industries Joint Undertaking**  
**for the financial year 2017**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 560/2014 of 6 May 2014 establishing the Bio-based Industries Joint Undertaking<sup>1</sup>, and in particular Article 12 thereof,

Having regard to the Financial Rules of the Bio-based Industries Joint Undertaking adopted by its Governing Board on 23 December 2015,

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the Bio-based Industries Joint Undertaking, hereinafter referred to as the "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<sup>2</sup>,

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<sup>1</sup> OJ L 169, 7.6.2014, p. 130.

<sup>2</sup> OJ C 452, 14.12.2018, p. 10.

Whereas the observations in the Court of Auditors' report in relation to the financial year 2017 call for a certain comment by the Council, which is annexed to this recommendation; whereas the Council stresses the importance it attaches to this comment being followed up,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to 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.

Done at Brussels,

*For the Council*  
*The President*

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**COMMENT ACCOMPANYING  
THE DRAFT COUNCIL RECOMMENDATION ON THE DISCHARGE TO BE GIVEN TO  
THE BIO-BASED INDUSTRIES JOINT UNDERTAKING**

The Council welcomes 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, its cash flows, and the changes in net assets 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, one observation needs to be made.

The Council calls on the Joint Undertaking to consider limiting the number of proposals per topic by defining an indicative budget at topic level in the calls for proposals.

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**COUNCIL RECOMMENDATION**  
**of**  
**on the discharge to be given to the Executive Director**  
**of the Shift2Rail Joint Undertaking**  
**in respect of the implementation of the budget**  
**of the Shift2Rail Joint Undertaking**  
**for the financial year 2017**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EU) No 642/2014 of 16 June 2014 establishing the Shift2Rail Joint Undertaking <sup>1</sup>, and in particular Article 12 thereof,

Having regard to the Financial Rules of the Shift2Rail Joint Undertaking adopted by its Governing Board on 11 December 2015,

Having examined the revenue and expenditure accounts for the financial year 2017 and the balance sheet as at 31 December 2017 of the Shift2Rail Joint Undertaking, hereinafter referred to as the "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<sup>2</sup>,

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<sup>1</sup> OJ L 177, 17.6.2014, p. 9.

<sup>2</sup> OJ C 452, 14.12.2018, p. 76.

Whereas the Council welcomes the fact that the observations in the Court of Auditors' report in relation to the financial year 2017 do not call for any comments,

Whereas, following the above examination, the implementation of the budget of the Joint Undertaking is such as to allow a discharge to be given in respect of that implementation,

HEREBY RECOMMENDS to 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.

Done at Brussels,

*For the Council*

*The President*

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