



EUROPEAN
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

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The Joint Undertaking's reply

INTRODUCTION

Establishment of the SESAR Joint Undertaking

1. The Single European Sky Air Traffic Management Research (SESAR) Joint Undertaking, located in Brussels, was set up in February 2007 for a period of eight years and started to work autonomously on 10 August 2007¹. In June 2014, the Council amended the founding Regulation and extended the lifetime of the Joint Undertaking up to 31 December 2024².
2. The SESAR Joint Undertaking is a public-private partnership for the development and deployment of modernised air traffic management (ATM) in Europe. The founding members are the European Union (EU), represented by the Commission, and the European Organisation for the Safety of Air Navigation (Eurocontrol)³. Following a call for expressions of interest, 19 public and private entities from the aviation sector became members of the Joint Undertaking. They comprise aircraft manufacturers, ground and airborne equipment manufacturers, air navigation service providers, and airport authorities.

Governance

3. The governance structure of the SESAR Joint Undertaking includes the Administrative Board and the Executive Director.

¹ 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) (OJ L 64, 2.3.2007, p. 1), amended by Regulation (EC) No 1361/2008 (OJ L 352, 31.12.2008, p. 12).

² Council Regulation (EU) No 721/2014 of 16 June 2014 amending Regulation (EC) No 219/2007 on the establishment of a Joint Undertaking to develop the new generation European air traffic management system (SESAR) as regards the extension of the Joint Undertaking until 2024 (OJ L 192, 1.7.2014, p. 1).

³ Eurocontrol is an international organisation owned by 41 member states. The EU has delegated parts of its Single European Sky regulations to Eurocontrol, making it the central organisation for coordination and planning of air traffic control for all of Europe. The EU itself is a signatory of Eurocontrol and all EU member states are members of Eurocontrol.

4. The Administrative Board is composed of representatives of the SESAR Joint Undertaking members, together with Stakeholder Representatives (for the military, civil users of airspace, air navigation service providers, equipment manufacturers, airports, staff in the ATM sector, and the scientific community). The Board is responsible for adopting the ATM Master Plan endorsed by the Council and exercising overall control over the implementation of the SESAR project. The Executive Director is responsible for the day-to-day management of the Joint Undertaking.

Objectives

5. The SESAR project aims to modernise ATM in Europe by defining, developing and delivering new or improved technologies and procedures. The project is divided into three phases:

- A "definition phase" (2004-2007) led by Eurocontrol, co-financed by the Trans-European Networks (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 a modern ATM system.
- A two-term "development phase" (2008–2013, extended to 2016) managed by the SESAR Joint Undertaking, co-financed from the TEN-T and Seventh Research Framework (FP7) programmes, since 2014 also co-financed from Horizon 2020.
- A "deployment phase" (2014-2024) for the implementation of the new ATM infrastructure, led by the air traffic industry and stakeholders for the large-scale production, with co-financing from Horizon 2020.

6. The objective of the SESAR Joint Undertaking under the FP7 and the TEN-T programmes was to modernise and increase the safety of ATM in Europe by coordinating and concentrating all relevant research and development efforts in the EU for the production of new technological systems, components and operational procedures as defined in the European ATM Master Plan (SESAR I - development phase from 2008-2016).

7. Under Horizon 2020, the SESAR Joint Undertaking implements the SESAR 2020 programme with the objective of demonstrating the viability of the technological and

operational solutions, already developed within SESAR I, in larger and more operationally-integrated environments (continuation of the development phase) and implementing the new ATM infrastructure (deployment phase).

Resources

8. The budget for the SESAR I development phase 2008–2016 was 2 100 million euro, to be provided in equal parts by the EU, Eurocontrol and the participating public and private partners from the air traffic sector. The EU contribution of a maximum of 700 million euro was funded from the FP7 and TEN-T programmes⁴.

9. The SESAR founding regulation estimates the total costs for SESAR 2020 at 1 585 million euro⁵. The maximum EU contribution to the SESAR Joint Undertaking for the implementation of the SESAR 2020 development and deployment programme 2017-2024 is 585 million euro, to be funded from Horizon 2020⁶. Eurocontrol is to contribute around 500 million euro⁷, while the air traffic sector is expected to contribute 500 million euro to the Joint Undertaking's activities. Around 95 % of the contributions from Eurocontrol and the other members is in the form of in-kind contributions to the Joint Undertaking's activities.

10. For the cash contributions to the Joint Undertaking's administrative costs, the Administrative Board decides on the amounts to be released by each member in proportion to the contributions which it has agreed to pay, and establishes the deadlines by which the members must pay their contributions.

⁴ Article 3 of the General Agreement between the European Commission and the SESAR Joint Undertaking, December 2009.

⁵ Recital 5 of Regulation (EU) No 721/2014.

⁶ Article 4(2) of Regulation (EC) No 219/2007 as amended by Regulation (EU) No 721/2014.

⁷ Article 4 of the SESAR 2020 – Eurocontrol agreement.

11. In 2017, the final budget of the SESAR Joint Undertaking for SESAR I and SESAR 2020 was 191,8 million euro (2016: 157,1 million euro). At 31 December 2017, the Joint Undertaking employed 40 staff (2016: 44).

The Commission's evaluations

12. The Commission completed the final evaluation of the Joint Undertaking's FP7 activities and the interim evaluation of its Horizon 2020 activities in June 2017, which was followed by respective action plans prepared by the Joint Undertaking to address the recommendations raised in the evaluations. On this occasion, we include a section related to the Joint Undertaking's Action Plans in response to the evaluations, which is intended only for information purposes and does not form part of our audit opinion or observations.

OPINION

13. We have audited:

- (a) the accounts of the Joint Undertaking which comprise the financial statements⁸ and the reports on the implementation of the budget⁹ for the financial year ended 31 December 2017, and
- (b) the legality and regularity of the transactions underlying those accounts, as required by Article 287 of the Treaty on the Functioning of the European Union (TFEU).

Opinion on the reliability of the accounts

14. In our opinion, the accounts of the Joint Undertaking for the year ended 31 December 2017 present fairly, in all material respects, the financial position of the Joint Undertaking at 31 December 2017, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its Financial Regulation and with accounting rules adopted by

⁸ The financial statements comprise the balance sheet, the statement of financial performance, the cash flow statement, the statement of changes in net assets and a summary of significant accounting policies and other explanatory notes.

⁹ The reports on the implementation of the budget comprise the reports which aggregate all budgetary operations and the explanatory notes.

the Commission's accounting officer. These are based on internationally-accepted accounting standards for the public sector.

Opinion on the legality and regularity of revenue underlying the accounts

15. In our opinion, revenue underlying the accounts for the year ended 31 December 2017 is legal and regular in all material respects.

Opinion on the legality and regularity of payments underlying the accounts

16. In our opinion, payments underlying the accounts for the year ended 31 December 2017 are legal and regular in all material respects.

Responsibilities of management and those in charge of governance

17. In accordance with Articles 310 to 325 of the TFEU and the Joint Undertaking's Financial Regulation, management is responsible for the preparation and presentation of the accounts on the basis of internationally-accepted accounting standards for the public sector and for the legality and regularity of the transactions underlying them. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them. The Joint Undertaking's management bears the ultimate responsibility for the legality and regularity of the transactions underlying the accounts.

18. In preparing the accounts, management is responsible for assessing the Joint Undertaking's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

19. Those in charge of governance are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the accounts and underlying transactions

20. Our objectives are to obtain reasonable assurance about whether the accounts of the Joint Undertaking are free from material misstatement and the transactions underlying them are legal and regular and, on the basis of our audit, to provide the European Parliament and the Council or other

respective discharge authorities with a statement of assurance as to the reliability of the accounts and the legality and regularity of the transactions underlying them. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit will always detect a material misstatement or non-compliance when it exists. These can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

21. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts and the legality and the regularity of the transactions underlying them. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the accounts and of material non-compliance of the underlying transactions with the requirements of the legal framework of the European Union, whether due to fraud or error. In making those risk assessments, internal control relevant to the preparation and fair presentation of the accounts and legality and regularity of underlying transactions is considered in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the management and the overall presentation of the accounts.

22. For revenue, we verify the subsidy received from the Commission and assess the Joint Undertaking's procedures for collecting fees and other income.

23. For expenditure, we examine payment transactions when expenditure has been incurred, recorded and accepted. This examination covers all categories of payments (including those made for the purchase of assets) at the point they are made.

24. In preparing this report and opinion, we considered the audit work of the independent external auditor performed on the Joint Undertaking's accounts as stipulated in Article 208(4) of the EU Financial Regulation¹⁰.

25. The comments which follow do not call the ECA's opinions into question.

¹⁰ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council (OJ L 298, 26.10.2012, p. 1).

BUDGETARY AND FINANCIAL MANAGEMENT

Implementation of the 2017 budget

26. Taking into account the assigned revenue appropriations (18 million euro), the available 2017 budget for SESAR I was 19,3 million euro in commitment appropriations and 121,8 million euro in payment appropriations; and the available 2017 budget for SESAR 2020 was 111,7 million euro in commitment appropriations and 91,2 million euro in payment appropriations.

27. The implementation rates for the SESAR I commitments and payment appropriations were 11 % and 68 % respectively. The following factors caused the low implementation rates for SESAR I:

- In December 2016, the SESAR I programme was formally closed and the last payment was done in December 2017. Nevertheless, the Joint Undertaking had to ensure by the end of 2017 sufficient FP7 funds for the reimbursement of cash contributions received in excess from the SESAR I industry members¹¹ and for the payment of delayed but still justified cost claims for on-going FP7 projects.
- When planning and monitoring its need of new commitment and payment appropriations for the SESAR I budget, the Joint Undertaking took a conservative approach and did not consider the expected assigned revenue of around 17 million euro, stemming from recoveries for SESAR I projects (i.e. ex-post audit error corrections, outstanding open pre-financing, etc.).

28. 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

¹¹ Article 13 and 25 of the statutes of the Joint Undertaking, annexed to the Regulation (EC) No 219/2007 as amended by Regulation (EU) No 721/2014.

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

29. Out of the maximum of 700 million euro of FP7 funds allocated to the SESAR Joint Undertaking for the implementation of SESAR I, by the end of 2017, the EU had contributed in cash a total amount of 633,9 million euro.

30. Out of the 1 254,5 million euro of in-kind and cash contributions to be made by the other members to the SESAR I activities of the SESAR Joint Undertaking (670,2 million euro from Eurocontrol and 584,3 million euro from the air traffic sector members), by the end of 2017, the Joint Undertaking had validated contributions of 560,7 million euro from Eurocontrol and of 539,2 million euro from the air traffic sector.

31. Consequently, by at the end of 2017, the total contribution from the other members of SESAR I amounted to 1 099,9 million euro, compared to the cumulative EU cash contribution of 633,9 million euro.

32. Out of the total operational and administrative budget of 892,8 million euro for SESAR I activities¹², by the end of 2017 the SESAR Joint Undertaking had made commitments of 853 million euro and payments of 801 million euro (89,7 % of the available budget).

33. At the end of 2017 and closing phase of the SESAR I programme, the Joint Undertaking had to laps 30 million euro (19 %) of outstanding commitments due to adjusted or cancelled SESAR I projects. Consequently, at year-end the Joint Undertaking's still open payment obligations for SESAR I grants amounted to about 47 million euro.

¹² The total of 892,8 million euro is composed of the 700 million euro EU cash contribution funded by the FP7 and TEN-T programmes, a 165 million euro cash contribution from Eurocontrol and a 27,8 million euro cash contribution from air traffic industry members.

Multiannual budget implementation under Horizon 2020

34. Out of the maximum of 585 million euro of Horizon 2020 funds allocated to the SESAR Joint Undertaking for the implementation of SESAR 2020, by the end of 2017, the EU had contributed in cash a total amount of 132,9 million euro.

35. The other members committed to make in-kind and cash contributions of at least 825,9 million euro to the Joint Undertaking's SESAR 2020 operational activities (about 500 million euro from Eurocontrol and an estimated amount of 325,9 million euro from the air traffic sector). At the end of 2017, the other members had reported in-kind contributions of 97,3 million euro. However, as in 2017 the SESAR 2020 projects were still in their early stages, they had not yet been validated by the Administrative Board. In addition, Eurocontrol made cash contributions to the administrative cost of the Joint Undertaking of 6,7 million euro.

36. Consequently, by the end of 2017, the total contributions from the air traffic sector and Eurocontrol amounted to 104 million euro compared to the EU cash contribution of 132,9 million euro.

37. Out of the maximum operational and administrative budget of 639,8 million euro¹³ for SESAR 2020 activities, by the end of 2017, the Joint Undertaking had made commitments of 236,7 million euro and payments of 112,3 million euro. The payments were mainly pre-financing payments for the first and second wave of SESAR 2020 projects.

INTERNAL CONTROLS

Internal control framework

38. The external auditor of the Joint Undertaking's annual accounts noted shortcomings in the Joint Undertaking's financial control processes. This situation is mainly due to the

¹³ The total of 639,8 million euro is composed of the 585 million euro EU cash contribution funded by the Horizon 2020 programme, a 25 million euro cash contribution from Eurocontrol and a 18,5 million euro cash contribution from air traffic industry members. In addition, the Commission will provide assigned revenue of 11,3 million to the Joint Undertaking for specific tasks it had delegated to the Joint Undertaking.

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.

39. The Joint Undertaking has set up reliable ex-ante control procedures based on financial and operational desk reviews. For FP7 interim and final payments, the Joint Undertaking performs ex-post audits at the beneficiaries whilst for Horizon 2020 project cost claims the Commission's Common Audit Service (CAS) is responsible for the ex-post audits. The residual error rates for the ex-post audits reported by the Joint Undertaking at the end of 2017 were 1,09 % for FP7 and 2,8 % for Horizon 2020¹⁴.

40. 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.

41. At the end of 2017, the Commission's common Horizon 2020 grant management and monitoring tools had not finished the specific developments needed for the processing of the Joint Undertaking's in-kind contributions.

Procurement procedures

42. In its procurement for support services from civil airspace users regarding SESAR 2020 activities¹⁵, the Joint Undertaking took as financial score the simple (arithmetic) average of the financial bids it received for the daily rates of expert categories. The same approach was applied for all lots. In fact, the use of a weighted average for the calculation of the financial score would have been a more competitive and effective solution. The weighting should be

¹⁴ SESAR Joint Undertaking 2017 Annual Activity Report, points 1.1.4.3. and 1.1.7.

¹⁵ Framework contracts (4 lots) with a total budget of 6 million euro over 4 years.

based on the most likely number of work days for each category of experts needed for the specific services of the lot.

OTHER ISSUES

Leverage of contributions from other members for SESAR 2020

43. One of the main objectives of the Joint Undertaking is to leverage contributions from industry partners in the area of its activities¹⁶. The estimated leverage factor of air traffic industry funds to be achieved according to the Joint Undertaking's founding regulation without Eurocontrol is 0, 85¹⁷.

INFORMATION ON COMMISSION'S EVALUATIONS

44. The Commission's Final Evaluation on SESAR Joint Undertaking operating under FP7 covered the period between 2007 and 2016¹⁸, while the Interim Evaluation on SESAR Joint Undertaking operating under H2020 covered the period from 2014 to 2016¹⁹. The evaluations were carried out with the assistance of independent experts as foreseen in the SESAR Council Regulations²⁰, and covered the performance of the Joint Undertaking in terms

¹⁶ Recital 17 of Regulation (EC) No 219/2007 as amended by Regulation (EU) No 721/2014, states that substantial participation of industry is an essential element for the SESAR project. It is therefore fundamental that the public budget for the development phase of the SESAR project be supplemented by contributions from industry.

¹⁷ The estimated in-kind contributions of partners from the air traffic sector to the operational activities of the Joint Undertaking without Eurocontrol (500 million euro) divided by the total EU cash contribution to the Joint Undertaking (585 million euro). Please note that in line with the SESAR 2020 statutes, the industry members do not provide in-kind contributions to additional activities outside the work programme of the Joint Undertaking.

¹⁸ Final evaluation of the SESAR Joint Undertaking operating under FP7.
<https://ec.europa.eu/research/evaluations/pdf/sesar1.pdf>

¹⁹ Interim evaluation of the SESAR Joint Undertaking operating under H2020.
<https://ec.europa.eu/research/evaluations/pdf/sesar2020.pdf>

²⁰ Commission statutory evaluations in application of Article 7 of Council Regulation (EC) No 219/2007 on SESAR Joint Undertaking, and article 7 of Council Regulation (EU) No 721/2014 amending Council Regulation (EC) No 219/2007.

of relevance, efficiency, effectiveness, coherence, and EU added value, with additional consideration of openness and transparency and research quality. The results of the evaluations were taken into account in the report that the Commission sent to the European Parliament and Council in October 2017²¹.

45. In response to the recommendations raised by the evaluators²², the Joint Undertaking's Action Plan was adopted by the SESAR Administrative Board in May 2018. The action plan includes a wide set of actions to be implemented by the Joint Undertaking²³, for which a certain number of activities have already been initiated²⁴, the majority should be implemented in 2018 and the first quarter of 2019, while a number will be taken under consideration for the next programming period²⁵.

²¹ Commission Staff Working Document. Interim Evaluation of the Joint Undertakings operating under Horizon 2020 {SWD(2017) 339 final}.

²² Recommendations raised by the evaluators relate to the following areas: strengthen the participation of stakeholders in SESAR activities, including links to the deployment phase; strengthen the three layers of the European ATM Masterplan (definition, development and deployment phase), ensuring that all layers use a common solutions based language, and enabling the Commission to streamline deployment planning and monitoring; strengthen the links to academia; resolve issues related to the application of H2020 Legal Framework; taking measures to close the so called "industrialisation gap" between the current SESAR solutions that ends at Technology Readiness level (TRL) 6, and the deployment phase of the ATM Master Plan that requires solutions at TRL 8.

²³ Specific actions included in the action plan in response to the evaluator's recommendations include: enhancing the cooperative arrangements with the SESAR Deployment Manager, the European Aviation Safety Agency, National Authorities and EUROCAE in order to strengthen their participation in the ATM Master Plan; increasing participation of the Industry; simplifying SESAR activities under H2020.

²⁴ Activities already initiated include: reorganising the three layers of the ATM Master Plan to strengthen its architecture around the principles of SESAR solutions; regular meetings with the Association for the Scientific Development of ATM in Europe (ASDA) to increase Academia Participation.

²⁵ A general assessment of the current SESAR Joint Undertaking legal framework for the preparation of the next programming period was carried out by the Joint Undertaking and sent to the Commission in December 2017. Regarding the recommendation to further close the industrialisation gap between the SESAR Joint Undertaking activities and the SESAR Deployment Management, the Joint Undertaking considers it to be currently on hold, subject to a Commission initiative for the next programming period.

46. In 2017, the Court of Auditors published its special report on the Single European Sky Initiative (SES)²⁶, which covered certain elements of SESAR Joint Undertaking's performance under FP7²⁷, as the main EU financial support to the SES initiative.

47. Both, the Commission's Final Evaluation²⁸ and the ECA's Special Report²⁹, have drawn attention to the delays in the execution of the ATM Master Plan, and the misalignment between the fixed regulatory lifespan of the SESAR Joint Undertaking activities and the planned duration of the work expected. The Court's report also emphasised the need to reinforce the Joint Undertaking's accountability on the execution of the Master Plan³⁰.

This Report was adopted by Chamber IV, headed by Mr Neven MATES, Member of the Court of Auditors, in Luxembourg at its meeting of 2 October 2018.

For the Court of Auditors

Klaus-Heiner LEHNE
President

²⁶ The EU Single European Sky initiative, launched in 2004, comprises a set of EU-wide common binding rules on ATM safety and services, on airspace management and on interoperability within the network. https://ec.europa.eu/transport/modes/air/single_european_sky_en

²⁷ Court of Auditor's Special Report 18/2017.

²⁸ See Final Evaluation on SESAR Joint Undertaking activities under FP7, section 7.1.4. Research Quality, and Section 8. Conclusions.

²⁹ Paragraphs 86 and 87 of Court of Auditor's Special Report 18/2017.

³⁰ See paragraph 86, and recommendation 8 of Court of Auditor's Special Report 18/2017.

Follow-up of previous years' comments

Year	The ECA's comment	Status of corrective action (Completed / Ongoing / Outstanding)
	<i>Reporting and checking in-kind contributions to SESAR 2020 projects</i>	
2016	The SESAR Joint Undertaking has not yet introduced specific guidance for the members and their external auditors concerning the declaration and certification of members' in-kind contributions to SESAR 2020 projects. The Joint Undertaking has also not established internal guidance on its ex-ante checks of cost claims for SESAR 2020 projects, based on the Commission's ex-ante control strategy for Horizon 2020.	Completed
	<i>Assessment of the financial capacity of applicants under calls for proposals</i>	
2016	For the restricted call for industrial research which was limited to the Joint Undertaking's industry members, the Joint Undertaking awarded grants to project consortia, despite the fact that, in two cases, the checks of the financial viability of the beneficiaries performed by the Research Executive Agency indicated that the financial capacity of the coordinating industry member of the consortia was weak. This implies a higher financial risk to the completion of those projects and the financial risk is also higher for the other projects in which these two beneficiaries are involved. The Executive Director's decision in these two cases was based on complementary ad-hoc risk assessments performed by SESAR Joint Undertaking staff. The Joint Undertaking has, however, not yet established a systematic internal procedure to reassess a weak financial viability of a grant project coordinator, including measures to mitigate and compensate for the increased financial risk.	Completed

	<i>Cost-effectiveness of service contracts</i>	
2016	In its procedures for the procurement of services, the Joint Undertaking sets a maximum contract budget. This maximum amount is not based on a systematic cost estimation process and a reasonable market price reference system. This does not ensure the cost-effectiveness of its multi-annual service contracts, as experience shows that most of the bids received were close to the maximum budget.	Completed

THE JU'S REPLY

25. 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.

26. 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. The 2018 recruitment plan foresees the recruitment of two additional financial officers to reinforce the Finance and Budget Team.

27. The higher error rate for Horizon 2020 grant payments in 2017 resulted from the fact that the SESAR Joint Undertaking had executed only a few Horizon 2020 grant payments when the Commission's Common Audit Support (CAS) established its audit plan. These payments were predominantly related to Exploratory Research projects, involving as main beneficiaries research centres and universities which are, generally speaking, not as familiar with financial reporting as other larger industrial beneficiaries. In addition, the error rate was largely affected by a significant error stemming from one single university beneficiary. To mitigate this risk in future, the SESAR Joint Undertaking will set up, in cooperation with the Commission, an information day on financial reporting, which addresses in particular research centres, universities, and SMEs.

28. The SESAR Joint Undertaking will update its internal guidelines regarding the elaboration of call documentation (which are part of the "SESAR Joint Undertaking Quality Management System") in order to include the weighted average method as a possible option to evaluate financial offers, notably when this method allows to better reflect the different price components of financial offers.