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

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The Committee on Budgetary Control adopted the report by Monica Luisa MACOVEI (EPP, RO) on discharge in respect of the implementation of the budget of the SESAR Joint Undertaking and called on the European Parliament to grant the Executive Director of the SESAR Joint Undertaking discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2010.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Members approve the closure of the accounts of the Joint Undertaking for the financial year 2010. However, they make a number of recommendations that need to be taken into account when the discharge is granted.

- **Budget and Financial Management**: Members note from the Court of Auditors that, at year-end 2010, the Joint Undertaking had a positive budget outturn of EUR 53.5 million and that deposits in bank accounts represented EUR 57.2 million. The carryover of appropriations amounts to EUR 3.7 million. Members remind the Joint Undertaking that this situation is against the budgetary principle of equilibrium and they call on the Joint Undertaking to develop an Action Plan with concrete measures and deadlines to keep its budget balanced and to inform the discharge authority about this matter. They also underlines that for two budget headings – administrative expenditure, studies and development – authorised expenditure exceeded budgetary appropriations by 11 % and 9 % respectively, which contravenes the JU’s own Financial Rules.
- **Internal control systems**: the committee notes that in 2010, the Joint Undertaking began to use the financial reporting systems also used by the Commission (ABAC and SAP), and that it has developed an operational programme management system that complements the financial and budgetary information. It notes, however, that certain gaps remain and it urges the Joint Undertaking to comply with all the rules of the control systems.
- **Project Management:** Members observe that certain projects have been suspended or cancelled for various reasons. They urge the Joint Undertaking to continue to inform the discharge authority on the stage of implementation of the projects under the SESAR programme and to present the results achieved.
- **Performance:** the committee encourages the Commission and the Member States to increase the effectiveness of how the Single European Sky Regulations are applied, in order to increase the effectiveness of investments in the SESAR project. It draws attention to the sound management of financial resources and emphasises the importance of the Joint Undertaking to the Single European Sky. It takes note that at year-end 2010 the execution framework has been completely defined. Members acknowledge that the Commission carried out the first intermediate evaluation of the Joint Undertaking in 2010, which underlines the ability of the Joint Undertaking to provide an optimal response to the needs of the airspace users and service providers.
- **Internal Audit**: Members welcome the fact that at the end of 2010 the Executive Director of the Joint Undertaking established the Internal Audit Capability (IAC), and that the Joint Undertaking and the Commission 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.
- **Late payment of membership contributions**: the committee is concerned that the deadline for payment of the cash contributions to the Joint Undertaking from its members was not respected. It

takes note that the payment delays ranged from 12 to 113 days and that at the end of 2010 two members had paid no contribution at all.

Horizontal observations on the Joint Undertakings: Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union, and notes that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to **EUR 11.5 billion** (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). Members call on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. They recall that Joint Undertakings are **public-private partnerships** and that as a consequence public and private interests are intertwined. The committee is of the opinion that under the circumstances the **likelihood of conflicts of interest should not be dismissed but addressed properly**. It calls therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Lastly, the Court of auditors is asked to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.