2010 discharge: SESAR Joint Undertaking to develop the new generation European air traffic management system

2011/2238(DEC) - 12/10/2011 - Court of Auditors: opinion, report

PURPOSE: presentation of the EU Court of Auditors' report on the annual accounts of the SESAR Joint Undertaking for the financial year 2010, together with the Joint Undertaking's 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 concerned, amongst others, the annual accounts of the SESAR Joint Undertaking.

In the Court's opinion, the SESAR Joint Undertaking's **Annual Accounts fairly present, in all material respects, its financial position as of 31 December 2010** and the results of its operations and its cash flows for the year then ended, in accordance with the provisions of its Financial Regulation.

The Court also considers that the **transactions underlying the annual accounts** of the SESAR Joint Undertaking for the financial year ended 31 December 2010 are, in all material respects, **legal and regular.**

The report confirms that the SESAR Joint Undertaking's 2010 budget amounted to EUR 2.1 billion to be provided in equal parts by the EU, by Eurocontrol and by the participating public and private partners. The EU contribution is funded from the Seventh Research Framework Programme and the Trans-European Networks — Transport programme. Around 90 % of the funding from Eurocontrol and the other stakeholders is in the form of in-kind contributions.

The report also makes a series of observations on the budgetary and financial management of the Centre, accompanied by the latter's response. The main observations may be summarised as follows:

The Court's observations:

- **budgetary and financial management**: the final 2010 budget adopted by the Administrative Board included commitment appropriations of EUR 135 million and payment appropriations of EUR 143 million. The utilisation rates for commitment and payment appropriations were 97.3 % and 82.2 % respectively. In 2010, the contributions from members (EUR 55.6 million) together with the outturn of the previous year (EUR 86.5 million) amounted to EUR 142.1 million, against payments of EUR 84.9 million and the carryover of appropriations of EUR 3.7 million euro. This led to a positive budget outturn of EUR 53.5 million and deposits in bank accounts at the end of the year totalling EUR 57.2 million. This is at odds with the budgetary principle of equilibrium.
- **late payment of membership contributions**: the deadline of 1 July 2010 for payment to the Joint Undertaking of the cash contributions for the year from its members was not respected. Delays in payment ranged from 12 to 113 days. Two members had paid no contribution at all by the end of 2010;

- **internal audit function**: in its previous report, the Court pointed out the need to clarify the provision in the Statutes of the Joint Undertaking on the role of the Commission's internal auditor. While the Statutes have not been amended, the Court notes that the Commission and the Joint Undertaking have taken action to ensure a clearer definition of the respective operational roles of the Commission's Internal Audit Service (IAS) and of the internal auditing function of the Joint Undertaking. The Administrative Board of the SESAR Joint Undertaking has modified the charter of its internal auditing function accordingly.

The SESAR Joint Undertaking's response:

- **budgetary and financial management**: SESAR considers that it has clearly progressed in respect of the budgetary principle of equilibrium. The 2010 end of year cash balance of EUR 57.2 million is a decrease of 34 % compared to 2009. Of the EUR 55.6 million of contributions from members, EUR 43.8 million was received in the last weeks of the year, to ensure the funding of operations in 2011.
- **contributions:** the total contributions due from the two Members who had not paid by the end of 2010 amount to EUR 18 000. The delay was due to a miscommunication within the consortium of Members. These contributions were received at the beginning of 2011.

Lastly, the Court of Auditors' report contains a **summary of the Joint Undertaking's activities** in 2010. The main task of SESAR JU may be described as follows:

- the SESAR Programme: at the end of 2010, 285 projects were initiated and 232 entered the execution phase; technical assessments ; assessment of the progress of the different work packages towards the SESAR Joint Undertaking Targets;
- communication on the programme : the Joint Undertaking has introduced a structured quarterly reporting which provides the Joint Undertaking with an additional monitoring of the alignment of the Members' efforts with the programme objectives ; validation and verification roadmap;
- putting in place long term research plans ;
- signature of a contract to add low cost airspace users expertise ;
- involvement of the Professional Staff Associations has been assured through the signature by Eurocontrol on behalf of the Joint Undertaking;
- study on wireless communication launched by the Joint Undertaking and 2 contracts signed for an amount of EUR 0.5 million;
- external relation in cooperation with the Commission and Eurocontrol with different strategic areas around the world, in particular Brazil, China, India and the Middle East.